PHOENICIA FINANCE COMPANY P.L.C.

PROSPECTUS

DATED 8th FEBRUARY 2024

Issue of € 50,000,000 5.75% Unsecured Bonds 2028-2033

Legal Counsel

ZammitPace

Sponsor

CURMI & PARTNERS

Manager & Registrar

BOV Bank of Valletta

SUMMARY

DATED 8 February 2024

This document is a Summary issued in accordance with the provisions of Chapter 4 of the Capital Markets Rules issued by the MFSA and in accordance with the provisions of the Prospectus Regulation.

This Summary is being issued by:

PHOENICIA FINANCE COMPANY P.L.C.

a public limited liability company registered in Malta with company registration number C 88958 with the joint and several Guarantee of Phoenicia Malta Limited a private limited liability company registered in Malta with company registration number C 41576 and Phoenicia Hotel Company Limited a private limited company registered in the United Kingdom and registered as an oversea company in Malta with registration number OC1

in respect of an issue of €50,000,000 5.75% Unsecured Bonds 2028–2033 of a nominal value of €100 per Bond issued at par

ISIN: MT0002081215

Legal Counsel

Sponsor

Manager & Registrar

THIS SUMMARY HAS BEEN APPROVED BY THE MFSA, AS COMPETENT AUTHORITY UNDER THE PROSPECTUS REGULATION. THE MFSA ONLY APPROVED THIS SUMMARY AS MEETING THE STANDARDS OF COMPLETENESS, COMPREHENSIBILITY AND CONSISTENCY IMPOSED BY THE PROSPECTUS REGULATION. SUCH APPROVAL SHOULD NOT BE CONSIDERED AS AN ENDORSEMENT OF THE ISSUER AND THE SECURITIES THAT ARE THE SUBJECT OF THIS SUMMARY.

THIS SUMMARY IS VALID FOR A PERIOD OF 12 MONTHS FROM THE DATE THEREOF. FOLLOWING THE LAPSE OF THIS VALIDITY PERIOD, THE ISSUER IS NOT OBLIGED TO SUPPLEMENT THIS SUMMARY IN THE EVENT OF SIGNIFICANT NEW FACTORS, MATERIAL MISTAKES OR MATERIAL INACCURACIES.

APPROVED BY THE DIRECTORS

Jean Pierre Ellul Castaldi | **Mario P. Galea**

signing in their own capacity as directors of the Company and for and on behalf of each of Etienne Borg Cardona, Benjamin Muscat and Mark D. Shaw

1. INTRODUCTION AND WARNINGS

The Summary is prepared in accordance with the requirements of the Prospectus Regulation and the delegated acts issued thereunder. This Summary contains key information which investors require in order to understand the nature and the risks of the Issuer and the Bonds. Except where the context otherwise requires, the capitalised words and expressions used in this Summary shall bear the meanings assigned to them in the Registration Document and the Securities Note, as the case may be.

The Summary contains key information on the Issuer and the Bonds, summarised details of which are set out below:

Full Legal and Commercial Name of the Issuer:	Phoenicia Finance Company p.l.c.
Registered Address:	The Phoenicia Hotel, The Mall, Floriana, Malta
Registration Number:	C 88958
Telephone Number:	+356 2122 5241
Website:	www.phoeniciafinance.com
Legal Entity Identifier ("LEI"):	48510060W3SVW3G7SD47
Competent authority approving the Prospectus:	The MFSA, being the competent authority to approve prospectuses of any offer of securities to the public in Malta in terms of the Financial Markets Act (Cap. 345 of the laws of Malta)
Address of the MFSA:	Malta Financial Services Authority, Triq l-Imdina, Zone 1, Central Business District, Birkirkara, Malta, CBD 1010
Telephone Number of the MFSA:	+356 23312345
MFSA's website:	https://www.mfsa.mt/
Name of the Bonds:	5.75%% Unsecured Bonds of an aggregate principal amount of €50 million due 2028-2033, issued and redeemable at par
ISIN of the Bonds:	MT0002081215
Prospectus approval date:	8 February 2024

Prospective investors are hereby warned that:

(i) this Summary should be read as an introduction to the Prospectus. It is being provided to convey the key characteristics and risks associated with the Issuer and the Bonds being offered pursuant to the Prospectus. It is not and does not purport to be exhaustive and investors are warned that they should not rely on the information contained in this Summary in making a decision as to whether to invest in the securities described in this document;

(ii) any decision of the investor to invest in the securities should be based on consideration of the Prospectus as a whole by the investor;

(iii) an investor may lose all or part of the capital invested in subscribing for Bonds;

(iv) where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of Malta, have to bear the costs of translating the Prospectus before the legal proceedings are initiated;

(v) civil liability attaches only to those persons who have tabled the Summary including any translation thereof but only if the Summary, when read together with the other parts of the Prospectus, is misleading, inaccurate, or inconsistent or does not provide key information in order to aid investors when considering whether to invest in the Bonds; and

(vi) the Bonds are complex instruments and may be difficult to understand.

2. KEY INFORMATION ON THE ISSUER

2.1 WHO IS THE ISSUER OF THE SECURITIES?

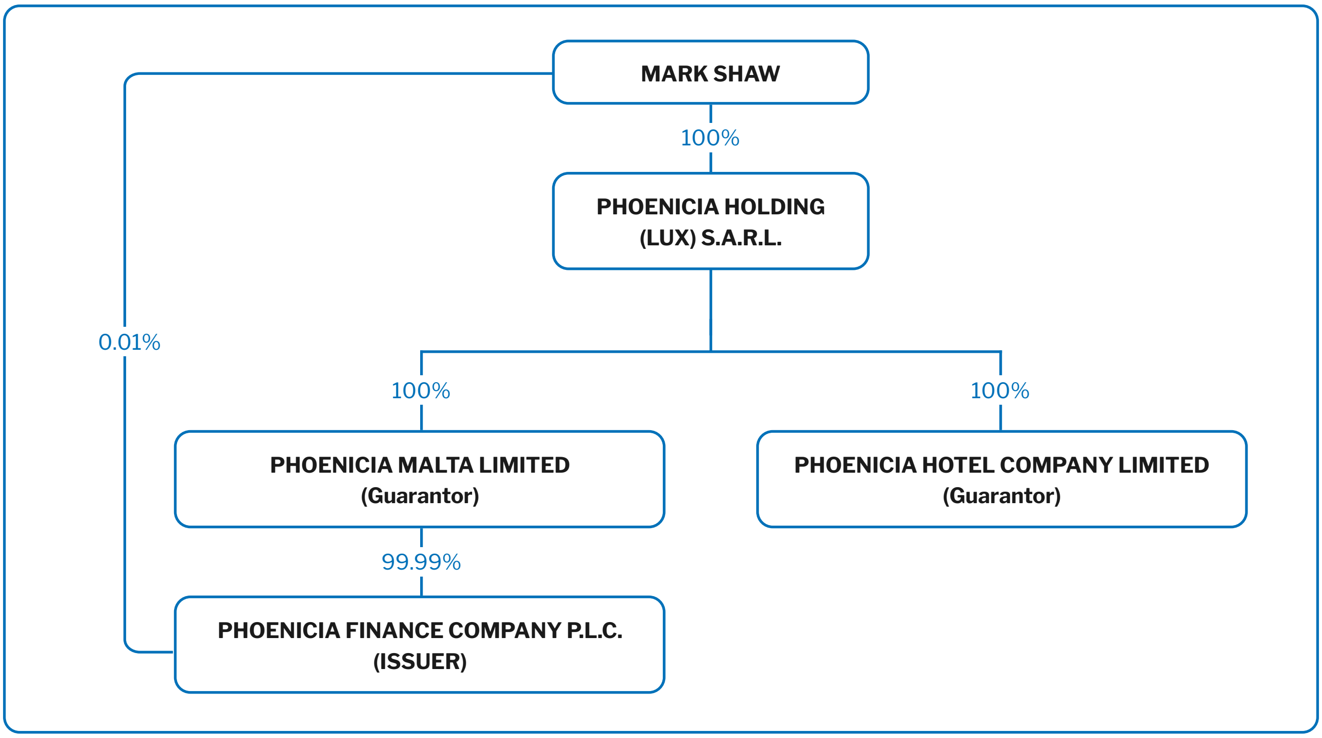
2.1.1 DOMICILE AND LEGAL FORM, ITS LEI AND COUNTRY OF INCORPORATION

The Issuer is Phoenicia Finance Company p.l.c., a public limited liability company registered in Malta in terms of the Act. The Issuer was incorporated and is domiciled in Malta and with LEI number 48510060W3SVW3G7SD47.

2.1.2 PRINCIPAL ACTIVITIES OF THE ISSUER

The business of the Phoenicia Group relates to the ownership, management and operation of the five-star Phoenicia Hotel. The Issuer is a special purpose vehicle acting as a financing company for the Phoenicia Group and, is dependent on the business prospects and operating results of the Guarantors. PML principally acts as the property holding company of the Phoenicia Group, holding the Premises under title of perpetual sub-emphyteusis. The principal activity of PHCL is the operation of the Phoenicia Hotel.

2.1.3 ORGANISATIONAL GROUP STRUCTURE



2.1.4 MAJOR SHAREHOLDERS OF THE ISSUER

The Issuer's majority shareholder is PML, which is the holder of 99.9% of the issued share capital of the Issuer. The shares in PML are each wholly owned by Phoenicia Holding Lux, which in turn is beneficially owned by Mr Mark D. Shaw.

2.1.5 KEY MANAGING DIRECTORS

The Board of Directors is composed of the following individuals: Mark D. Shaw (Non-Executive Director and Chairman), Jean Pierre Ellul Castaldi (Executive Director), Benjamin Muscat (Independent, Non-Executive director), Etienne Borg Cardona (Independent, Non-Executive Director) and Mario P. Galea (Independent, Non-Executive Director).

2.1.6 STATUTORY AUDITORS

The auditors of the Issuer are Ernst & Young Malta Limited (C 30252) of Regional Business Centre, Achille Ferris Street, Msida MSD 1751, bearing Accountancy Board registration number AB/26/84/96.

2.2 WHAT IS THE KEY FINANCIAL INFORMATION REGARDING THE ISSUER?

PHOENICIA FINANCE COMPANY P.L.C.	FY2022 AUDITED €000	FY2021 AUDITED €000	FY2020 AUDITED €000	6-MONTHS ENDED 30 JUNE 23 €000	6-MONTHS ENDED 30 JUNE 22 €000
STATEMENTS OF COMPREHENSIVE INCOME					
Finance income	1,287	1,287	1,275	638	638
Net profit	18	30	36	9	16
STATEMENTS OF FINANCIAL POSITION					
Total assets	25,397	25,233	25,059	25,842	25,796
CASH FLOW STATEMENT					
Net cash from/(used in) operating activities	178	(19)	(46)	(240)	187
Net cash from/(used in) investing activities	-	-	(325)	-	-

2.3 WHAT ARE THE KEY RISKS THAT ARE SPECIFIC TO THE ISSUER?

The most material risk factors specific to the Issuer, which may negatively impact the operations and financial position of the Issuer should the circumstances mentioned therein materialise, are as follows:

2.3.1 RISKS ASSOCIATED WITH THE DEPENDENCY OF THE ISSUER ON THE PERFORMANCE OF THE GUARANTORS

The Issuer is solely dependent on the business prospects of the Guarantors and, consequently, the operating results of the Guarantors have a direct effect on the Issuer's financial position and its ability to service and repay its debt obligations. The Guarantors operate in a competitive industry, which could be adversely affected by factors including demand and supply conditions, economic downturns, seasonal variations and cyclical travel patterns, and the political climate. The Guarantors' performance and financial position could be negatively impacted by increases in various costs including employee expenses, inflation, and taxes. Other exceptional events such as environmental disasters, pandemics and terrorism are also risks for the Guarantors. Furthermore, due to the exposure to fluctuations in the property and real estate markets, the Guarantors' financial condition could be adversely affected by a decline in capital values, particularly resulting in impairments or lack of re-saleability of relevant assets.

2.3.2 PROPERTY VALUATION AND NET REALISABLE VALUE

Since PML is a property holding company, the Group is exposed to fluctuations in the property and real estate markets. The value of the Premises may be adversely affected as a result of factors outside the Phoenicia Group's control, including changes in economic and industry conditions, relative attractiveness of real estate relative to other investments, changes in regulatory requirements and laws, and changes in the conditions of financial markets. The value of the Premises may also fluctuate as a result of the operating and financial performance of the Hotel.

2.3.3 THE PHOENICIA GROUP'S INDEBTEDNESS COULD ADVERSELY AFFECT ITS FINANCIAL POSITION

The Phoenicia Group has a material amount of debt amounting to circa €69 million as at 31 December 2022, and may incur additional debt in connection with its future growth. A substantial portion of the Phoenicia Group's cash flows will be allocated towards the servicing and repayment of debt. Debt financing agreements are likely to impose significant operating restrictions and financial covenants on the Phoenicia Group companies, which are at risk of default on the occurrence of certain unexpected events.

3. KEY INFORMATION ON THE SECURITIES

3.1 WHAT ARE THE MAIN FEATURES OF THE SECURITIES?

The Issuer shall issue an aggregate of €50,000,000 in Bonds having a face value of €100 per Bond, and redeemable on 30 December 2033 or, at the sole option of the Issuer, any date falling between 30 December 2028 and 30 December 2033. The Bonds will be issued in fully registered and dematerialised form and will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the CSD. On admission to trading, the Bonds will have the following ISIN: MT0002081215. The Bonds shall bear interest at the rate of 5.75% per annum. The Bonds shall be freely transferable.

The Bonds, as and when issued and allotted, shall constitute the general, direct, unconditional and unsecured obligations of the Issuer, guaranteed jointly and severally by the Guarantors, and shall at all times rank *pari passu*, without any priority or preference among themselves and with other outstanding and unsecured debt of each of the Issuer and the Guarantors, present and future, if any, save for such exceptions as may be provided by applicable law.

There are no special rights attached to the Bonds other than the right of the Bondholders to payment of interest and capital, seeking recourse from the Guarantors pursuant to the Guarantee in case of failure by the Issuer to pay any sum payable by it to Bondholders, and in accordance with the ranking specified in the Prospectus.

3.2 WHERE WILL THE SECURITIES BE TRADED?

Application has been made to the Malta Stock Exchange for the Bonds to be listed and traded on its Official List.

3.3 IS THERE A GUARANTEE ATTACHED TO THE SECURITIES?

The Bonds are guaranteed by the Guarantors on a joint and several basis. Accordingly, the Bondholders shall be entitled to request the Guarantors to pay both the interest due and the principal amount under said Bonds on first demand (subject to the terms of the Guarantee), if the Issuer fails to meet any amount, when due in terms of the Prospectus. The joint and several Guarantee also entitles the Bondholders to demand payment from any or all of the Guarantors without having to first take action against the Issuer.

3.4 THE GUARANTORS

The Guarantors are PML and PHCL. PML was established on 8 June 2007 as a private limited liability company registered in Malta in terms of the Companies Act with company registration number C 41576. The LEI of PML is 9845006Y2CB57CB2Z893 PML principally acts as the property holding company of the Phoenicia Group, which holds the Premises over which the Phoenicia Hotel is built under title of perpetual sub-emphyteusis. PHCL was established on was established as a private limited company in the United Kingdom on 10 October 1935 and is operated through a branch which was registered in Malta as an overseas company on 21 April 1965, with registration number OC 1. The LEI of PHCL is 9845004FD62F8FCCCE37. The principal activity of PHCL is the operation of the Phoenicia Hotel. PHCL leases the Premises from PML by virtue of the Lease Agreement.

3.5 KEY FINANCIAL INFORMATION RELATING TO THE GUARANTORS

PHOENICIA MALTA LIMITED	FY2022 AUDITED €000	FY2021 AUDITED €000	FY2020 AUDITED €000	6-MONTHS ENDED 30 JUNE 23 €000	6-MONTHS ENDED 30 JUNE 22 €000
STATEMENTS OF COMPREHENSIVE INCOME					
Rental income	2,467	2,478	2,493	1,232	1,229
Operating profit	2,189	2,422	2,418	1,204	1,188
Net profit	7,920	487	499	25	265
STATEMENTS OF FINANCIAL POSITION					
Total assets	120,218	87,450	87,819	120,296	86,891
CASH FLOW STATEMENT					
Net cash from/(used in) operating activities	2,099	2,790	2,501	1,056	(147)
Net cash used in investing activities	(20,834)	(407)	(1,551)	(15)	(197)
Net cash from/(used in) financing activities	18,736	(2,383)	(951)	(1,040)	344

PHOENICIA HOTEL COMPANY LIMITED	FY2022 AUDITED €000	FY2021 AUDITED €000	FY2020 AUDITED €000	6-MONTHS ENDED 30 JUNE 23 €000	6-MONTHS ENDED 30 JUNE 22 €000
STATEMENTS OF COMPREHENSIVE INCOME					
Revenue	14,747	8,037	2,941	8,300	5,923
Operating profit/(loss)	2,051	(19)	(3,649)	872	806
Net profit/(loss)	1,301	(5)	(2,355)	430	307
STATEMENTS OF FINANCIAL POSITION					
Total assets	31,378	34,053	33,126	30,328	32,753
CASH FLOW STATEMENT					
Net cash from/(used in) operating activities	5,636	2,635	(907)	5,742	2,885
Net cash from/(used in) investing activities	2,054	(1,556)	(208)	(4,609)	(1,880)
Net cash from/(used in) financing activities	(8,746)	886	382	(1,250)	(1,771)

3.6 KEY RISKS THAT ARE SPECIFIC TO THE GUARANTORS AND THE GUARANTEE

The joint and several Guarantee entitles the Bondholders to take action against the Guarantors without having to first take action against the Issuer to pay both the interest due and the principal amount under said Bonds if the Issuer fails to meet any amount, when due in terms of the Prospectus. The strength of this undertaking on the part of the Guarantors and therefore, the level of recoverability by the Bondholders from the Guarantors of any amounts due under any of the Bonds, is dependent upon and directly linked to the financial position and solvency of the Guarantors.

3.7 WHAT ARE THE KEY RISKS THAT ARE SPECIFIC TO THE SECURITIES?

The most material risk factors specific to the Bonds are set out below:

i. The Bonds may be redeemed by the Issuer on an Early Redemption Date, and are considered as having an embedded call option. For this reason, the Bonds are deemed as complex financial instruments for the purposes of MIFID II. This feature may have an impact on the pricing of, and returns from, the Bonds.

ii. There can be no assurance that an active secondary market for the Bonds will develop, or, if it develops, that it will continue. There can be no assurance that an investor will be able to sell or otherwise trade in the Bonds at or above the Bond Issue Price, or at all.

iii. The Bonds shall carry a fixed interest rate, and the price of fixed rate bonds should, theoretically, be adversely impacted if interest rates increase. Furthermore, in the current inflationary environment, investment in the Bonds involves the risk that rising inflation could also have an adverse effect on the return on the Bonds in real terms.

iv. Both the Issuer and the Guarantors may incur additional borrowings or indebtedness and may create or permit to subsist other security interests upon the whole or any part of its present or further undertakings, assets or revenues, which can have a negative impact on the value of the Bonds.

4. KEY INFORMATION ON THE OFFER OF SECURITIES TO THE PUBLIC AND THE ADMISSION TO TRADING ON A REGULATED MARKET

4.1 UNDER WHICH CONDITIONS AND TIMETABLE CAN I INVEST IN THIS SECURITY?

Application for the Bonds

The Bonds are open for subscription by: (i) Authorised Financial Intermediaries in terms of the Placement Agreements; (ii) Existing Bondholders; and (iii) Authorised Financial Intermediaries pursuant to the Intermediaries' Offer in respect of any balance of the Bonds not subscribed to by Existing Bondholders as aforesaid.

Applications for subscriptions to the Bonds may be made through the Authorised Financial Intermediaries (which include the Sponsor and the Manager & Registrar), subject to a minimum of €2,000 in Bonds and in multiples of €100 thereafter for Applications submitted pursuant to the Placement Agreements and the Intermediaries' Offer (other than in the case of Existing Bondholders subscribing for Bonds through an Existing Bond Transfer, in which case no minimum amount per subscription shall be applicable, subject to subscriptions in multiples of €100).

As regards preferred allocations, Existing Bondholders applying for Bonds may elect to settle all or part of the amount due on the Bonds applied for by the transfer to the Issuer of all or part of the Existing Bonds held by them as at the Cut-off Date at par value ("Existing Bond Transfer"). No minimum amount per subscription shall be applicable to existing Bondholders subscribing for Bonds by way of Existing Bond Transfer subject to subscriptions in multiples of €100. Existing Bondholders electing to subscribe for Bonds through an Existing Bond Transfer shall be allocated Bonds for the corresponding nominal value of Existing Bonds transferred to the Issuer. The transfer of Existing Bonds to the Issuer in consideration for the subscription for Bonds shall cause the obligations of the Issuer with respect to such Existing Bonds to be extinguished and shall give rise to obligations on the part of the Issuer under the Bonds. Bonds applied for by Existing Bondholders by way of Existing Bond Transfer as described above shall be allocated prior to any other allocation of Bonds. The balance of the Bonds not subscribed for by Existing Bondholders limitedly by means of an Existing Bond Transfer together with an additional amount of €5,000,000 in Bonds shall be made available for subscription to Existing Bondholders in respect of any number of additional Bonds applied for other than by Existing Bond Transfer exceeding in value the aggregate nominal value of Existing Bonds held by them as at the Cut-Off Date ("Excess").

Expected Timetable

1.	Application Forms mailed to Existing Bondholders	9 February 2024
2.	Placement Date	16 February 2024
3.	Closing date for Applications to be received from Existing Bondholders	23 February 2024
4.	Intermediaries' Offer	28 February 2024
5.	Expected date of announcement of basis of acceptance	4 March 2024
6.	Refunds of unallocated monies (if any)	11 March 2024
7.	Expected date of admission of the securities to listing	11 March 2024
8.	Expected dispatch of allotment advices	11 March 2024
9.	Commencement of interest	12 March 2024
10.	Expected date of commencement of trading in the securities	12 March 2024

** In the event that, following closing of the Offer Period, the total value of Bonds subscribed for pursuant to Placement Agreements and Applications received from Existing Bondholders reaches €50,000,000, the Intermediaries' Offer will not take place.*

Plan of distribution, Allotment and Allocation Policy

The Issuer shall allocate the Bonds to Applicants on the basis of the following policy and in the following order of priority:

i) an amount of €20 million in nominal value of Bonds has been reserved for subscription by a number of Authorised Financial Intermediaries pursuant to Placement Agreements to be entered into with the Issuer;

ii) an amount of €30 million in nominal value of Bonds, together with Bonds not subscribed for pursuant to paragraph (i) above, have been reserved for Existing Bondholders during the Offer Period, namely and with the following priority: (a) up to an amount of €25 million in nominal value of Bonds for Existing Bondholders applying for Bonds by way of Existing Bond Transfer and subject to subscriptions in multiples of €100; and (b) thereafter up to an additional amount of €5 million in nominal value of Bonds together with any remaining Bonds not subscribed pursuant to (i) above by Existing Bondholders in respect of any Excess applied for by such Existing Bondholders without priority or preference between them and in accordance with the allocation policy as determined by the Issuer; and

iii) in the event that following the allocations made pursuant to paragraph (i) and (ii) there shall still remain unallocated Bonds, the Issuer shall offer such remaining Bonds to Authorised Financial Intermediaries through an Intermediaries' Offer. Subscription agreements received from Authorised Financial Intermediaries through an Intermediaries' Offer, if any, shall be allocated in accordance with the allocation policy as determined by the Issuer, acting through the Registrar, which will be communicated by latest close of business on 1 March 2024. Any amounts unallocated in terms of the subscription agreements shall be returned to the respective Authorised Financial Intermediary by direct credit to the account indicated in the respective subscription agreement by latest close of business on 1 March 2024.

Should Applications submitted by Existing Bondholders exceed the reserved portion indicated in paragraph (ii) above, the unsatisfied excess amounts will be returned by direct credit transfer to the account number indicated in the relative Application, within 5 Business Days following the announcement of basis of acceptance.

In the event that following closing of the Offer Period the Bond Issue is subscribed for in full, the Intermediaries' Offer shall not take place.

Existing Bondholders will share the same allocation policy without priority or preference between themselves should the need for scaling down arise in case of over-subscription, in accordance with the allocation policy as determined by the Issuer acting through the Registrar.

The Issuer shall announce the result of the Bond Issue and the basis of acceptance of all Applications and the allocation policy to be adopted through a company announcement by latest 4 March 2024.

4.2 WHY IS THIS PROSPECTUS BEING PRODUCED?

4.2.1. USE OF PROCEEDS

The proceeds from the Bond Issue, which net of Bond Issue expenses are expected to amount to approximately €49,050,000, will be used for the following purposes, in the amounts and order of priority set out below:

i. an amount of up to €25,000,000 in Existing Bonds will be acquired via transfer to the Issuer by Existing Bondholders in consideration for the subscription of Bonds, resulting in the cancellation of such Existing Bonds and giving rise to obligations on the part of the Issuer under the Bonds.
ii. an amount of up to €24,050,000 will be advanced by the Issuer to PML pursuant to the Loan Agreement, in terms of which PML has delegated the Issuer to pay such amount to APS Bank p.l.c. to re-pay (in whole or in part) the APS Loan I.

In the event that the Bond Issue is fully subscribed and less than €25,000,000 in the form of Existing Bonds are purchased and cancelled by the Issuer by way of an Existing Bond Transfer any balance of proceeds that may result following the repayment of the APS Loan I shall be held by the Issuer in a segregated bank account (the "Existing Bondholder Account") as described below, until the eventual redemption of their Existing Bonds.

In the event that the Bond Issue is not fully subscribed and less than €25,000,000 in Existing Bonds are purchased by the Issuer by way of the Existing Bond Transfer, the proceeds from the Bond Issue (other than by way of Existing Bond Transfer) shall be applied in the following order of priority: (a) the refinancing of the APS Loan I; and (ii) any balance of proceeds shall be held by the Issuer in the Existing Bondholder Account as described below, until the eventual redemption of their Existing Bonds.

The Existing Bondholder Account shall be a bank account set up by the Issuer, segregated from any other bank account held by the Issuer. Cash deposits from the Issuer into the Existing Bondholder Account shall only be applied for redeeming any amount of outstanding Bonds, provided that prior to such redemption such monies may also be applied (i) for the purpose of buying back Bonds for cancellation in terms of the 2018 Bond Prospectus; or (ii) for investing in liquid and marketable securities as reasonably considered practicable by the Issuer.

In the event that the Bond Issue is not fully subscribed, however the full €25,000,000 in the form of Existing Bonds are purchased by the Issuer by way of Existing Bond Transfer, the proceeds from the Bond Issue shall be applied exclusively towards the refinancing in part of the APS Loan I.

Underwriting

The Bond Issue is not underwritten.

Conflict of Interest

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

REGISTRATION DOCUMENT

DATED 8 February 2024

This Registration Document is issued in accordance with the provisions of Chapter 4 of the Capital Markets Rules issued by the Malta Financial Services Authority and of the Prospectus Regulation.

PHOENICIA FINANCE COMPANY P.L.C.

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

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

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

Legal Counsel	Sponsor	Manager & Registrar
ZammitPace	CURMI & PARTNERS	BOV Bank of Valletta

THIS REGISTRATION DOCUMENT HAS BEEN APPROVED BY THE MFSA AS THE COMPETENT AUTHORITY UNDER THE PROSPECTUS REGULATION. THE MFSA ONLY APPROVES THE PROSPECTUS AS MEETING THE STANDARDS OF COMPLETENESS, COMPREHENSIBILITY AND CONSISTENCY IMPOSED BY THE PROSPECTUS REGULATION. SUCH APPROVAL SHALL NOT BE CONSIDERED AS AN ENDORSEMENT OF THE ISSUER THAT IS THE SUBJECT OF THIS REGISTRATION DOCUMENT. IN PROVIDING THIS AUTHORISATION, THE MFSA DOES NOT GIVE ANY CERTIFICATION REGARDING THE POTENTIAL RISKS IN INVESTING IN ANY INSTRUMENT ISSUED BY THE COMPANY. FURTHERMORE, SUCH AUTHORISATION SHOULD NOT BE DEEMED OR BE CONSTRUED AS A REPRESENTATION OR WARRANTY AS TO THE SAFETY OF INVESTING IN SUCH INSTRUMENTS.

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APPROVED BY THE DIRECTORS

Jean Pierre Ellul Castaldi	**Mario P. Galea**

signing in their own capacity as directors of the Company and for and on behalf of each of Etienne Borg Cardona, Benjamin Muscat and Mark D. Shaw

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IMPORTANT INFORMATION

THIS REGISTRATION DOCUMENT CONTAINS INFORMATION ON PHOENICIA FINANCE COMPANY P.L.C., IN ITS CAPACITY AS ISSUER, AND ON PHOENICIA MALTA LIMITED AND PHOENICIA HOTEL COMPANY LIMITED, AS GUARANTORS, IN ACCORDANCE WITH THE REQUIREMENTS OF THE CAPITAL MARKETS RULES, THE COMPANIES ACT (CHAPTER 386 OF THE LAWS OF MALTA) AND THE PROSPECTUS REGULATION.

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ALL THE ADVISERS TO THE ISSUER NAMED UNDER THE HEADING “ADVISERS TO THE ISSUER” IN SECTION 5.3 OF THIS REGISTRATION DOCUMENT HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER IN RELATION TO THE PROSPECTUS AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION TOWARDS ANY OTHER PERSON AND WILL ACCORDINGLY NOT BE RESPONSIBLE TO ANY INVESTOR OR ANY OTHER PERSON WHOMSOEVER IN RELATION TO THE TRANSACTIONS PROPOSED IN THE PROSPECTUS.

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

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

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

SAVE FOR THE OFFERING IN THE REPUBLIC OF MALTA, NO ACTION HAS BEEN OR WILL BE TAKEN BY THE ISSUER THAT WOULD PERMIT A PUBLIC OFFERING OF THE SECURITIES DESCRIBED IN THE SECURITIES NOTE OR THE DISTRIBUTION OF THE PROSPECTUS (OR ANY PART THEREOF) OR ANY OFFERING MATERIAL IN ANY COUNTRY OR JURISDICTION WHERE ACTION FOR THAT PURPOSE IS REQUIRED. ACCORDINGLY, NO SECURITIES MAY BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, AND NEITHER THE PROSPECTUS NOR ANY ADVERTISEMENT OR OTHER OFFERING MATERIAL MAY BE DISTRIBUTED OR PUBLISHED IN ANY JURISDICTION, EXCEPT UNDER CIRCUMSTANCES THAT WILL RESULT IN COMPLIANCE WITH ANY APPLICABLE LAWS AND REGULATIONS. PERSONS INTO WHOSE POSSESSION THE PROSPECTUS OR ANY SECURITIES MAY COME MUST INFORM THEMSELVES ABOUT, AND OBSERVE, ANY SUCH RESTRICTIONS ON THE DISTRIBUTION OF THE PROSPECTUS AND THE OFFERING AND SALE OF SECURITIES.

A COPY OF THIS DOCUMENT HAS BEEN SUBMITTED TO THE MALTA FINANCIAL SERVICES AUTHORITY IN SATISFACTION OF THE CAPITAL MARKETS RULES, THE MALTA STOCK EXCHANGE IN SATISFACTION OF THE MALTA STOCK EXCHANGE BYE-LAWS AND HAS BEEN DULY FILED WITH THE REGISTRAR OF COMPANIES, IN ACCORDANCE WITH THE ACT.

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

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

IN TERMS OF ARTICLE 12(1) OF THE PROSPECTUS REGULATION, THE PROSPECTUS SHALL REMAIN VALID FOR A PERIOD OF TWELVE (12) MONTHS FROM THE DATE OF THE APPROVAL OF THE PROSPECTUS BY THE MFSA. THE ISSUER IS OBLIGED TO PUBLISH A SUPPLEMENT ONLY IN THE EVENT OF SIGNIFICANT NEW FACTORS, MATERIAL MISTAKE OR MATERIAL INACCURACY RELATING TO THE INFORMATION SET OUT IN THE PROSPECTUS WHICH MAY AFFECT THE ASSESSMENT OF THE SECURITIES AND WHICH ARISES OR IS NOTED BETWEEN THE TIME WHEN THE PROSPECTUS IS APPROVED AND THE CLOSING OF THE OFFER PERIOD OR THE TIME WHEN TRADING ON A REGULATED MARKET COMMENCES, WHICHEVER OCCURS LATER. THE OBLIGATION TO SUPPLEMENT THE PROSPECTUS IN THE EVENT OF SIGNIFICANT NEW FACTORS, MATERIAL MISTAKES OR MATERIAL INACCURACIES DOES NOT APPLY WHEN THE PROSPECTUS IS NO LONGER VALID.

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

UNLESS OTHERWISE STATED, THE CONTENTS OF THE ISSUER'S OR GUARANTORS' WEBSITES (IF ANY) OR ANY WEBSITE DIRECTLY OR INDIRECTLY LINKED TO THE ISSUER'S OR GUARANTORS' WEBSITES DO NOT FORM PART OF THE PROSPECTUS. ACCORDINGLY, NO RELIANCE OUGHT TO BE MADE BY ANY INVESTOR ON ANY INFORMATION OR OTHER DATA CONTAINED IN SUCH WEBSITES AS THE BASIS FOR A DECISION TO INVEST IN ANY SECURITIES ISSUED BY THE ISSUER.

THE VALUE OF INVESTMENTS CAN FALL AS WELL AS RISE, AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER ALL THE INFORMATION CONTAINED IN THE PROSPECTUS AS A WHOLE AND SHOULD CONSULT THEIR OWN FINANCIAL AND OTHER PROFESSIONAL ADVISERS.

2. DEFINITIONS

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

2018 Bond Prospectus	The prospectus issued by the Company dated 15 November 2018 pertaining to the Existing Bonds;
Act	The Companies Act (Cap. 386 of the laws of Malta);
APS Bank	APS Bank plc a public limited company registered in Malta with company registration number C 2192 and having its registered office at APS Centre, Tower Street, Birkirkara BKR 4012, Malta;
Bond(s)	A maximum of €50,000,000 unsecured bonds due on the Redemption Date having a nominal value of €100 per bond bearing interest at a rate of 5.75% per annum and redeemable at their nominal value, as detailed in the Securities Note. The Bonds are guaranteed jointly and severally by PML and PHCL;
Bond Issue	The issue of the Bonds;
Bondholder	A holder of Bonds to be issued by the Issuer in terms of the Prospectus;
Capital Markets Rules	The capital markets rules issued by the Malta Financial Services Authority in terms of the Financial Markets Act (Chapter 345 of the Laws of Malta);
Company or Issuer	Phoenicia Finance Company p.l.c., a public limited liability company registered under the laws of Malta with company registration number C 88958, and having its registered office at The Phoenicia Hotel, The Mall, Floriana, Malta;
Directors or Board	The directors of the Issuer whose names are set out under the heading "Directors of the Issuer" in Section 5.1 of this Registration Document;
Euro or €	The lawful currency of the Eurozone, being the region comprised of those member states of the European Union that have adopted, or will have adopted from time to time, the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25 March 1957), as amended by the Treaty on European Union (signed in Maastricht on 7 February 1992) and by the Treaty of Amsterdam (signed 2 October 1997), as further amended from time to time;
Existing Bonds	The 4.15% unsecured bonds due 2023 - 2028 issued by the Company pursuant to a prospectus dated 15 November 2018, of a nominal value of €100 per bond and of an aggregate nominal value of €25,000,000, and having ISIN MT0002081207;
Financial Analysis Summary	The financial analysis summary dated 8 February 2024 compiled by the Sponsor in line with the applicable requirements of the MFSA Listing Policies, a copy of which is set out in Annex III of the Securities Note forming part of the Prospectus;
Group or Phoenicia Group	PML, PHCL, the Issuer, and their subsidiaries from time to time;
Guarantee	The joint and several guarantee, dated 8 February 2024 granted by the Guarantors as security for the punctual performance of all the obligations undertaken by the Issuer under the Bond Issue. A copy of the Guarantee and description of the nature, scope and terms of the Guarantee are appended to the Securities Note as Annex II thereto;
Guarantors	PML and PHCL, each a Guarantor;
Loan Agreement	The loan agreement entered into by and between the Issuer (as lender) and PML (as borrower) pursuant to and in accordance with the terms and conditions of which net proceeds from the Bond Issue, of up to €25,000,000, will be advanced by title of loan from the Issuer to PML;
Malta Stock Exchange or MSE	Malta Stock Exchange p.l.c., as originally constituted in terms of the Financial Markets Act (Chapter 345 of the Laws of Malta) with company registration number C 42525 and having its registered office at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta;

Memorandum and Articles of Association	The memorandum and articles of association of the Issuer in force at the time of publication of the Prospectus;
Parent Company Loan Agreement	The loan agreement entered into between PML and Phoenicia Holding Lux, dated 10 November 2022, details of which are set out in Section 14.3 of this Registration Document;
Phoenicia Hotel or Hotel	The hotel operating as "The Phoenicia Malta", which is operated by PHCL in terms of a lease agreement with PML, as fully described in Section 6.4.1 of this Registration Document;
Phoenicia Holding Lux	Phoenicia Holding Lux S.à r.l., a company registered in Luxembourg, with registration number B272710, and having its registered address at 6, rue Eugène Ruppert, Luxembourg 2453, Luxembourg;
Phoenicia Hotel Lux	Phoenicia Hotel (Lux) S.à r.l., a company registered in Luxembourg, with registration number B178459, and having its registered address at 6, rue Eugène Ruppert, and dissolved without liquidation on 20 December 2023;
PHCL	Phoenicia Hotel Company Limited, a private limited company registered in the United Kingdom with registration number 00305858, having its registered office at 2 New Bailey, 6 Stanley Street, Salford, Greater Manchester, United Kingdom, M3 5GS, United Kingdom, and registered as an oversea company in Malta with registration number OC1 and having its place of business at The Phoenicia Hotel, The Mall, Floriana;
PML	Phoenicia Malta Limited, a private limited liability company registered in Malta with company registration number C 41576 and having its registered office at The Phoenicia Hotel, The Mall, Floriana, Malta;
Premises	The premises located at The Mall, Floriana, Malta as more fully described in Section 14 ("Material Contracts") of this Registration Document, which includes the Phoenicia Hotel;
Property Valuation Report	The property valuation report issued by DeMicoli & Associates Architects and dated 29 January 2024;
Prospectus	This Registration Document, the Securities Note and the Summary, all dated 8 February 2024;
Prospectus Regulation	Regulation (EU) No. 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, as amended, and in accordance with the provisions of Commission Delegated Regulation No. 2019/979 and Commission Delegated Regulation No. 2019/980 issued thereunder;
Registration Document	This document dated 8 February 2024 in its entirety forming part of the Prospectus
Securities Note	The securities note issued by the Issuer dated 8 February 2024, forming part of the Prospectus;
Sponsor	Curmi & Partners Ltd, having company registration number C 3909 and registered office at Finance House, Princess Elizabeth Street, Ta' Xbiex XBX 1102, Malta, licensed by the MFSA and a member of the MSE;
St. John's Gardens Project	The project which is described in Section 6.4.5 of this Registration Document;
Subsidiaries	All entities over which Phoenicia Holding Lux as ultimate holding company has control and which as at the date of this Registration Document, include without limitation each of PML, PHCL and the Issuer. In terms of International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), a group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity;
Summary	The summary issued by the Issuer dated 8 February 2024, forming part of the Prospectus.

All references in the Prospectus to “Malta” are to the “Republic of Malta”.

Unless it appears otherwise from the context:

a) words importing the singular shall include the plural and *vice-versa*;
b) words importing the masculine gender shall include also the feminine gender and *vice-versa*;
c) the word “may” shall be construed as permissive and the word “shall” shall be construed as imperative;
d) any references to a person include natural persons, firms, partnerships, companies, corporations, associations, organisations, governments, states, foundations, or trusts;
e) any reference to a person includes that person’s legal personal representatives, successors, and assigns;
f) any phrase introduced by the term “including”, “include”, “in particular” or any similar expression is illustrative only and does not limit the sense of the words preceding the term; and
g) any references to a law, legislative act and, or other legislation shall mean that particular law, legislative act and, or legislation as in force at the time of issue of this Registration Document.

3. RISK FACTORS

PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER WITH THEIR OWN PROFESSIONAL ADVISERS THE FOLLOWING RISK FACTORS AND OTHER INVESTMENT CONSIDERATIONS, AS WELL AS ALL THE OTHER INFORMATION CONTAINED IN THE PROSPECTUS, BEFORE MAKING ANY INVESTMENT DECISION WITH RESPECT TO THE ISSUER. SOME OF THESE RISKS ARE SUBJECT TO CONTINGENCIES WHICH MAY OR MAY NOT OCCUR AND NEITHER THE ISSUER NOR THE GUARANTORS ARE IN A POSITION TO EXPRESS ANY VIEWS ON THE LIKELIHOOD OF ANY SUCH CONTINGENCIES OCCURRING.

WHILE THE SEQUENCE IN WHICH THE RISKS BELOW ARE LISTED IS INTENDED TO BE INDICATIVE OF THE ORDER OF PRIORITY AND OF THE EXTENT OF THEIR CONSEQUENCES, PROSPECTIVE INVESTORS ARE HEREBY CAUTIONED THAT THE OCCURRENCE OF ANY ONE OR MORE OF THE RISKS SET OUT BELOW COULD HAVE A MATERIAL ADVERSE EFFECT ON THE PHOENICIA GROUP’S BUSINESS, RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

IF ANY OF THE RISKS DESCRIBED BELOW WERE TO MATERIALISE, THEY COULD HAVE A SERIOUS EFFECT ON THE ISSUER’S AND, OR GUARANTORS’ FINANCIAL RESULTS AND TRADING PROSPECTS AND ON THE ABILITY OF THE ISSUER TO FULFIL ITS OBLIGATIONS UNDER THE SECURITIES TO BE ISSUED IN TERMS OF THE PROSPECTUS AND OF THE GUARANTORS TO HONOUR THEIR OBLIGATIONS UNDER THE GUARANTEE.

THE RISKS AND UNCERTAINTIES DISCUSSED BELOW ARE THOSE IDENTIFIED AS SUCH BY THE DIRECTORS OF THE ISSUER AS AT THE DATE OF THE PROSPECTUS, BUT THESE RISKS AND UNCERTAINTIES MAY NOT BE THE ONLY ONES THAT THE ISSUER AND THE GUARANTORS MAY FACE. ADDITIONAL RISKS AND UNCERTAINTIES, INCLUDING THOSE WHICH THE ISSUER’S DIRECTORS ARE NOT CURRENTLY AWARE OF, MAY WELL RESULT IN A MATERIAL IMPACT ON THE FINANCIAL CONDITION AND OPERATIONAL PERFORMANCE OF THE ISSUER AND, OR THE GUARANTORS.

NEITHER THE PROSPECTUS NOR ANY OTHER INFORMATION SUPPLIED HEREIN IN CONNECTION WITH SECURITIES ISSUED BY THE ISSUER:

(I) IS INTENDED TO PROVIDE THE BASIS OF ANY CREDIT OR OTHER EVALUATION, NOR
(II) SHOULD BE CONSIDERED AS A RECOMMENDATION BY THE ISSUER OR THE SPONSOR OR AUTHORISED FINANCIAL INTERMEDIARIES THAT ANY RECIPIENT OF THIS PROSPECTUS OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION
THEREWITH, SHOULD PURCHASE ANY SECURITIES ISSUED BY THE ISSUER.

PROSPECTIVE INVESTORS SHOULD MAKE THEIR OWN INDEPENDENT EVALUATION OF ALL RISK FACTORS AND SHOULD CONSIDER ALL OTHER SECTIONS IN THIS DOCUMENT.

3.1. FORWARD-LOOKING STATEMENTS

The Prospectus and the documents incorporated therein by reference or annexed thereto contain forward-looking statements that include, *inter alia*, statements concerning the Issuer’s and Guarantors’ strategies and plans relating to the attainment of their respective objectives, capital requirements and other statements of expectations, beliefs, future plans and strategies, anticipated developments and other matters that are not historical facts and which may, accordingly, involve predictions of future circumstances.

Prospective investors can generally identify forward-looking statements by the use of terminology such as “may”, “will”, “expect”, “intend”, “plan”, “estimate”, “anticipate”, “believe”, or similar phrases. Such forward-looking statements are inherently subject to a number of risks, uncertainties and assumptions, a few of which are beyond the Issuer’s and Guarantors’ control. Important factors that could cause actual results to differ materially from the expectations of the Issuer’s directors include those risks identified under the heading “Risk Factors” and elsewhere in the Prospectus.

If any of the risks described below were to materialise, they could have a material adverse effect on the Issuer’s and Guarantors’ financial results and trading prospects and the ability of the Issuer to fulfil its Bond Obligations under the securities to be issued in terms of the Prospectus and of the Guarantors to honour their obligations under the Guarantee.

Accordingly, the Issuer and Guarantors caution prospective investors that these forward-looking statements are subject to risks and uncertainties that could cause actual events or results to differ materially from those expressed or implied by such statements, that such statements do not bind the Issuer and Guarantors with respect to future results and no assurance is given that the projected future results or expectations covered by such forward-looking statements will be achieved.

Prospective investors are advised to read the Prospectus in its entirety and, in particular, all the risk factors set out in the Prospectus for a further discussion of the factors that could affect the Issuer's and Guarantors' future performance. In the light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in the Prospectus may not occur. All forward-looking statements contained in the Prospectus are made only as at the date hereof. The Issuer and its Directors expressly disclaim any obligations to update or revise any forward-looking statements contained herein to reflect any change in expectations with regard thereto or any change in events, conditions, or circumstances on which any statement is based.

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

The Issuer, a subsidiary of PML and forming part of the Phoenicia Group, is a special purpose vehicle set up to act as a financing company solely for the Phoenicia Group's requirements, and, therefore, does not itself have any substantial assets, given that its assets are intended to consist primarily of loans issued to any company within the Phoenicia Group. The Issuer is dependent on the business prospects of the Guarantors and, consequently, the operating results of the Guarantors have a direct effect on the Issuer's financial position and performance. Accordingly, the risks affecting the business and operations of the Guarantors have a direct effect on the ability of the Issuer and the Guarantors to meet their respective obligations in connection with the payment of interest on the Bonds and repayment of principal when due. In particular, the Issuer is principally dependent on income derived from the interest payments and loan repayments from any company within the Phoenicia Group to which it may have granted any loan/s and this may affect, amongst other obligations, the Issuer's ability to service interest payments on the Bonds and the repayment of the principal amount when due. The interest payments and loan repayments above-mentioned are subject to certain risks. More specifically, the ability of PML and, or PHCL to effect payments to the Issuer will depend on the cash flows and earnings of PML and, or PHCL, which may be impacted by changes in applicable laws and regulations, by the terms of agreements to which they are or may become party, or by other factors beyond the control of the Issuer and, or the Phoenicia Group. The occurrence of any such event could, in turn, negatively affect the ability of the Issuer and the Guarantors to meet their respective obligations in connection with the payment of interest on the Bonds and repayment of principal when due.

3.3. RISKS RELATING TO THE BUSINESS OF THE PHOENICIA GROUP

3.3.1 RISKS RELATING TO THE HOSPITALITY AND TOURISM INDUSTRY

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

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

- a downturn in international and, or regional market conditions or in the political, economic and, or market conditions in Malta and, or in the countries from which the Phoenicia Hotel's guests mainly originate, may negatively affect the demand for leisure and business travel and meeting, incentive and conference space;
- increased competition and periodic local oversupply of guest accommodation in Malta;
- industry overcapacity and weak demand, due to the cyclical nature of the hotel industry or differences between management forecasts and actual conditions, which could result in reductions in room rates and occupancy levels;
- changes in travel patterns or seasonal variations, as well as consumer preferences concerning price, quality, location, and type of hospitality packages, any increase in or the imposition of new taxes or surcharges or other expenses relating to air travel and fuel, and cutbacks or stoppages on Malta-bound airlines or sea travel routes, as well as the imposition of travel restrictions, bans or other measures by the relevant authorities which could have a bearing on the number of visitors arriving in Malta;
- seasonality, where Malta may experience varying levels of occupancy during different seasons;
- exceptional events such as weather conditions, civil or political unrest, violence and terrorism, serious and organised crime, fraud, employee dishonesty, cyber-crime, pandemics, fire and day-to-day accidents, incidents, and petty crime which impact the guest or employee experience, could cause loss of life, sickness or injury and result in compensation claims, fines from regulatory bodies, litigation and impact reputation;
- changes in laws and regulations on employment, the preparation and sale of food and beverages, health and safety, alcohol licensing, environmental concerns, fiscal policies, zoning and development, and the related costs of compliance;
- increases in operation costs due to inflation, employment costs, workers' compensation and healthcare related costs, utility costs, increased taxes and insurance costs; and
- the termination, non-renewal and, or the renewal on less favourable terms of material contracts, as well as agreements entered into with tour operators.

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

The Phoenicia Group is subject to a competitive and changing industry

The Phoenicia Group operates in a competitive industry and must compete effectively against traditional competitors such as global hotel chains, local hotel companies and independent hotels to win the loyalty of guests and employees. A number of the local hotels form part of large corporate groups that could support their market position and financial soundness in different market conditions, whilst additionally some of the other local hotels represent very well recognised international brands.

The competitive landscape also includes other types of businesses, such as web-based booking channels (which include online travel agents and intermediaries) and alternative sources of accommodation such as the growing boutique hotel market and short-term lets of private property. A proportion of the Phoenicia Hotel's bookings originate from large multinational, regional, and local online travel agents and intermediaries with which the Phoenicia Group has contractual arrangements and to which it pays commissions. The presence and resources of such entities have been expanding and they aim to create brand awareness and brand loyalty among customers and may seek to commoditise hotel brands through price and attribute comparison.

Failure to compete effectively in traditional and emerging areas of the business could impact the Phoenicia Group's market share, profitability, and relationships with guests.

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

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

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

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

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

Risks relating to failure to reflect environmental, social and governance considerations in the Phoenicia Group's business model

The focus on environmental, social and governance ("ESG") considerations globally, and in particular the related initiatives undertaken by European institutions, is likely to increase scrutiny by regulators, investors, and the general public on the Phoenicia Group's operations.

ESG considerations that may impact the Phoenicia Group include, *inter alia*, energy performance, energy and resource efficiency, waste management, energy and water use, the use of renewables, as well as social and employment considerations of workers and the health and safety thereof. Risks in this respect may include the lack of appropriate management and governance structures. Failure to manage these risks may have a negative impact on the Phoenicia Group's reputation, operations and financial condition.

Risks related to the food and beverage sector

The Phoenicia Group's revenues from the food and beverage business, which amounted to €4.5 million in 2022 and the overall performance of the Group could be vulnerable to a number of risks that have an impact on the food and beverage industry. These include changes in economic market conditions, consumer confidence, consumer spending, increased competition, quality issues, health concerns and changes in the law. Shifts in such aspects could potentially result in a reduction of revenues or an increase in operating costs related to the food and beverage operations.

3.3.2. RISKS RELATING TO THE PREMISES

Property valuation and net realisable value

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

PML's, and as a result, the Phoenicia Group's, financial profile could be adversely affected by a decline in terms of capital values, particularly resulting in potential impairments in asset values or lack of re-saleability. The valuation of property and property-related assets is inherently subjective, due to, amongst other things, the individual nature of each property and the assumptions upon which valuations are carried out. In providing a market value of the Premises, the independent architects engaged by the Issuer for this purpose have made certain assumptions as a result of which actual values may be materially different from any values that may be expressed or implied on the basis of such assumptions. There can be no assurance that such valuation of the Premises will reflect actual market values that could be achieved upon a sale.

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

Risk of termination of emphyteutical concession

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

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

The Phoenicia Group's future development and construction activities (including *inter alia*, the St. John's Gardens Project), as well as any capital improvements to be made to and, or on the Premises, may give rise to a number of risks, including the following significant risks:

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

3.3.3. OTHER RISKS GENERALLY APPLICABLE TO THE PHOENICIA GROUP

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

The Phoenicia Group funds and will continue to fund its projects partially through borrowings. The Phoenicia Group has a material amount of debt amounting to circa €69 million as at 31 December 2022, and may incur additional debt in connection with its future growth.

The Group is party to financing agreements in terms of which a substantial portion of the cash flows will be allocated towards the servicing and repayment of debt. These obligations limit the amount of cash that would otherwise be available for other uses including funding of the capital expenditure, working capital, operating costs, dividends and other general corporate purposes.

Substantial borrowings under credit facilities are at variable interest rates, which causes the Phoenicia Group to be vulnerable to increases in interest rates and related volatility.

The agreements regulating the Phoenicia Group's external financing impose and are likely to impose significant operating restrictions and financial covenants on the Phoenicia Group companies. These restrictions and covenants could limit the Phoenicia Group companies' ability to obtain future financing, make capital expenditure, withstand a future downturn in business or economic conditions generally or otherwise inhibit the ability to conduct necessary corporate activities.

Under the Phoenicia Group's current financing arrangements, the Phoenicia Group is at risk of default on the occurrence of certain unexpected events. In such an event, the Phoenicia Group might be forced to sell some of its assets to meet such obligations or seek alternative finance to repay such borrowings. Borrowings may not be able to be refinanced or the terms of any refinancing may be less favourable than the existing terms of borrowing.

Liquidity Risk

Liquidity risk arises because of the potential scenario that the Phoenicia Group may be unable to meet its obligations as they become due, including the obligations from the Bonds, as a result of the inability to obtain required funding or because it cannot liquidate assets in an appropriate timeframe or at an appropriate price. This limitation could negatively impact the operations and financial condition of the Phoenicia Group, in addition to the ability to respond to general developments. PML, in particular, is a property holding company, and property is generally a relatively illiquid asset. Furthermore, the property market is affected by many factors, such as general economic conditions, that are beyond the Phoenicia Group's control. Therefore, there can be no assurance that the expected valuation of such property assets could be achieved upon a sale to provide funding.

The Phoenicia Group is exposed to the risk of litigation

The Phoenicia Group is exposed to the risk of litigation from its suppliers, contractors, service providers, guests, customers, actual and potential partners, consultants, employees and regulatory authorities. As stated in Section 12 ("Litigation") of this Registration Document, PHCL and PML have entered into arbitration proceedings with the main contractor of the refurbishment project of the Phoenicia Hotel described in Section 12. Based on expert technical advice received, the directors of PHCL and PML are of the opinion that no amounts are due by PHCL and PML, and accordingly, no provision has been made in their respective financial statements. The outcomes of litigation are inherently uncertain and there are many factors that may affect the range of such outcomes, and any resulting financial impact, of these matters. Unfavourable outcomes could have a material adverse effect on the Phoenicia Group's operations, results, cash flow and, or financial position. In addition, exposure to regulatory action or fines imposed by regulatory authorities may also affect the Phoenicia Group's reputation.

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

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

- increases in the rate of inflation, in particular where the income stream of the Phoenicia Group does not increase correspondingly;
- increases in payroll expenses;
- increases in interest rates, affecting financing rates;
- increases in taxes and other statutory charges;
- changes in laws, regulations or government policies;
- increases in insurance premia;
- unforeseen increases in the costs of maintaining properties; and
- unforeseen capital expenditure.

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

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

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

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

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

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

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

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

The legal and regulatory environment around data privacy and requirements set out by the payment-card industry surrounding information security are constantly evolving. Particularly, the Phoenicia Group is subject to Regulation (EU) 2016/679 on the protection of physical persons with regard to the processing of personal data, as well as the free circulation of this data, which came into force on 25 May 2018 ("GDPR"). The GDPR introduced more restrictive and onerous obligations on data controllers and processors as far as the processing of personal data is concerned. The Phoenicia Group is exposed to the risk that data collected could be damaged or lost, disclosed or processed for purposes other than as permitted in the GDPR. The changes to the Phoenicia Group's procedures and policies could adversely impact the Phoenicia Group's business owing to the increase in its operational and compliance costs. Further, there is a risk that the measures may have not been implemented correctly or that individuals within the business may not be fully compliant with the new procedures. If there are breaches of these measures, the Phoenicia Group could face significant administrative and monetary sanctions as well as reputational damage which may have a material adverse effect on its operations, financial condition and prospects.

Reliance on key senior personnel and management

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

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

Change of control

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

The Phoenicia Group's insurance policies

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

Risks relating to changes in laws and regulations

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

4. PERSONS RESPONSIBLE AND STATEMENT OF APPROVAL

This Registration Document includes information prepared in compliance with the Capital Markets Rules issued by the MFSA and the Prospectus Regulation for the purpose of providing Bondholders with information with regard to the Issuer and the Guarantors. Each and all of the Directors of the Issuer whose names appear in Section 5.1 of this Registration Document accept responsibility for all the information contained in the Prospectus.

To the best of the knowledge and belief of the Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this Registration Document is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors of the Issuer hereby accept responsibility accordingly.

This Registration Document has been drawn up as part of a simplified prospectus in accordance with Article 14 of the Prospectus Regulation. The Registration Document has been approved by the MFSA as the competent authority in Malta for the purposes of the Prospectus Regulation. The MFSA has only approved the Registration Document as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation and such approval should not be considered as an endorsement of the Issuer or the Phoenicia Group (as the subjects of the Registration Document).

5. IDENTITY OF DIRECTORS, ADVISERS AND AUDITORS OF THE ISSUER AND THE GUARANTORS

5.1. DIRECTORS OF THE ISSUER

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

Mark D. Shaw (British passport: 133972974)	Non-Executive Director and Chairman
Jean Pierre Ellul Castaldi (ID number: 550858M)	Executive Director
Mario P. Galea (ID number: 522554M)	Non-Executive Director
Benjamin Muscat (ID number: 447054M)	Non-Executive Director
Etienne Borg Cardona (ID number: 235562M)	Non-Executive Director

Mark D. Shaw and Jean Pierre Ellul Castaldi occupy executive positions within the Group. The other three Directors, being Etienne Borg Cardona, Mario P. Galea and Benjamin Muscat serve on the Board of the Issuer in a non-executive capacity. Etienne Borg Cardona, Mario P. Galea and Benjamin Muscat are considered as independent Directors since they are free of any significant business, family or other relationship with the Issuer, its controlling shareholders or the management of either, that could create a conflict of interest such as to impair their judgement. In assessing the independence of Etienne Borg Cardona, Mario P. Galea and Benjamin Muscat, due notice has been taken of Rule 5.119 of the Capital Markets Rules.

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

The Company Secretary of the Issuer is Dr Stephanie Manduca, holder of identity card number 324989M.

The *curriculum vitae* of each of the Directors of the Issuer is set out in Section 10.1 of this Registration Document.

5.2. DIRECTORS OF THE GUARANTORS

5.2.1. PML

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

Mark D. Shaw (British passport: 133972974)	Executive Director and Chairman
Jean Pierre Ellul Castaldi (ID number: 550858M)	Executive Director

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

Jean Pierre Ellul Castaldi is the Company Secretary of Phoenicia Malta Limited.

The *curriculum vitae* of each of the Directors and Company Secretary of the Guarantor is set out in Section 10.1 of this Registration Document.

5.2.2. PHCL

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

Mark D. Shaw (British passport: 133972974)	Executive Director and Chairman
Jean Pierre Ellul Castaldi (ID number: 550858M)	Executive Director

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

Jean Pierre Ellul Castaldi is the Company Secretary of Phoenicia Hotel Company Limited.

The *curriculum vitae* of each of the Directors and Company Secretary of Phoenicia Hotel Company Limited is set out in Section 10.1 of this Registration Document.

5.3. ADVISORS

As at the date of the Prospectus, none of the advisers named below have any beneficial interest in the share capital of the Issuer or any other member of the Phoenicia Group. Additionally, save for the terms of engagement relative to their respective services provided in connection with the preparation of the Prospectus, no material transactions have been entered into by the Issuer or any other member of the Phoenicia Group with any of the advisers referred to below. The organisations listed below have advised and assisted the Directors in the drafting and compilation of the Prospectus, as applicable.

Legal Counsel

Name:	Zammit Pace Advocates
Address:	35, St Barbara Bastions, Valletta VLT 1961, Malta

Sponsor

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

Manager & Registrar

Name:	Bank of Valletta p.l.c.
Address:	58, Zachary Street, Valletta VLT 1130

5.4. INDEPENDENT AUDITORS OF THE ISSUER

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

The annual statutory financial statements of the Issuer for the financial years ended 31 December 2020, 31 December 2021 and 31 December 2022 were audited by Ernst & Young Malta Limited, independent auditors, as stated in their reports.

Ernst & Young Malta Limited with registered office at Regional Business Centre, Achille Ferris Street, Msida MSD 1751, is a limited liability Company registered in Malta with registered number C30252, bearing Accountancy Board registration number AB/26/84/96, and is a member firm of Ernst & Young Global Limited.

5.5. INDEPENDENT AUDITORS OF THE GUARANTORS

5.5.1. PML

The annual statutory financial statements of PML for the financial years ended 31 December 2020, 31 December 2021 and 31 December 2022 were audited by Ernst & Young Malta Limited, independent auditors, as stated in their reports.

Ernst & Young Malta Limited with registered office at Regional Business Centre, Achille Ferris Street, Msida MSD 1751, is a limited liability Company registered in Malta with registered number C30252, bearing Accountancy Board registration number AB/26/84/96, and is a member firm of Ernst & Young Global Limited.

5.5.2. PHCL

The annual statutory financial statements of PHCL for the financial year ended 31 December 2020, 31 December 2021 and 31 December 2022 were audited by Ernst & Young Malta Limited, independent auditors, as stated in their reports.

Ernst & Young Malta Limited with registered office at Regional Business Centre, Achille Ferris Street, Msida MSD 1751, is a limited liability Company registered in Malta with registered number C30252, bearing Accountancy Board registration number AB/26/84/96, and is a member firm of Ernst & Young Global Limited.

5.5.3. COMBINED FINANCIAL STATEMENTS OF THE ISSUER AND THE GUARANTORS

In addition, the annual combined financial statements of the Issuer, PML and PHCL for the financial years ended 31 December 2020, 31 December 2021 and 31 December 2022, have been audited by Ernst & Young Malta Limited, independent auditors, as stated in their reports. The combined financial statements are not required statutorily and are prepared periodically for comparison purposes. An analysis of the combined financial statements is set out in the Annex III of the Securities Note forming part of the Prospectus, in the Issuer's Financial Analysis Summary.

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

6.1. INTRODUCTION

6.1.1. THE ISSUER

Full Legal and Commercial Name of the Issuer:	Phoenicia Finance Company p.l.c.
Registered Address:	The Phoenicia Hotel, The Mall, Floriana, Malta
Place of Registration and Domicile:	Malta
Registration Number:	C 88958
Date of Registration:	23 October 2018
Legal Entity Identifier ("LEI"):	48510060W3SVW3G7SD47
Legal Form:	The Issuer is lawfully existing and registered as a public limited liability company in terms of the Act
Telephone Number:	+356 2122 5241
Fax:	+356 2122 4296
Email:	investorrelations@phoeniciamalta.com
Website:	www.phoeniciafinance.com

**The information on the Issuer's website does not form part of the Prospectus, unless that information is incorporated by reference into the Prospectus.*

The Issuer was established on 23 October 2018 as a wholly-owned Subsidiary of PML. The Issuer, which was set up to act as a finance company, has as at the date hereof an authorised and issued share capital of €250,000 divided into 250,000 ordinary shares of €1 each, all fully paid up. The shares in the Issuer are subscribed to and held as indicated in Section 13 of this Registration Document.

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

The Issuer's purpose is to raise finance for the business of the Phoenicia Group which is carried out through the Guarantors. In this respect, the Issuer is mainly dependent on the business prospects of the Guarantors. The Issuer operates exclusively in and from Malta.

In November 2018, the Issuer issued the Existing Bonds pursuant to the 2018 Bond Prospectus.

The Issuer has entered into the Loan Agreement pursuant to which the Issuer agreed to advance to PML up to €25,000,000 (the "Loan") from the net proceeds of the Bond Issue. In terms of the Loan Agreement, PML has delegated the Issuer to pay the Loan amount to APS Bank to refinance (in whole or in part) the APS Loan I (details of which are set out in Section 14.2). Interest on the principal amount of the Loan is payable for the interest period ending on 29 Decemeber annually at the rate of 6.25% per annum. The terms and conditions of the Loan are set out in the Loan Agreement which is available for inspection as indicated in Section 18 below.

6.1.2. PML

LEI	9845006Y2CB57CB2Z893
Full Legal and Commercial Name of PML:	Phoenicia Malta Limited
Registered Address:	The Phoenicia Hotel, The Mall, Floriana, Malta
Place of Registration and Domicile:	Malta
Registration Number:	C 41576
Date of Registration:	8 June 2007
Legal Form:	PML is lawfully existing and registered as a private limited liability company in terms of the Act
Telephone Number:	+356 2122 5241
Fax:	+356 2122 4296
Email:	investorrelations@phoeniciamalta.com
Website:	www.phoeniciamalta.com

**The information on PML's website does not form part of the Prospectus, unless that information is incorporated by reference into the Prospectus.*

PML was established on 8 June 2007 as a private limited liability company. It changed its name from "Cuffe (Malta) Limited" to "Phoenicia Malta Limited" on 28 September 2018. PML principally acts as the property holding company of the Phoenicia Group, which holds the Premises over which the Phoenicia Hotel is built under title of perpetual sub-emphyteusis as further detailed in Section 14 ("Material Contracts"). In terms of its memorandum of association, PML is empowered to secure and guarantee any debt, liability, or obligation of any third party.

PML operates exclusively in and from Malta.

6.1.3. PHCL

Full Legal and Commercial Name of PHCL:	Phoenicia Hotel Company Limited
Registered Address:	2 New Bailey, 6 Stanley Street, Salford, Greater Manchester, United Kingdom, M3 5GS, United Kingdom
Registered Address of Malta Branch:	The Phoenicia Hotel, The Mall, Floriana, Malta
Place of Registration and Domicile:	United Kingdom
Registration Number of Malta Branch:	OC1
Date of Registration as an oversea company in Malta:	21 April 1965
Legal Entity Identifier ("LEI"):	9845004FD62F8FCCCE37
Legal Form:	PHCL is lawfully existing and registered as a private limited liability company in terms of the UK Companies Act 2006
Telephone Number:	+356 2122 5241
Fax:	+356 2122 4296
Email:	investorrelations@phoeniciamalta.com
Website:	www.phoeniciamalta.com

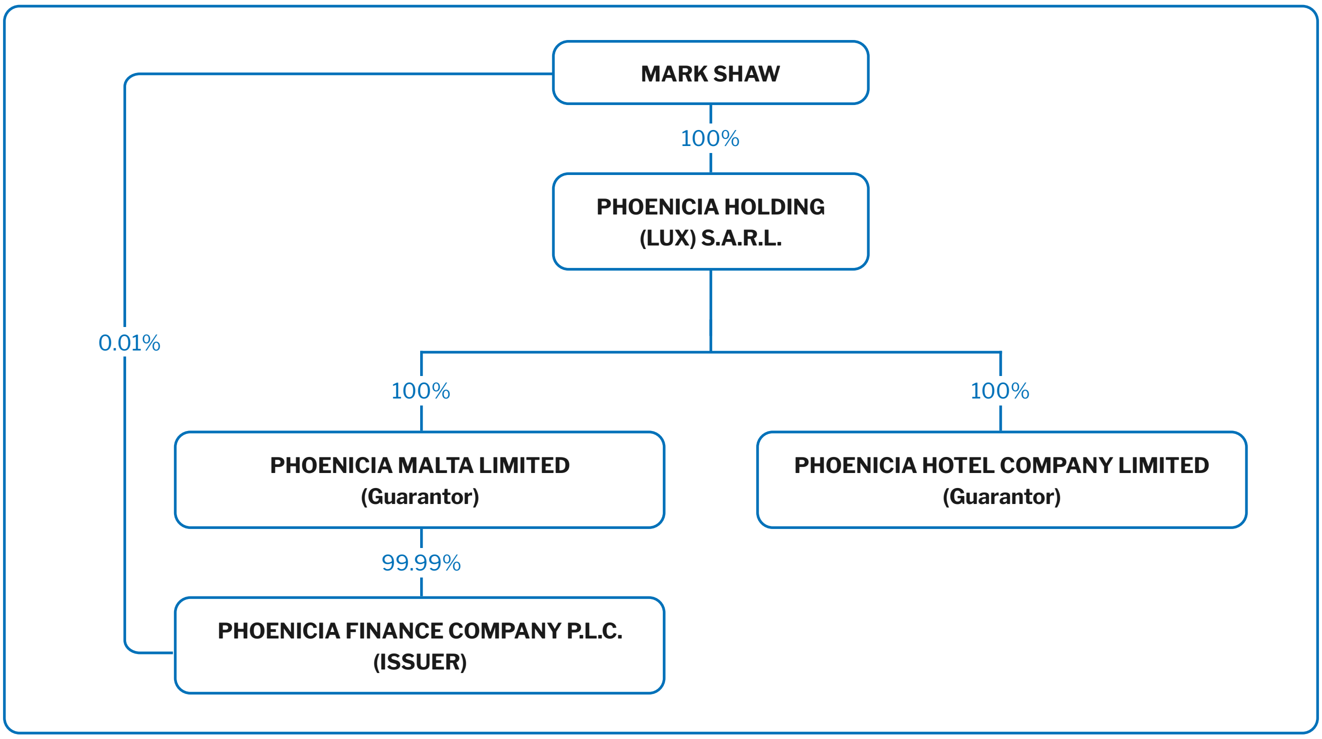
**The information on PHCL's website does not form part of the Prospectus, unless that information is incorporated by reference into the Prospectus.*

PHCL was established as a private limited company in the United Kingdom on 10 October 1935 and is operated through a branch which was registered in Malta as an overseas company on 21 April 1965, with registration number OC 1. PHCL changed its name from "Malta Hotels Company Limited" to "Phoenicia Hotel Company Limited" on 31 December 1978. The principal activity of PHCL is the operation of the Phoenicia Hotel. As further detailed in Section 6.4.1 hereunder, PHCL leases the Premises from PML by virtue of a lease agreement dated 05 January 2018. In terms of its memorandum of association, PHCL is empowered to secure and guarantee any debt, liability, or obligation of any third party.

PHCL operates exclusively in and from Malta.

6.2. ORGANISATIONAL STRUCTURE OF THE PHOENICIA GROUP

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



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

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

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

YEAR	EVENT
1935	PHCL (previously known as "Malta Hotels Company Limited") was incorporated in the United Kingdom for the purpose of acquiring, by emphyteutical title, the land over which the Premises was subsequently constructed.
1947	The Phoenicia Hotel celebrated its official opening in 1947.
1961	PHCL granted the Premises on sub-emphyteusis to Ms Agnes Graham.
1965	PHCL was registered as an oversea company in Malta.
1966	Agnes Graham transferred the sub-emphyteusis over the Premises to Holtours Limited.
1997	The Phoenicia Hotel was renamed "Le Méridien Phoenicia".
2007	PML (previously known as Cuffe (Malta) Limited) was incorporated on 8 June 2007, for the purpose of acquiring the sub-emphyteusis over the Premises from Holtours Limited.
2007	The Hotel was renamed as "The Phoenicia Malta".
2013	Acquisition of the Phoenicia Group by Phoenicia Hotel Lux.
2015 - 2017	The Phoenicia Hotel was closed for refurbishment in 2015 and re-opened for business in 2017.
2018	The Issuer issued the Existing Bonds.
2020	Opening of Phoenicia Spa & Wellness in October 2020.

2022	Celebration of the Phoenicia Hotel's 75th Anniversary since first opening.
2023	Pursuant to a deed dated 20 December 2023, Phoenicia Hotel Lux was dissolved without liquidation and all of its assets and liabilities transferred to Phoenicia Holding Lux under universal title of succession.

6.4. BUSINESS OVERVIEW OF THE PHOENICIA GROUP

6.4.1. PRINCIPAL ACTIVITIES

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

Overview of the Phoenicia Hotel

The Phoenicia Hotel has a long operating history, having been built in the 1930s and officially opening its doors as Malta's first luxury hotel in 1947. Since then, the Hotel has established itself as a timeless and historic landmark, recognised as such by both local and international guests, suitably located on the doorstep of Malta's capital city.

Over the course of the years, the Phoenicia Hotel has undergone numerous restoration and embellishment programmes.

As at the date of this Prospectus, the total room count at the Phoenicia Hotel is 132 of which 12 are suites, following a recent project (undertaken in 2022) that transformed eight standard rooms into four new suites (namely, the Pegasus Suites). Furthermore, the Hotel features eight further luxurious suites and four interconnected rooms, all of which have been recently redesigned. In addition, the Hotel comprises a wide range of facilities, including a Spa and wellness area, three restaurants, two bars, an outdoor heated pool, six meeting/conference rooms and event rooms, a ballroom, a hairdressing salon, 2 retail outlets and seven-and-a-half-acres of landscaped gardens.

Operation of the Phoenicia Hotel

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

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

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

Accommodation/lodging

The main source of income of the Phoenicia Hotel is generated through accommodation, where accommodation revenue accounted for circa 67% of total revenue during the year ended 31 December 2022.

The Hotel's customer base comprises a mixture of leisure and business guests. Reservations are generated through various channels, including online bookings made on the Hotel official website, global distribution systems, and online travel agents. During the year ended 31 December 2022, the Hotel achieved a revenue per available room ("RevPAR") of €199 and an occupancy rate of 67.34%, despite the extended negative impact of the COVID-19 pandemic on Q1 of 2022.

During the period January to August 2023, the Hotel achieved a RevPAR of €240.9 and an occupancy rate of 73%, which exceed comparable metrics for 2022. The directors of PHCL anticipate that the RevPAR and occupancy levels for the year ending 31 December 2023 will reach €255.6 and 74% respectively, on the basis of latest management forecasts.

Food and beverage operations

Food and beverage outlets are an important revenue stream for the Group, and a vital ancillary service provided to hotel guests. Revenue from Food and beverage outlets accounted for approximately 19% of the Group's total revenues during the year ended 31 December 2022. The main food and beverage revenue contributor is the Hotel's main restaurant, The Phoenix Restaurant, followed by the operations of the other restaurants and bars situated within the Hotel, as well as room service.

Conferencing and banqueting

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

The Hotel continues to be a popular venue for weddings, with various location options situated around the Hotel property, including the Bastion Pool area, the Grand Ballroom, and the garden, as well as the possibility of hosting banquet style weddings located in one of the Hotel's six event rooms. Further, the Hotel has notably been a popular venue for meetings and corporate events, particularly owing to its well-appointed conference rooms and extensive facilities.

Accordingly, conference and banqueting events have accounted for approximately 10% of the Group's total revenue during the year ended 31 December 2022.

Strong distribution networks and memberships

PHCL has been a member of "The Leading Hotels of the World" since December 2015 by means of a hotel membership agreement ("Hotel Membership Agreement") with LHW Services GmbH ("LHWS"). By virtue of the Hotel Membership Agreement, LHWS provides PHCL with a number of services and a non-exclusive sub-licence to use the trademarks of LHWS in connection with the services provided. The Hotel Membership Agreement was renewed for a period expiring on 30 November 2026 and is subject to renewal. The Phoenicia Hotel's membership in "The Leading Hotels of the World" reinforces the Phoenicia Hotel's position in the luxury accommodation segment on an international level. The Phoenicia Hotel also has access to global loyalty programmes, namely the American Express Travel's Fine Hotels and Resorts, and is presently the only local hotel to be given this prestigious accolade.

During 2023, The Phoenicia has been selected to become a member of Virtuoso, one of the most prestigious luxury travel networks in the world. Virtuoso is the leading global network of agencies specialising in luxury and experiential travel, with more than 20,000 advisors and partnering with the world's best hotels, cruise lines, tour operators, and more.

Also during 2023, The Phoenicia earned a Forbes Travel Guide Four-Star award and is showcased with other honorees on ForbesTravelGuide.com.

Furthermore, the prestigious Condé Nast Traveler's Readers' Choice Awards 2023 named Phoenicia Malta as one of the Top 3 Hotels in Central and Southern Europe and Top 12 Hotels in the rest of Europe.

Management Agreement

PHCL entered into a management agreement in respect of the Phoenicia Hotel with Hazledene Group Limited ("HGL") as of 01 January 2022 in terms of which PHCL appointed HGL which accepted to provide management services under the direct oversight and supervision of Mark D Shaw in relation to the development, management, sales and marketing and operations of the Phoenicia Hotel business in consideration of a monthly fee (the "Management Agreement"). The Management Agreement was entered into for an initial period of 15 years from the 01 January 2022, and is subject to automatic renewal for one or more periods of one year each annually thereafter, unless either party serves notice of non-renewal on the other not less than 3 months before the start of each renewal period. The Management Agreement includes provisions whereby either party may terminate the Management Agreement in the event of a default by the other party under the terms and conditions thereof. The Phoenicia Group's relationship with HGL allows the Phoenicia Group to benefit from HGL's hotel management experience.

6.4.2. PRINCIPAL MARKETS

The Phoenicia Group operates exclusively in and from Malta.

6.4.3. PRINCIPAL INVESTMENTS

With the exception of initial planning and pre-construction expenses of circa €500,000 relating to the St John's Gardens Project the Phoenicia Group has not entered into or made firm commitments towards any principal investments subsequent to 31 December 2022, being the date of the latest audited financial statements of each of the Guarantors.

6.4.4. BUSINESS DEVELOPMENT STRATEGY

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

- maintaining and strengthening its operational efficiency;
- improving occupancy and average room rates;
- driving top line growth;
- continuing to target niche markets in Malta and overseas; and
- continuing to identify itself as a leading, prestigious hotel in Malta and the Mediterranean region; and
- further enrich the development of the "Valletta" brand and the destination's contemporary urban offer.

6.4.5. FUTURE PROJECTS

The St John's Gardens Project consists of the rehabilitation and development of the top end of St. John's Ditch and ancillary areas (where the derelict old stables and coach house buildings are located) within the Premises. The proposed project, which is still subject to planning approval, will provide an extension to the Hotel's current facilities and develop a holistic masterplan for the Hotel. PML intends to submit a full development application in respect of the St. John's Gardens Project to the Planning Authority. This application will be intended to substitute planning permit PA/02925/15 which is a renewal of PA /05753/09 for an extension of bedrooms, accompanied by the upgrading of the existing hotel, the restoration and rehabilitation of the nearby stables to accommodate bedrooms, as well as the upgrading of St. John's Ditch and the nearby hotel grounds.

As part of the project, PML proposes to redevelop the coach house to accommodate a reception area, a breakfast and dining area and, or a multi-purpose business facility, and to develop a new building aside the coach house to accommodate hotel rooms. The development is intended to provide up to an additional 52 keys, of which at least 10 keys will be suites and 42 keys will be standard rooms. Each room is to have its unique selling points such as its size, facilities, external terrace or garden areas and plunge pool/spa baths and outlook onto garden areas. The proposed development also includes an additional new external swimming pool facility, landscaping and the greening of St John's ditch to form a lush, landscaped garden and the restoration of various historical landmarks on the Premises. On the basis of current estimates, the St. John's Gardens Project total cost is expected to amount to approximately €38 million.

The proposed project will prioritise sustainability, from the studied placement of the proposed accommodation within the historical urban context of the site and the preservation and restoration of built heritage to the sustainable design of the new buildings with the aim to reduce energy and water consumption, minimise waste and lower emissions through low energy and carbon positive building, symbiotic infrastructure, the use of renewable energy sources and the use of electric vehicles within the Hotel grounds.

7. FUNDING STRUCTURE AND EXPECTED FINANCING OF THE ISSUER'S ACTIVITIES

As at the 31 December 2022, the Issuer's and the Guarantors' external funding requirements are met as follows:

The Issuer issued the Existing Bonds having an aggregate nominal value of €25,000,000 pursuant to the 2018 Bond Prospectus in November 2018. As at the date of this Prospectus, the Existing Bonds are still outstanding.

PML has two outstanding loan facilities with APS Bank totalling €45,000,000 as further set out in Section 14.2. The APS Loan I in the sum of €25 million as further set out in Section 14.2 was granted to PML as to €24,424,144.65 to refinance existing facilities with Bank of Valletta p.l.c., including a Malta Development Bank Covid-19 Guaranteed Loan, mainly relating to the renovation of the Hotel and as to €575,855.35 to be utilised for the business commitments of PML. The APS Loan II in the sum of €20 million as further set out in Section 14.2 was granted to PML to be advanced to Phoenicia Holding Lux to finance the purchase of a call option over the shares in Phoenicia Hotel Lux from Phoenicia Investment S.à r.l.

PHCL also has an unutilised overdraft facility with APS Bank of €750,000 as further set out in Section 14.2.

The Issuer intends to use the proceeds under the Bond Issue to refinance the Group's borrowing, namely by: (i) acquiring Existing Bonds by way of Existing Bond Transfer resulting in the cancellation by the Issuer of any Existing Bonds so acquired, and, or eventually redeeming Existing Bonds not subject to an Existing Bond Transfer as further described in Section 5.1 of the Securities Note; and (ii) settling (in whole or in part) the APS Loan I as set out in Section 5.1 of the Securities Note.

As a result, the hypothecary and privileged rights granted by PML and PHCL to APS Bank in security of the APS Loan I will be cancelled or reduced in proportion to the amount of the APS Loan I repaid (as the case may be).

Thus, going forward, the Directors expect the Issuer's and the Guarantors' working capital and funding requirements to be met by a combination of the following sources of finance: (i) retained earnings and cash flow generated by the Group's operations as set out in Section 9; (ii) external bank credit and loan facilities; and (iii) the net proceeds from the Bonds.

There are no recent events particular to the Issuer or the Guarantors which are to a material extent relevant to an evaluation of their respective solvency.

No credit ratings have been assigned to the Issuer or the Guarantors at the request or cooperation of the said Issuer or (as the case may be) the Guarantors in the rating process.

The Directors are not aware of any material change in the Issuer's and, or the Guarantors' borrowing and funding structure since the end of their latest financial year ending 31 December 2022.

8. TREND INFORMATION

8.1. ECONOMIC UPDATE[1]

During 2022, Malta's economy experienced an increase in private consumption and investment, resulting in real gross domestic product (GDP) growth of 6.9%. This growth in GDP was primarily driven by the strong performance of the services sector and the tourism industry, the latter which experienced notable recovery during the period in question. With regard to 2023, however, the forecast suggests a slower real GDP growth rate of 3.9%, and this mainly as a result of high inflation and a slowdown in the tourism industry following strong post-pandemic recovery. Such growth is expected to rebound slightly in 2024, to 4.1%.

Employment in Malta increased by 6.0% in 2022 across various sectors, including the tourism sector and administrative services. The European Commission's Country Report for Malta indicates that employment is projected to continue growing in 2023 and 2024, in line with population growth and the attraction of foreign workers to Malta. However, labor and skills shortages are anticipated to remain significant constraints on the economy. Malta's unemployment rate stood at 2.9% in 2022, among the lowest in Europe, and is expected to remain at this level in 2023 and 2024.

According to Statista[2], the collective impact of the travel and tourism sectors on Malta's GDP in 2022 experienced a decline of approximately 8.7% in comparison to 2019. The combined direct and indirect contributions of these industries to the nation's GDP amounted to €2.1 billion in 2022.

8.2. INBOUND TOURISM

In 2023, the tourism industry continued to recover from the pandemic and surpassed the pre-pandemic total inbound tourist arrivals during 2019. Official data[3] released by the National Statistics Office (NSO) illustrates that Malta welcomed 2,816,641 tourists Between January and November 2023 which is 8.0% higher than the 2,608,533 arrivals during the same 11-month period in 2019. This strong performance experienced in 2023 is evidence of the strong economic recovery witnessed in the latter part of 2022 following the loosening of the pandemic-related and Government-imposed travel restrictions in Q2 2022.

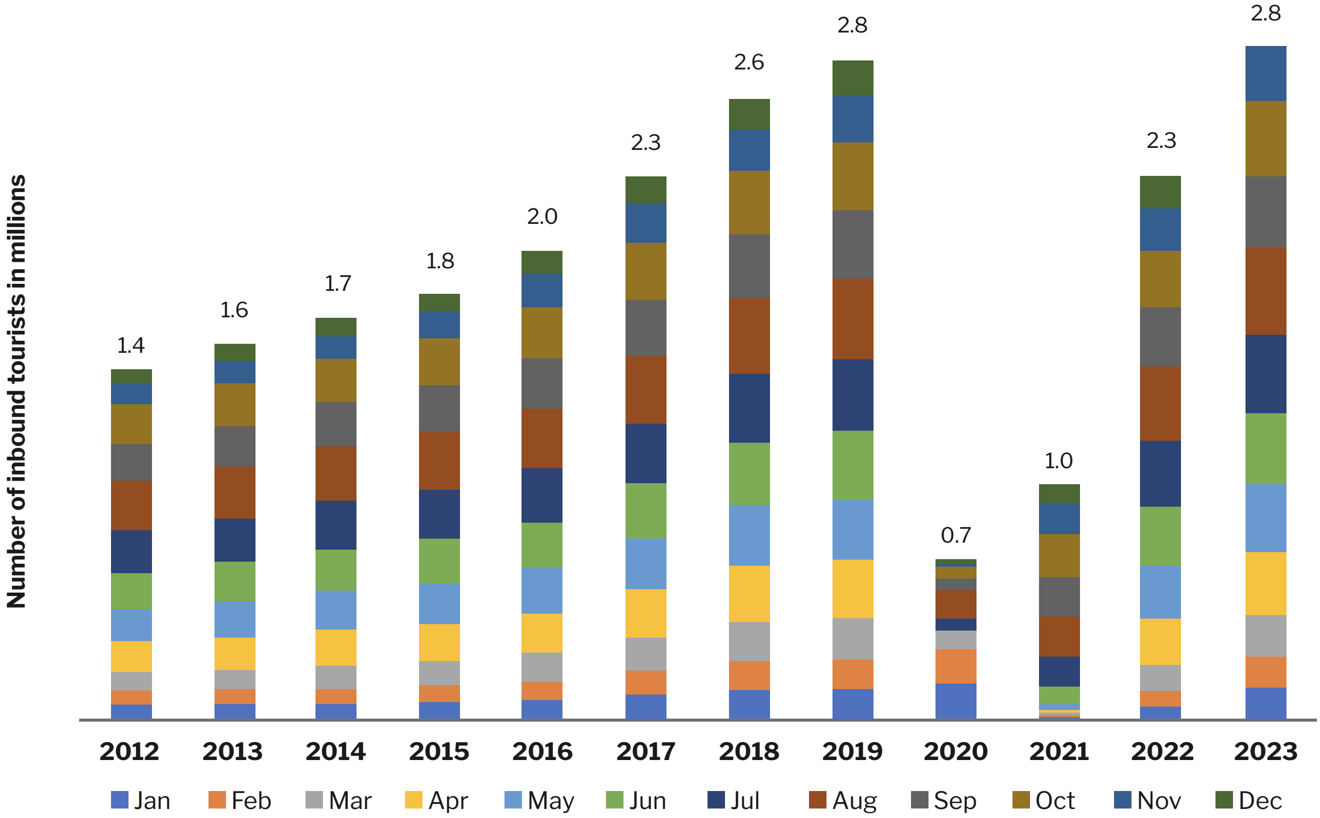


Figure 1: Total inbound tourism in Malta & Gozo monthly between Jan 2012 and Nov 2023
Source: National Statistics Office

1 European Commission – 2023 Country Report (Malta) – Institutional Paper 242 June '23).
2 Statista Research – Travel, Tourism & Hospitality in Malta (Aug '23).
3 National Statistics Office – Inbound Tourism.

Expenditure per capita between January and November 2023 was 3.0% higher than what was recorded during the same period in 2019, with an average of €870 spent per tourist during 2023 versus €845 in 2019, with inflationary pressures brought about in 2022 also contributing to this increase.

On a broader scale, the European Travel Commission [4] highlighted that despite the expectation that Europe would avoid a technical recession, the persistent higher inflation rates would likely affect household incomes and discretionary spending, which may potentially slow the travel industry's recovery. Moreover, two further challenges faced by the European travel industry remain the limitations imposed on Russian tourists due to the Ukraine conflict, redirecting them mainly to Serbia and Turkey, as well as the supply of flights being persistently below demand, thereby raising prices and slowing further the recovery of travel. With respect to long-haul travel into Europe, the United States is set to regain market share in 2023 while the reopening of China in January 2023 should provide an additional boost to inbound travel from Asia.

8.3. MALTA'S FIVE-STAR HOTEL MARKET

The NSO data for inbound tourism referenced earlier further indicates that, in 2023, the five-star hotel industry has seen a similar trend to the wider tourism industry in which 7.6% more guests stayed in a five-star hotel in Malta between January and September 2023, when compared to the same period in 2019. This may suggest that the high-end hospitality sector stands to experience similar growth to the wider local tourism industry.

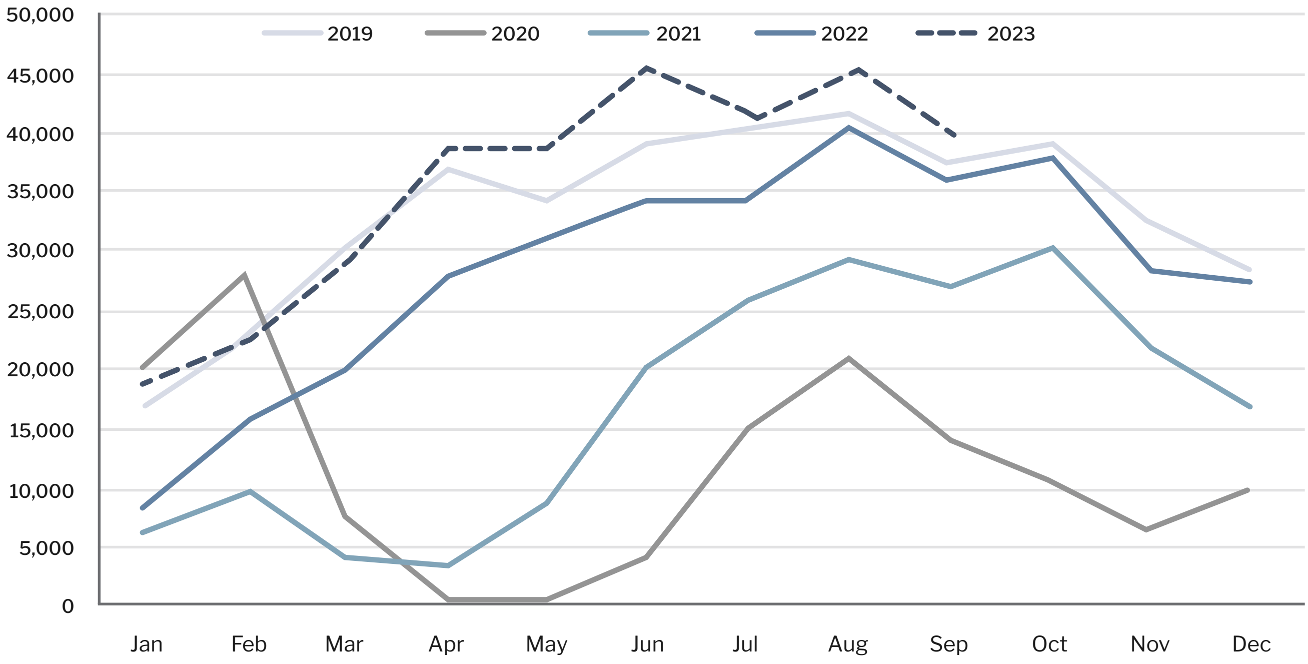


Figure 2: Total guests at 5-star hotels in Malta & Gozo monthly between Jan 2019 and Sep 2023
Source: National Statistics Office

Occupancy rates in five-star hotels during 2023 (62% between January and September) continue to lag behind pre-pandemic levels (69% January - September 2019) despite an increase in the number of guests, suggesting that the expansion in supply of five-star accommodation is having a meaningful effect. In fact, the number of five-star establishments and bedrooms at the end of 2022 stood at 17 and 3,732, respectively, which is considerably higher than the 14 five-star hotels and 3,196 five-star bedrooms located in Malta and Gozo in 2019.

According to the annual survey issued by Deloitte and the Malta Hotels & Restaurants Association (MHRA)[5], the average daily rates (ADR) for five-star hotels in Malta during Q2 2023 increased by 18% over Q2 2019, reaching a rate of €208 per room.

8.4. FOOD AND BEVERAGE INDUSTRY

From research carried out on the food and beverage service activities in Malta[6], it is forecasted that significant growth will be achieved in the industry whereby revenue is expected to grow by 50% between 2023 and 2027.

Findings from the Ernst & Young Attractiveness Survey [7] show that 54% of participants expressed their demand for staff with specialised skills. Malta's labour market, however, is faced with constraints due to its geographical limitations and size. Accordingly, despite the increased employment of foreign workers, the situation remains only partially alleviated

4 European Travel Commission – European Tourism: Trends & Prospects (Q1 2023).
5 MHRA Hotel Survey by Deloitte Malta.
6 Statista Research – Food & Beverage Service Activities in Malta (Aug '23).
7 EY Attractiveness Survey 2022.

8.5. THE ISSUER

There has been no material adverse change in the prospects or in the financial or trading position of the Issuer since the date of publication of its last published audited financial statements.

There has been no significant change in the financial performance of the Issuer since 30 June 2023 (being the date of the last published financial statements of the Issuer) to the date of the Prospectus.

The Issuer is dependent on the business prospects of the Guarantors and, therefore, the trend information relating to the Guarantors has a material effect on its financial position and prospects.

8.6. PML

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

There has been no significant change in the financial performance of PML since 31 December 2022 (being the date of the last published financial statements of PML) to the date of the Prospectus.

In line with market trends commented on in Section 8.1 to 8.4 above, the ongoing performance of the Hotel and its relative food and beverage business is expected to grow further in the coming years.

PML holds the perpetual sub-emphyteusis of the Premises, upon which the Hotel is situated. The Hotel is leased by PML to PHCL pursuant to the Lease Agreement described in Section 6.4.1 above, and revenue is generated through rental income arising from the lease of the Hotel.

8.7. PHCL

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

There has been no significant change in the financial performance of PHCL since 31 December 2022 (being the date of the last published financial statements of PHCL) to the date of the Prospectus.

As described in Section 6.4.1 above, PHCL manages and operates the Hotel by virtue of the Lease Agreement. The Hotel is a leading hotel in Malta, which has outperformed the Maltese five-star hotel industry in terms of RevPAR, occupancy levels and average room rates over the last ten years.[8]

PHCL registered total revenue of €14.8 million in the financial year ended 31 December 2022 ("FY22A"). The Hotel achieved a RevPAR of €199 in FY22A driven by a higher average room rate ("ARR") when compared to that achieved in the historical period.

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

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

9. FINANCIAL INFORMATION

9.1. THE ISSUER

The historical financial information included below is taken from the Issuer's audited financial statements for the financial years ended 31 December 2020, 2021, and 2022. Condensed portions from the aforementioned consolidated financial statements for those years are provided below.

The Issuer carries on the Group's business of a finance company in connection with the ownership, development, operation and financing of hotels, resorts, leisure facilities, and tourism related activities.

8 MHRA Hotel Survey by Deloitte Malta.

ISSUER'S INCOME STATEMENT FOR THE YEARS ENDED 31 DECEMBER

CURRENCY: €000	**2020**	**2021**	**2022**
Finance income	1,275	1,287	1,287
Finance costs	(1,152)	(1,158)	(1,164)
Net interest earned	**123**	**129**	**123**
Administrative expenses	(68)	(82)	(95)
Profit before tax	**55**	**47**	**28**
Income tax expense	(19)	(17)	(10)
Profit for the year	**36**	**30**	**18**

In 2022, the Issuer earned finance income attributable to the interest on a loan to PML amounting to €1.3m, bearing a fixed interest rate of 5.25% per annum, and incurred finance costs, relating to the interest on the Existing Bonds, amounting to €1.2m in the same period. Finance income was stable across the historical period, with the Issuer recording €1.3m income for each in 2020, 2021, and 2022. Finance costs were also identical throughout the Historical Period at €1.2m for each year.

The Issuer incurred administrative expenses which comprised of director's fees, corporate expenses, professional fees, and audit fees amounting to €95.0k in 2022. In the year ending on December 31, 2022, the Issuer did not have any employees on its payroll.

The Issuer recorded profit for the year amounting to €35.5k, €30.3k, and €18.3k in 2020, 2021, and 2022, respectively.

ISSUER'S STATEMENT OF FINANCIAL POSITION FOR THE YEARS ENDED 31 DECEMBER

CURRENCY: €000	2020	2021	2022
ASSETS			
Non-current assets			
Financial assets	24,500	24,500	24,500
Deferred tax asset	5	5	5
Total non-current assets	**24,505**	**24,505**	**24,505**
Current assets			
Financial assets	56	56	56
Other receivables	408	601	579
Current tax receivable	-	-	9
Cash and cash equivalents	90	71	249
Total current assets	**554**	**728**	**893**
TOTAL ASSETS	**25,059**	**25,233**	**25,397**
EQUITY AND LIABILITIES			
Equity			
Issued share capital	250	250	250
Retained earnings	(3)	27	45
Total equity	**247**	**277**	**295**
Non-current liabilities			
Interest-bearing borrowings	24,626	24,747	24,874
Total non-current liabilities	**24,626**	**24,747**	**24,874**
Current liabilities			
Interest-bearing borrowings	46	46	46
Trade and other payables	121	147	183
Current tax payable	19	16	-
Total current liabilities	**186**	**209**	**229**
Total liabilities	**24,812**	**24,956**	**25,103**
TOTAL EQUITY AND LIABILITIES	**25,059**	**25,233**	**25,398**

The Issuer's balance sheet reflects its role as the financing arm of the Group with total assets of €25.4m as at 31 December 2022, mainly consisting of the financial assets and the loan to PML bearing a fixed interest of 5.25% per annum payable annually in arrears, amounting of €24.5m. Other receivables of €0.6m, mainly relate to amounts due from PML for expenses paid by the Issuer as part of general cash flow management purposes.

Total liabilities include the €25.0m, Existing Bonds, net of accumulated amortisation of bond issue costs, and trade and other payables which mainly include amounts due to PHCL representing expenses paid on behalf of the Issuer and other trade creditors.

The Issuer is dependent on the business prospects of the Guarantors, PML and PHCL, and consequently, the operating results of the Guarantors have a direct effect on the Issuer's financial position and performance.

ISSUER'S CASH FLOW STATEMENT FOR THE YEARS ENDED 31 DECEMBER

CURRENCY: €000	2020	2021	2022
Net cash flows from/(used in) operating activities	(46)	(19)	178
Net cash flows used in investing activities	(325)	-	-
Net increase/(decrease) in cash and cash equivalents	**(371)**	**(19)**	**178**
Cash and cash equivalents at 1 January	461	90	71
Cash and cash equivalents at 31 December	**90**	**71**	**249**

In 2022, cash generated from operations of the Issuer amounting to €178.1k mainly relates to the interest received on the loan to PML. Interest received increased by 24.0% from 2020 to 2022, resulting to positive cash flows from operating activities in 2022 compared with 2020 and 2021. In 2020, an additional loan was issued to PML amounting to €325.0k.

Set out below are the results recorded by the Issuer during the first six months of the current year.

ISSUER'S INCOME STATEMENT FOR THE PERIODS ENDING 30 JUNE

Currency: €000	Jan-Jun 2022 (Unaudited)	Jan-Jun 2023 (Unaudited)
Finance income	638	638
Finance costs	(576)	(579)
Net interest earned	**62**	**59**
Administrative expenses	(38)	(46)
Profit before tax	**24**	**13**
Income tax expense	(8)	(4)
Profit for the period	**16**	**9**

During the first six months of 2023, the Issuer reported finance income of €638.2k, related to interest received on a loan to PML, equal to the interest received for the same period in 2022. Finance costs amounted to €576.4k and €579.4k for the six-month period in 2022 and 2023, respectively.

The Issuer registered profit after income tax amounting to €15.7k and €8.7k in Jan-Jun 2022, and Jan-Jun 2023, respectively.

The comparative results of the Issuer's financial position as of 31 December 2022 and 30 June 2023 are set out below.

ISSUER'S STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2022 AND 30 JUNE 2023

CURRENCY: €000	31 December 2022	30 June 2023
ASSETS		
Non-current assets		
Financial assets	24,500	24,500
Deferred tax asset	5	5
Total non-current assets	**24,505**	**24,505**
Current assets		
Financial assets	56	695
Other receivables	579	625
Current tax receivable	9	8
Cash and cash equivalents	249	9
Total current assets	**893**	**1,337**
TOTAL ASSETS	**25,398**	**25,842**
EQUITY AND LIABILITIES		
Equity		
Issued share capital	250	250
Retained earnings	45	54
Total equity	**295**	**304**
Non-current liabilities		
Interest-bearing borrowings	24,874	24,938
Total non-current liabilities	**24,874**	**24,938**
Current liabilities		
Interest-bearing borrowings	46	560
Trade and other payables	183	40
Total current liabilities	**229**	**600**
Total liabilities	**25,103**	**25,538**
TOTAL EQUITY AND LIABILITIES	**25,398**	**25,842**

The Issuer registered total assets of €25.8m as of 30 June 2023, mainly comprising the loan to PML amounting to €24.5m (about 94.8% of the total assets). The increase in financial assets from €56.4k in 31 December 2022 to €694.6k in 30 June 2023 is due to the accrued interest becoming due in December 2023.

Trade and other payables decreased from €183.3k in 31 December 2022 to €40.0k in 30 June 2023 due to the settlement of amounts due to related parties. Trade payables, accruals, and other payables also decreased during the said period. The liabilities include the €25.0m Existing Bonds. Increase in interest-bearing borrowings from €45.4k in 31 December 2022 to €560.0k in 30 June 2023 is attributable to accrued interest becoming due in December 2023.

ISSUER'S CASH FLOW STATEMENT FOR THE PERIODS ENDING 30 JUNE

Currency: €000	Jan-Jun 2022 (Unaudited)	Jan-Jun 2023 (Unaudited)
Net cash flows from/(used in) operating activities	187	(240)
Net increase/(decrease) in cash and cash equivalents	**187**	**(240)**
Cash and cash equivalents at 1 January	71	249
Cash and cash equivalents at 30 June	**258**	**9**

During the first six months of 2023, cash used in operations of the Issuer amounted to €240.0k, mainly due to the settlement of payables amounting to €144.1k. The Issuer received cash from PML loan repayments amounting to €250.0k in Jan-Jun 2022.

9.2. THE GUARANTORS

9.2.1 PML

The historical financial information included below is taken from PML's audited financial statements for the financial years ended 31 December 2020, 2021, and 2022. Condensed portions from the aforementioned financial statements for those years are provided below.

PML holds the Hotel Premises by title of sub-emphyteusis.

PML'S INCOME STATEMENT FOR THE YEARS ENDED 31 DECEMBER

CURRENCY: €000	2020	2021	2022
Rental income	2,493	2,478	2,467
Administrative expenses	(75)	(56)	(278)
Operating profit	**2,418**	**2,422**	**2,189**
Valuation gains from investment property	-	-	8,779
Finance income	-	-	119
Finance costs	(1,872)	(1,892)	(2,042)
Profit before tax	**546**	**530**	**9,045**
Income tax expense	(47)	(43)	(1,125)
Profit for the year	**499**	**487**	**7,920**

In 2022, PML generated revenue of €2.5m and operating profit of €2.2m. Its revenue is generated from rental income from the lease of the Premises to PHCL. There are no third party revenues and all revenue is derived from related parties (principally PHCL).

Following the outbreak of the COVID-19 pandemic, PML gave a rent concession amounting to €75.0k during the year ended 31 December 2022 (2021: €175.0k). PML accounted for the lease modification as a new lease from the date the concession was granted accounting for the income over the remaining lease term.

Administrative expenses amounted to €278.0k in 2022, and these mainly relate to the auditor's remuneration, legal and professional fees. The increase from 2021 to 2022 is mainly due to the refinancing costs incurred by PML for the new loans in November 2022 which includes bank processing, public registry, legal and notarial and valuation fees.

In 2022, the valuation of the Hotel's property, including both the hotel building ("sites in operation") and surrounding lands ("other sites"), was updated using an income-based approach.
The sites in operation were initially valued in December 2020 using a multi-period Discounted Cash Flow (DCF) model, with adjustments for the medium to long-term impact of the COVID-19 pandemic. The other sites were valued based on a capitalization rate derived from the market's annual earnings.

In 2022, the sites in operation valuation were revised upward to reflect improved post-pandemic performance, employing a multi-year (2023-2031) DCF model with a 10.25% discount rate and a 2% long-term growth rate. Significant inputs include the discount rate and free cash flows, which impact the property's fair value. The other sites were also revalued using a similar multi-year DCF model, including development costs, with a 13.35%. discount rate and a 2% long-term growth rate.

As a result of these valuations, a revaluation gain of €8.8m was recognized in 2022, resulting in an increase in net profit by €7.4m.

Finance income amounting to €118.8k was recognized by PML in relation to the Parent Company Loan Agreement with Phoenicia Holding Lux while finance costs relate to the interest costs on PML's bank loans and loan from the Issuer.

Income tax expense increased in 2022 to €1.1m from €43.0k in 2021 mainly due to the deferred tax movement on the valuation gain from the investment property.

PML'S STATEMENT OF FINANCIAL POSITION FOR THE YEARS ENDED 31 DECEMBER

CURRENCY: €000	2020	2021	2022
Assets			
Non-current assets			
Investment property	85,506	85,913	95,527
Investment in subsidiary	250	250	250
Loan receivable	-	-	20,000
Other receivables	50	50	50
Total non-current assets	**85,806**	**86,213**	**115,827**
Current assets			
Trade and other receivables	2,012	1,236	4,272
Loan receivable	-	-	119
Cash and cash equivalents	1	1	0
Total current assets	**2,013**	**1,237**	**4,391**
TOTAL ASSETS	**87,819**	**87,450**	**120,218**
Equity and liabilities			
Equity			
Issued capital	5	5	5
Other reserves	34,584	34,584	42,254
Retained earnings/(Accumulated losses)	(695)	(208)	41
Total equity	**33,894**	**34,381**	**42,300**
Non-current liabilities			
Interest-bearing loans and borrowings	44,185	43,287	67,855
Deferred tax liability	6,580	6,624	7,744
Total non-current liabilities	**50,765**	**49,911**	**75,599**
Current liabilities			
Interest-bearing loans and borrowings	2,305	1,852	1,057
Trade and other payables	855	1,306	1,257
Income tax payable	-	-	4
Total current liabilities	**3,160**	**3,158**	**2,318**
Total liabilities	**53,925**	**53,069**	**77,917**
TOTAL EQUITY AND LIABILITIES	**87,819**	**87,450**	**120,218**

Total assets as at 31 December 2022 amounted to €120.2m, which increased by 37.5% from 31 December 2021 mainly due to the loan extended by PML to Phoenicia Holding Lux amounting to €20.0m. Management notes that in turn, this loan was utilised to finance the buy-out of share options in the Group previously held by a third party. Total assets are mainly composed of the revalued investment property carried at €95.5m while trade and other receivables, mainly comprised of unsecured, non-interest bearing receivables from related parties amounting to €3.9m and the unamortized portion of rent concession granted to PHCL of €363.6k. Investment in subsidiary of €250.0k pertains to PML's 99.99% investment in the Issuer.

Total equity as at 31 December 2022 amounted to €42.3m, which increased by 23.0% from 31 December 2021 mainly due to the investment property revaluation.

Interest bearing loans and borrowings as at 31 December 2022 consisted of the (i) APS Bank loan facilities amounting to €44.3m. The bank loan facilities as at 31 December 2022 were refinanced in November 2022 by means of another bank loan facility obtained by PML; and (ii) loan from the Issuer amounting to €24.8m, bearing an interest of 5.25% per annum payable annually in arrears. Trade and other payables mainly relate to VAT payable and the unsecured, non-interest bearing amounts due to the Issuer representing a current account used to manage cash between PML and related parties.

PML'S CASH FLOW STATEMENT FOR THE YEARS ENDED 31 DECEMBER

CURRENCY: €000	2020	2021	2022
Net cash flows from operating activities	2,501	2,790	2,099
Net cash flows used in investing activities	(1,551)	(407)	(20,834)
Net cash flows from/(used in) financing activities	(951)	(2,383)	18,735
Net decrease in cash and cash equivalents	**(1)**	**0**	**0**
Cash and cash equivalents at 1 January	2	1	0
Cash and cash equivalents at 31 December	**1**	**1**	**0**

In 2022, PML's net cash flows from operating activities amounted to €2.1m, primarily due to the profit before tax during the year amounting to €9.0m. Net cash flows used in investing activities amounted to €20.8m in 2022 and is mainly due to the loan advanced to Phoenicia Holding Lux of €20.0m while net cash flows from financing activities amounted to €18.7m, from the proceeds of loan refinancing with APS Bank of €44.4m, in parallel to the repayments of outstanding bank loans of €20.7m in November 2022.

Set out below are the results recorded by PML during the first six months of the current year.

PML'S INCOME STATEMENT FOR THE PERIODS ENDING 30 JUNE

CURRENCY: € 000	Jan-Jun 2022 (Unaudited)	Jan-Jun 2023 (Unaudited)
Rental income	1,229	1,232
Administrative expenses	(41)	(28)
Operating profit	**1,188**	**1,204**
Finance income	-	501
Finance costs	(923)	(1,680)
Profit before tax	**265**	**25**
Income tax expense	-	-
Profit for the period	**265**	**25**

PML generated €1.2m in rental income for the six-month period from Jan-Jun 2022 and Jan-Jun 2023. Finance income amounting to €0.5m in Jan-Jun 2023 was recognized by PML in relation to the Parent Company Loan Agreement with Phoenicia Holding (Lux).

PML'S STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2022 AND 30 JUNE 2023

CURRENCY: €000	31 December 2022	30 June 2023
ASSETS		
Non-current assets		
Investment property	95,527	95,542
Investment in subsidiary	250	250
Loan receivable	20,000	20,620
Other receivables	50	50
Total non-current assets	**115,827**	**116,462**
Current assets		
Trade and other receivables	4,272	3,833
Loan receivable	119	-
Cash and cash equivalents	0	1
Total current assets	**4,391**	**3,834**
TOTAL ASSETS	**120,218**	**120,296**
Equity and liabilities		
Equity		
Issued capital	5	5
Other reserves	42,254	42,254
Retained earnings/(Accumulated losses)	41	67
Total equity	**42,300**	**42,326**
Non-current liabilities		
Interest-bearing loans and borrowings	67,855	69,051
Deferred tax liability	7,744	7,744
Total non-current liabilities	**75,599**	**76,795**
Current liabilities		
Interest-bearing loans and borrowings	1,057	-
Trade and other payables	1,257	1,171
Income tax payable	4	4
Total current liabilities	**2,318**	**1,175**
Total liabilities	**77,917**	**77,970**
TOTAL EQUITY AND LIABILITIES	**120,218**	**120,296**

Total assets as at 30 June 2023 amounted to €120.3m, relatively on the same levels as the 31 December 2022 amounts. Total assets mainly comprise revalued investment property recorded at €95.5m and loan receivable amounting to €20.6m.

Liabilities mainly comprise interest-bearing loans and borrowings amounting to €69.1m in Jun23, while total equity amounted to €42.3m for the same period.

PML'S CASH FLOW STATEMENT FOR THE PERIODS ENDING 30 JUNE

CURRENCY: € 000	Jan-Jun 2022 (Unaudited)	Jan-Jun 2023 (Unaudited)
Net cash flows from/(used in) operating activities	(147)	1,056
Net cash flows used in investing activities	(197)	(15)
Net cash flows from/(used in) financing activities	344	(1,040)
Net decrease in cash and cash equivalents	**0**	**1**
Cash and cash equivalents at 1 January	1	0
Cash and cash equivalents at 30 June	**1**	**1**

For the six-months ending Jun23, PML's net cash flows from operating activities amounted to €1.0m compared to the net cash flows used in operating activities for the first six months of 2022 amounting to €147.4k. Net cash flows used in investing activities amounted to €196.8k in Jan-Jun 2022, while PML recorded €15.0k in 2023 for the same period. Cash flows used in investing activities are attributable to the additions in PML's investment property. Net cash flows used in financing activities amounted to €1.0m in Jan-Jun 2023 which mainly pertains to PML's repayment of bank loans, including interest paid for the period.

9.2.2 PHCL

The historical financial information included below is taken from PHCL's audited financial statements for the financial years ended 31 December 2020, 2021, and 2022. Condensed portions from the aforementioned financial statements for those years are provided below.

PHCL leases the Premises from PML and operates it as The Phoenicia Hotel.

PHCL'S INCOME STATEMENT FOR THE YEARS ENDED 31 DECEMBER

Currency: € 000	2020	2021	2022
Revenue	2,941	8,037	14,747
Cost of sales	(6,115)	(7,619)	(10,236)
Gross profit	**(3,174)**	**418**	**4,511**
Administrative expenses	(1,098)	(1,275)	(2,385)
Selling and marketing expenses	(455)	(457)	(657)
Other income	1,078	1,295	582
Operating profit/(loss)	**(3,649)**	**(19)**	**2,051**
Finance costs	(1,088)	(1,028)	(1,064)
Profit/(loss) before tax	**(4,737)**	**(1,047)**	**987**
Income tax credit	2,382	1,042	314
Profit/(loss) for the year	**(2,355)**	**(5)**	**1,301**

Total revenue includes revenues from rooms, catering, spa and health club and other ancillary revenue and have increased from €2.9m in 2020 to €14.7m in 2022, as a result of the increased business operations. Following the strong performance achieved in 2021 as social restrictive measures began to release post the COVID-19 pandemic, PHCL's performance improved in 2022 driven by increased ARR while occupancy rates improved over the historical period.

PHCL's room revenues were the key growth driver in 2022 comprising c. 65% of total revenues, with 91% of the year's revenue generated from April onwards following the partial recovery in tourism from 1Q22. The increase in catering revenue from €1.2m in 2020 to €4.5m in 2022 is attributable to the increase in covers while the spa and health club, which opened in 2020, generated revenue of €357.0k in the financial year 2022 compared to the €8.9k in 2020. The increase in catering and spa and health club revenues is a result of the natural spill over effect of the increased room occupancy.

With the increased business activity, cost of sales increased by 67.4% from 2020 to 2022 to support the necessary business demands, given that the nature of such costs is largely variable. This increase is also reflected in administrative and selling expenses incurred throughout the year which saw an increase of 117.2% and 44.4%, respectively versus 2020. The 46.0% drop in other income to €582.1k refers to the COVID-19 government subsidy which was no longer receivable beginning June 2022. The company received wage supplement amounting to €1.1m in 2021 (full-year subsidy) and €0.5m in 2022 (five-month subsidy).

In 2022, PHCL entered into a management agreement with Hazledene Group Limited relating to the management of the hotel operations and paid a management fee of €457k. Going forward, these activities will be based on a management fee equivalent to 3%, calculated based on annual turnover.

PHCL achieved a net profit position in 2022 amounting to €1.3m showing a recovery from the net losses incurred in 2020 and 2021 brought by the effects of the COVID-19 pandemic.

PHCL'S STATEMENT OF FINANCIAL POSITION FOR THE YEARS ENDED 31 DECEMBER

CURRENCY: €000	2020	2021	2022
Assets			
Non-current assets			
Property, plant and equipment	4,690	4,119	3,995
Right-of-use assets	22,185	20,336	18,488
Deferred tax asset	5,561	6,603	6,917
Total non-current assets	**32,436**	**31,058**	**29,400**
Current assets			
Inventories	150	186	238
Trade and other receivables	538	842	829
Cash and cash equivalents	2	1,967	911
Total current assets	**690**	**2,995**	**1,978**
TOTAL ASSETS	**33,126**	**34,053**	**31,378**
Equity and liabilities			
Equity			
Issued capital	8	8	8
Defered shares	839	839	839
Retained earnings	230	225	1,526
Total equity	**1,077**	**1,072**	**2,373**
Non-current liabilities			
Bank loans	2,290	5,096	-
Lease liabilities	21,740	20,177	18,543
Total non-current liabilities	**24,031**	**25,273**	**18,543**
Current liabilities			
Trade and other payables	5,853	5,047	8,827
Bank loans	671	1,098	-
Lease liabilities	1,494	1,563	1,635
Total current liabilities	**8,018**	**7,708**	**10,462**
Total liabilities	**32,049**	**32,981**	**29,005**
TOTAL EQUITY AND LIABILITIES	**33,126**	**34,053**	**31,378**

PHCL's total assets as at 31 December 2022 amounted to €31.4m, a decrease 5.3% from 2020. PHCL's total assets is mainly composed of the right-of-use assets related to the rental of the hotel land and building from PML which amounted to €18.5m as at 31 December 2022.

Total equity as at 31 December 2022 amounted to €2.4m, an increase of 120.4% from 31 December 2020, mainly due to the increase in retained earnings as a result of the improved business operations post-COVID-19.

Total liabilities decreased by 9.5% from 2020 due to the repayment of bank loans in 2022 while trade and other payables increased from €5.9m as at 31 December 2020 to €8.8m as at 31 December 2022 mainly driven by the increase in trade payable and accruals as a result of increased business activity. Amounts due to related party amounting to €3.9m as at 31 December 2022, which pertain to the liability to PML and represent a current account which is used to manage cash between PHCL and PML increased by 112.2% from 31 December 2020 to 31 December 2022.

PHCL'S CASH FLOW STATEMENT FOR THE YEARS ENDED 31 DECEMBER

CURRENCY: €000	2020	2021	2022
Net cash flows from/(used in) operating activities	(907)	2,635	5,636
Net cash flows from/(used in) investing activities	(208)	(1,556)	2,054
Net cash flows (used in)/from financing activities	382	886	(8,746)
Net movement in cash and cash equivalents	**(733)**	**1,965**	**(1,056)**
Cash and cash equivalents at 1 January	735	2	1,967
Cash and cash equivalents at 31 December	**2**	**1,967**	**911**

In 2022, the improvement in business activities drove the evident increase in PHCL's net cash flows from operating activities, an improvement from the negative operating cash flows in 2020 brought by the effects of the COVID-19 pandemic. Net cash flows from investing activities amounted to €2.1m in 2022 mainly due to the increase in advances from PML amounting to €3.0m, offset by the purchase of equipment of €920.6k. In 2021, net cash flows used in investing activities amounted to €1.6m, mainly as a result of the repayment of these advances. Net cash flows used in financing activities amounted to €8.7m in 2022, mainly due to the repayment of bank loans amounting to €6.2m, in contrast to the net cash flows from financing activities in 2020 and 2021 of €382.3k and €885.9k, respectively, brought by the proceeds from bank loans.

Set out below are the results recorded by PHCL during the first six months of the current year.

PHCL'S INCOME STATEMENT FOR THE PERIODS ENDING 30 JUNE

Currency: € 000	Jan-Jun 2022 (Unaudited)	Jan-Jun 2023 (Unaudited)
Revenue	5,923	8,300
Cost of sales	(4,619)	(5,286)
Gross profit	**1,304**	**3,014**
Administrative expenses	(789)	(1,772)
Selling and marketing expenses	(291)	(370)
Other income	582	-
Operating profit	**806**	**872**
Finance costs	(499)	(442)
Profit before tax	**307**	**430**
Income tax credit	-	-
Profit for the year	**307**	**430**

During the first six months of 2023, revenue has increased by 40.1% compared to the revenue from January to June 2022, mainly due to the increase in occupancy levels and ARR, coupled with the increase in conference and banquets serviced by PHCL. Cost of sales and overheads increased together with the increase in occupancy rates as the operations were scaled up to cater for the increased operations of the hotel. Other income in the first six months of 2022 mainly pertains to the government grants for COVID-19 wage supplement received from the Government of Malta, which were retained until the end of May 2022.

The increase in business operations during the first six months of 2023 resulted to the increase in net profit of 40.3% versus the same period of 2022.

PHCL'S STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2022 AND 30 JUNE 2023

CURRENCY: €000	31 December 2022	30 June 2023
Assets		
Non-current assets		
Property, plant and equipment	3,995	4,026
Right-of-use assets	18,488	17,563
Deferred tax asset	6,917	6,917
Total non-current assets	**29,400**	**28,506**
Current assets		
Inventories	238	325
Trade and other receivables	829	703
Cash and cash equivalents	911	794
Total current assets	**1,978**	**1,822**
TOTAL ASSETS	**31,378**	**30,328**
Equity and liabilities		
Equity		
Issued capital	8	414
Foreign exchange reserve	-	433
Defered shares	839	-
Retained earnings	1,526	1,957
Total equity	**2,373**	**2,804**
Non-current liabilities		
Bank loans	-	-
Lease liabilities	18,543	17,697
Total non-current liabilities	**18,543**	**17,697**
Current liabilities		
Trade and other payables	8,827	8,155
Lease liabilities	1,635	1,672
Total current liabilities	**10,462**	**9,827**
Total liabilities	**29,005**	**27,524**
TOTAL EQUITY AND LIABILITIES	**31,378**	**30,328**

As at 30 June 2023, PHCL's total assets stood at €30.3m, of which 57.9% or €17.6m are rights-of-use assets related to the rental of the hotel land and building from PML and 22.8% pertaining to the deferred tax assets from temporary differences arising from unutilized tax losses and capital allowances, excess capital allowances over depreciation, allowances for impairment and expected credit losses.

Non-current assets decreased by €894.0k or 3.0% mainly due to the depreciation of the right-of-use assets, offset by the acquisition of additional equipment during the first six months of 2023. On the other hand, total current assets remained relatively stable as at 30 June 2023.

Total equity increased by 18.2% or €430.3k mainly due to the increase in retained earnings while the deferred shares previously held by Phoenicia Hotel Lux and transferred to Phoenicia Holding Lux under universal title of succession were designated as ordinary shares as at 30 June 2023.

Total liabilities as at 30 June 2023 decreased by 5.1% or €1.5m mainly due to the reduction in trade and other payables and the amortisation of lease liabilities.

PHCL'S CASH FLOW STATEMENT FOR THE PERIOD ENDING 30 JUNE

CURRENCY: € 000	Jan-Jun 2022 (Unaudited)	Jan-Jun 2023 (Unaudited)
Net cash flows from operating activities	2,885	5,742
Net cash flows used in investing activities	(1,880)	(4,609)
Net cash flows used in financing activities	(1,771)	(1,250)
Net movement in cash and cash equivalents	**(766)**	**(117)**
Cash and cash equivalents at 1 January	1,967	911
Cash and cash equivalents at 30 June	**1,201**	**794**

In the first six months of 2023, the operations paved the way for an apparent increase in PHCL's net cash flows from operating activities from €2.9m in Jan-Jun 2022 to €5.7m in Jan-Jun 2023. Net cash flows used in investing activities was at €4.6m in the six-month period for 2023 mainly due to the increase in advances to related parties and the purchase of equipment amounting to €797.0k. Cash flows used in financing activities pertain to the payment of lease liabilities in Jan-Jun 2023 amounting to €1.3m. The table below provides a cross-reference list to key sections of: (i) the audited financial statements of the Issuer for the years ended 31 December 2020, 31 December 2021 and 31 December 2022 and the interim financial statements of the Issuer for the period ended 30 June 2023; (ii) the audited financial statements of each of the Guarantors for the years ended 31 December 2020, 31 December 2021 and 31 December 2022; and (iii) the combined financial statements of the Issuer and the Guarantors for the years ended 31 December 2020, 31 December 2021 and 31 December 2022:

		INFORMATION INCORPORATED BY REFERENCE IN THIS REGISTRATION DOCUMENT	FINANCIAL YEAR ENDED 31 DECEMBER 2020	FINANCIAL YEAR ENDED 31 DECEMBER 2021	FINANCIAL YEAR ENDED 31 DECEMBER 2022	INTERIM PERIOD ENDED 30 JUNE 2023
			PAGE NUMBER IN ANNUAL REPORT/AUDITED FINANCIAL STATEMENTS/INTERIM UNAUDITED FINANCIAL STATEMENTS			
Issuer		Statements of Comprehensive Income	Page 16	Page 10	Page 10	Page 4
		Statements of Financial Position	Page 17	Page 11	Page 11	Page 5
		Statements of Cash Flows	Page 19	Page 13	Page 13	Page 7
		Notes to the Financial Statements	Pages 20 to 35	Pages 14 to 30	Pages 14 to 29	Pages 8 to 10
		Independent Auditor's Report	Pages 10 to 15	Pages 31 to 37	Pages 30 to 36	n.a.
Guarantors	PML	Statements of Comprehensive Income	Page 6	Page 6	Page 6	n.a.
		Statements of Financial Position	Page 7	Page 7	Page 7	n.a.
		Statements of Cash Flows	Page 9	Page 9	Page 9	n.a.
		Notes to the Financial Statements	Pages 10 to 31	Pages 10 to 31	Pages 10 to 31	n.a.
		Independent Auditor's Report	Pages 3 to 5	Pages 3 to 5	Pages 3 to 5	n.a.
	PHCL	Statements of Comprehensive Income	Page 10	Page 10	Page 9	n.a.
		Statements of Financial Position	Page 11	Page 11	Page 10	n.a.
		Statements of Cash Flows	Page 13	Page 13	Page 12	n.a.
		Notes to the Financial Statements	Pages 14 to 39	Pages 14 to 39	Pages 13 to 37	n.a.
		Independent Auditor's Report	Pages 7 to 9	Pages 7 to 9	Pages 6 to 8	n.a.
Combined		Statements of Comprehensive Income	Page 5	Page 5	Page 5	n.a.
		Statements of Financial Position	Page 6	Page 6	Page 6	n.a.
		Statements of Cash Flows	Page 8	Page 8	Page 8	n.a.
		Notes to the Financial Statements	Pages 9 to 34	Pages 9 to 34	Pages 9 to 34	n.a.
		Independent Auditor's Report	Pages 2 to 4	Pages 2 to 4	Pages 2 to 4	n.a.

10. BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

10.1. THE ISSUER

10.1.1. THE BOARD OF DIRECTORS OF THE ISSUER

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

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

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

Mark David Shaw

Mr. Shaw, through his shareholding in Phoenicia Hotel Lux, acquired PML and PHCL on 01 July 2013. Mr. Shaw has been the driving force behind the refurbishment of the Phoenicia Hotel and has overseen its redevelopment and will continue to be fully involved in future phases of the development process of the Hotel. Mr Shaw is an entrepreneur and property developer with extensive experience in development, particularly within the leisure sector in Europe. Mr Shaw is the Chief Executive Officer of Hazledene Group Limited, a development company incorporated in 1998 and based in Edinburgh, which develops commercial and residential properties and possesses expertise in hotel management and development. The Hazledene Group has a number of residential development sites under its ownership and management, with recent ventures including the creation of a new town situated at Stratton, Inverness, Scotland, involving the construction of 750 residential units at initial phase, and having infrastructure of circa €8 million installed. At completion stage, it is envisaged that the development will have in excess of 1,500 houses, retail, leisure, school and public health facilities. Mr Shaw became the Chief Executive of Recreaction SRL, following his acquisition thereof in 2012, which company owned and operated The Pragelato Village Resort in the Italian Alps. In 2013, the resort was redeveloped and then leased for 15 years to a French listed company and is now Club Med's premier Alpine Village. Following its redevelopment, Mr Shaw sold the resort to HSBC Assurance. Further, Mr Shaw is the sole ultimate owner of The Park Inn by Radisson, located in Aberdeen, Scotland, which opened in 2010 as a 185-bed hotel. The hotel was constructed and completed together with adjoining offices which presently locate two major oil services companies' global headquarters. Mr Shaw is also a director of two Spanish companies which own 300 hectares of land near Murcia, for the execution of a large leisure and residential development. Commencing in September 2018, extensive development has taken place, beginning with the creation of an 18-hole golf course and associated leisure and sporting facilities. A number of villas and townhouses have been constructed and sold, and development continues, with over 1200 residential plots under ownership. Mr Shaw was also the Chief Executive of Urbicus Limited which managed the purchase and realisation of over €750 million of distressed banking assets in the UK, during the period 2011 to 2018. Urbicus' subsidiary Castle Capital lends development finance to third party developers, and funded two successful hotel developments in Glasgow, Scotland, as well as other commercial projects. Prior to his property development career, Mr Shaw was a professional racing driver, in various categories. He has raced for TWR Arrows F1's Junior Team in British Formula 3, as well as the International and Italian Formula 3000, amongst others. Mr Shaw continues to race historic Grand Prix events, and has won several races in recent years in both Europe and the USA, including the Monaco Historic GP. Mr Shaw is a board member of the Historic Grand Prix Cars Association and chairman of an amateur boxing club in Scotland. He was also a member of the previous First Minister of Scotland's Sustainable Growth Commission.

Jean Pierre Ellul Castaldi

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

Mario P. Galea

Mr Galea is a certified public accountant and auditor holding a warrant to practice both as an accountant and an auditor. Mr. Galea currently practices as a business advisor providing oversight and advisory services to businesses and corporations, and serves as an independent non-executive director on the boards and audit committees of various domestic listed and licenced companies in the financial and commercial sectors. Mr. Galea was founder, managing partner and chairman of Ernst & Young in Malta for more than fifteen years until his retirement in 2012 and saw the successful introduction and growth of the local firm into a recognised and respected presence in the market. Mr. Galea specialised in auditing and assurance, which he has practiced for 35 years in Malta and overseas. Mr. Galea has lectures in auditing, assurance and professional and business ethics, led several training courses and spoke at various business and professional conferences in Malta and abroad. Mr. Galea assists businesses in several areas particularly relating to governance, accounting and systems of control. Amongst a number of other appointments, he served as president of the Malta Institute of Accountants and for many years formed part of the Accountancy Board which is the accountancy profession regulator in Malta. He has served on various professional committees in Malta and abroad, such as the council of the Federation des Experts Comptables (FEE) in Brussels (now Accountancy Europe). He continues to form part of the Ethics committee of the Malta Institute of Accountants.

Benjamin Muscat

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

Etienne Borg Cardona

Dr. Borg Cardona is a certified public accountant by profession and holds a Ph.D. in leadership and management from Cranfield University, UK. He initially gained experience in banking and in accountancy and audit practice, followed by a thirty-year career in leadership positions in the private sector, most recently as CEO of a leading group of companies. In 2017, he set up Capital Advisory, an independent consulting firm advising on corporate finance, financial management and corporate governance. He currently sits as an independent non-executive director on boards of listed, regulated, and private local and international companies in various industry sectors. He is a Fellow of the Chartered Association of Certified Accountants and of the Malta Institute of Accountants, where he was elected to council between 2012 and 2021. He is currently a council member of the Institute of Financial Services Practitioners (IFSP), Malta, where he chairs the Directors' and Corporate Service Providers subcommittee, and a member of the Institute of Directors UK. His doctoral study at Cranfield Business School has researched the attraction of executive talent to SMEs, and he also holds a Masters degree in Financial Services from the University of Malta. He has lectured financial management in the department of accountancy within the Faculty of Economics, Management and Accountancy at the University of Malta, on the history of finance, commerce, and money in modern economies at the University of Malta Centre for Liberal Arts and Sciences, and on financial management at Cranfield Business School, Cranfield University, UK.

10.1.2. EMPLOYEES

As at the date of this Prospectus, the Issuer has no employees and is, therefore, reliant on the resources which are made available to it by other Group entities. As at 31 December 2022, the average number of persons employed by the Group amounted to 168 employees (2021: 132 employees).

10.2. PML

10.2.1. THE BOARD OF DIRECTORS OF PML

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

As at the date of this Registration Document, Mr. Mark D. Shaw and Mr. Jean Pierre Ellul Castaldi are the directors of PML. The curriculum vitae of each of the directors is included in Section 10.1 above.

10.3. PHCL

10.3.1. THE BOARD OF DIRECTORS OF PHCL

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

As at the date of this Registration Document, Mr. Mark D. Shaw and Mr. Jean Pierre Ellul Castaldi are the directors of PHCL. The curriculum vitae of each of the directors is included in Section 10.1 above.

10.4. PHOENICIA GROUP MANAGEMENT STRUCTURE

10.4.1. GENERAL

The day-to-day management of the Phoenicia Group is entrusted to an executive management team (the "Executive Management Team"), which has extensive experience in the hotel sector and general commercial practice. The Executive Management Team comprises Mr Jean Pierre Ellul Castaldi and the other member of the senior management team listed in Section 10.4.2 below.

10.4.2. OTHER SENIOR MANAGEMENT

Robyn Pratt	Phoenicia Hotel General Manager

A brief curriculum vitae of Mrs Robyn Pratt is provided hereunder

Mrs Robyn Pratt

Mrs Robyn Pratt joined the Phoenicia Group in 20 September 2021 as the General Manager. Mrs Robyn Pratt possesses decades of experience in the hospitality industry, having worked at hotels at both a regional and international level, within Australia and Europe. Prior to moving to Malta in 2011, Mrs Pratt was Vice President for Operational Innovation within the Starwood Hotels group and was responsible for leading the Innovation and Change Management process for 240 hotels across the globe. Following this, she held the position of Vice President (Lifestyle and Luxury Brands) for Starwood Hotels Europe, Africa and Middle East. She has since acted in her capacity as a consultant for numerous independent and international hospitality companies in various areas, including quality management, leadership, operations, branding and service culture development.

10.5. CONFLICTS OF INTEREST

As at the date of this Registration Document, in addition to being a director of the Issuer, Mark D. Shaw is also a director of the Guarantors and Phoenicia Holding Lux. Mr Shaw is also the ultimate controlling party of the Phoenicia Group. In addition, Mr Shaw is also a director and the ultimate controlling party of Hazledene Group Limited ("HGL").

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

PML has entered into the Parent Company Loan Agreement with Phoenicia Holding Lux by which PML advanced the sum of €20 million to Phoenicia Holding Lux upon the terms of the Phoenicia Company Loan Agreement as further set out in Section 6.

PHCL has entered into the Management Agreement with HGL for the provision of management services upon the terms of the Management Agreement as set out in Section 14.5.

Accordingly, the directors whose names are set out above are susceptible to conflicts between the potentially diverging interests of the Issuer and the Guarantors, as the case may be, in transactions entered into, or proposed to be entered into, between them. In addition, Mark D. Shaw is also susceptible to conflicts between the potentially diverging interests of PML and Phoenicia Holding Lux in relation to the Parent Company Loan Agreement and PHCL and Hazledene Group Limited in relation to the Management Agreement.

The Audit Committee of the Issuer has the task of ensuring that any potential conflicts of interest that may arise at any moment pursuant to these different roles held by the Directors are handled in the best interest of the Issuer and according to law. The fact that the Audit Committee is constituted in its majority by independent, non-executive Directors provides an effective measure to ensure that transactions vetted by the Audit Committee are determined on an arms-length basis.

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

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

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

11. BOARD PRACTICES

11.1. AUDIT COMMITTEE

The Audit Committee's primary objective is to assist the Board of Directors in fulfilling its oversight responsibilities over the financial reporting processes, financial policies and internal control structure. The Audit Committee oversees the conduct of the external audit and acts to facilitate communication between the Board, management and the external auditors. The external auditors may be invited to attend the Audit Committee meetings. The Audit Committee reports directly to the Board.

The terms of reference of the Audit Committee include support to the Board in fulfilling its responsibilities, broadly for:
(a) overseeing its financial reporting processes, its financial risk assessment and risk management practices, the audit process, its internal control structures, and its external audit activities;
(b) maintaining communications on such matters between the Board, management and the external auditors; and
(c) reviewing the effectiveness of the process for communicating applicable policies, laws and regulations, and the systems for monitoring compliance therewith.

The Board has set formal terms of establishment and the terms of reference of the Audit Committee which set out its composition, role and function, the parameters of its remit as well as the basis for the processes that it is required to comply with.

In addition, the Audit Committee has the role and function of evaluating any proposed transaction to be entered into by the Issuer and a related party to ensure that the execution of any such transaction is at arm's length, on a commercial basis and ultimately in the best interests of the Issuer.

Furthermore, the Audit Committee has the role of assessing any potential conflicts of interest between the duties of the Directors and their respective private interests or duties unrelated to the Issuer.

The Audit Committee is made up entirely of non-executive directors, two of which are independent, and who are appointed for a period of one year.

The Audit Committee is presently composed of:

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

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

The Audit Committee has a crucial role in monitoring the activities and conduct of business of the Phoenicia Group, limitedly insofar as these may affect the ability of the Issuer to fulfil its Bond obligations. For this purpose, the Audit Committee's remit also extends to the financials of Guarantors and, accordingly, while not expressly required under its terms of reference, in practice, the Audit Committee has access to the financials of the Issuer and of the Guarantors on a quarterly basis.

11.2. COMPLIANCE WITH THE CORPORATE GOVERANCE REGIME

As a consequence of the issue of the Existing Bonds, and the forthcoming Bond Issue and in accordance with the terms of the Capital Markets Rules, the Issuer is required to endeavour to adopt and comply with the provisions of the Code of Principles of Good Corporate Governance forming part of the Capital Markets Rules (the "Code").

The Issuer declares its full support of the Code and undertakes to continue to comply with the Code to the extent that this is considered complementary to the size, nature and operations of the Issuer. The Issuer supports the Code and believes that its application results in positive effects accruing to the Issuer.

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

Principle 7 - (Evaluation of the Board's Performance)

The Board does not consider it necessary to appoint a committee to carry out a performance evaluation of its role, as the Board's performance is evaluated on an ongoing basis by, and is subject to the constant scrutiny of, the Board itself (the majority of which is composed by non-executive Directors of which a majority are independent), the Audit Committee in so far as conflicting situations are concerned, the Issuer's shareholders, the market and the rules by which the Issuer is regulated as a listed company.

Principle 8 - (Committees)

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

12. LITIGATION AND ARBITRATION PROCEEDINGS

There are no governmental, legal or arbitration proceedings against the Issuer, including any pending or threatened proceedings, of which the Issuer is aware and which the Issuer considers may have or have had in the recent past significant effects on the financial position or profitability of the Issuer or the Group.

PHCL has a number of claims against the main contractor of refurbishment works recently undertaken in relation to the Phoenicia Hotel, including in relation to delays, defects and incomplete works, amongst other claims. PHCL and PML have entered into domestic arbitration proceedings before the Malta Arbitration Centre with the said contractor in respect of such claims. In turn, the contractor has made a number of counter-claims against PHCL and PML, including for additional payment.

Based on expert technical advice received, the directors of PHCL and PML are of the opinion that no amounts are due by PHCL and PML, and accordingly, no provision has been made in their respective financial statements.

With the exception of the abovementioned ongoing arbitration proceedings, there are no governmental, legal, or arbitration proceedings, including any pending or threatened proceedings, of which the Issuer and, or the Guarantors are aware, during a period covering 12 months prior to the date of the Prospectus which the Issuer and, or the Guarantors consider may have, or have had in the recent past, significant effects on the financial position or profitability of the Issuer and, or the Guarantors.

13. ADDITIONAL INFORMATION

13.1. MAJOR SHAREHOLDERS AND THE SHARE CAPITAL OF THE ISSUER

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

Phoenicia Hotel Lux acquired all the shares in PML and PHCL on 01 July 2023. Subsequently, by a deed dated 30 December 2023, Phoenicia Hotel Lux was dissolved without liquidation and as a result, all of its assets and liabilities , including the shares in PHCL and PML , were transferred to its sole shareholder, Phoenicia Holding Lux, under universal title of succession.

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

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

There are no classes of shares and each ordinary share confers the right to one vote at general meetings of the Issuer. All ordinary shares rank *pari passu* in all respects. The shares of the Issuer are not listed on the Malta Stock Exchange and no application for such listing has been made to date. It is not expected that the Issuer will issue any shares during the next financial year, whether fully or partly paid up, in consideration for cash or otherwise. There is no capital of the Issuer which is currently under option, nor is there any agreement by virtue of which any part of the capital of the Issuer is to be put under option. There are no arrangements, known to the Issuer, which may at a subsequent date result in a change in control of the Issuer.

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

13.2. MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE ISSUER

13.2.1. OBJECTS

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

A copy of the Memorandum and Articles of Association of the Issuer may be inspected during the lifetime of this Registration Document at the registered office of the Issuer as set out in Section 18 below.

13.3. MAJOR SHAREHOLDERS AND SHARE CAPITAL OF THE GUARANTORS

13.3.1. SHARE CAPITAL OF PML

The authorised share capital of PML is €10,000 divided into 9,999 ordinary A shares of a nominal value of €1.00 each and one ordinary B share of a nominal value of €1.00 each. The issued share capital of PML is €5,000, divided into 4,999 ordinary A shares of €1.00 fully paid-up and held by Phoenicia Holding Lux and one ordinary B share of €1.00 fully-paid up and held by Phoenicia Holding Lux.

13.3.2. SHARE CAPITAL OF PHCL

The authorised share capital of PHCL is €1,414,050 divided into 1,456,000 ordinary shares of a nominal value of €0.28 each. The issued share capital of PHCL is €413,595 divided into 1,454,400 ordinary shares of a nominal value of €0.28 each, being 100 per cent held by Phoenicia Holding Lux.

13.4. MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE GUARANTORS

13.4.1. PML

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

A copy of the memorandum and articles of association of PML may be inspected during the lifetime of this Registration Document at the registered office of the Issuer as set out in Section 18 below.

13.4.2. PHCL

The memorandum and articles of association of PHCL, which is incorporated in the United Kingdom, are registered with Companies House, United Kingdom. A copy of PHCL's memorandum and articles of association have been delivered to the Registry of Companies pursuant to the requirements of the Commercial Partnerships Ordinance 1962. The main object of PHCL is to construct, build and equip hotels, restaurants or other places of refreshment, tennis courts, swimming baths, gardens and all amenities which may conveniently be attached to a hotel, and in particular to do all such acts and things in Malta. Clause 3 of the memorandum of association contains the full list of objects of PHCL.

A copy of the memorandum and articles of association of PHCL may be inspected during the lifetime of this Registration Document at the registered office of the Issuer as set out in Section 18 below.

14. MATERIAL CONTRACTS

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

14.1. EMPHYTEUTICAL DEEDS

PML acquired the Premises from Holtours Limited by title of perpetual sub-emphyteusis in virtue of a deed in the records of Notary Marco Buttigieg of the 09 August 2007 (the "PML Title Deed") to which a plan is annexed thereto as 'Annex A' (the "Plan"). The Premises is subject to an annual perpetual sub-ground rent of €815.28 (formerly Lm350) payable to the Government of Malta (the "Government") on the 15 June in each year in accordance with the deed of grant of perpetual sub-emphyteusis of the Premises in the records of Notary Paul Pullicino dated the 14 March 1961 entered into between PHCL (formerly "The Malta Hotels Company Limited") and Agnes Graham (the "Deed of Grant of Sub-Emphyteusis") and is subject to the terms and conditions of the Deed of Grant of Sub-Emphyteusis. The sub-perpetual sub-emphyteusis of the Premises was subsequently transferred by Agnes Graham to Holtours Limited by virtue of a deed dated 31 August 1966 in the records of Notary Paul Pullicino (the "Holtours Deed").

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

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

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

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

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

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

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

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

The perpetual emphyteusis over the Premises is held by PHCL which acquired same from the Government as follows (the “PHCL Title Deeds”):

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

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

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

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

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

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

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

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

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

- Restrictions on the erection of buildings and, or other structures and, or alterations of existing structures on certain sites designated in the said deed;
- Requirement to develop certain sites and buildings as indicated, and subject to the conditions mentioned, in the said deed;
- Requirement to operate the Hotel for a minimum period of four months in every calendar year, subject to waiver of this condition by the Government upon good cause being shown;
- Hotel rooms not to fall below accommodation in respect of 125 - 150 guests;
- Requirement to maintain all buildings and permanent works constructed or to be constructed on the Premises in a constant state of good repair according to the laws of Malta governing emphyteusis and to give up the Premises with all improvements thereon in the event of the termination of the emphyteusis for any cause whatsoever;
- Requirement to insure the Premises;
- Requirement to give immediate notice to the Accountant General of any find of local geological, archaeological, antiquarian or artistic importance it may come across on the Premises (any such find becoming the property of the Government);
- Requirement for the whole business and affairs of the emphyteuta, except such formal acts required by the Statutes to be transacted by the registered office in the United Kingdom, to be managed, conducted and carried on by the board of directors from the emphyteuta's offices in Malta. No meeting of directors or of any committee of directors to be held, under any circumstances, in the United Kingdom and no such meeting or purported meeting held in the United Kingdom shall be valid. All meetings of directors as well as general meetings of the emphyteuta and meeting of classes of shareholders to be held in Malta and not elsewhere;
- Restriction on the assignment by the emphyteuta of its interest under the emphyteusis with respect to a part only (as opposed to the whole) of the Premises, saving the right of the emphyteuta to let the whole or any part of the emphyteutical lands or any building thereon for any purpose within the terms of the emphyteutical concession.

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

14.2. APS BANK FACILITIES

PML has an outstanding bank loan facility with APS Bank ("APS Loan I") of €24,424,145, as at 31 December 2023, bearing an average interest rate of 2% per annum over the three month EURIBOR (floored at 0%), subject to a minimum final debit interest rate of 2% per annum. The APS Loan I is secured by a general hypothec over all the assets of PML, a special hypothec granted by PML over the Premises, and by a general hypothecary guarantee by PHCL, for the sum of €25 million and relative interest accruing thereon, and a special privilege over the Premises and relative interest accruing thereon.

PML has an outstanding bank loan facility with APS Bank ("APS Loan II") in the principal amount of €18,916,671, as at 31 December 2023, bearing interest at a rate of 2.25% per annum over the three-month EURIBOR (floored at 0%), subject to a minimum final debit interest rate of 2.25% per annum. The APS Loan II granted to PML is secured by a general hypothec over all the assets of PML, a special hypothec granted by PML over the Premises, and by a general hypothecary guarantee by PHCL, for the sum of €20 million and relative interest accruing thereon.

As at 31 December 2023, PHCL also has an unutilised overdraft facility with APS Bank ("APS Overdraft Facility") of €750,000, at an interest rate of 2.25% per annum over the three-month EURIBOR (floored at 0%), subject to a minimum final debit interest rate of 2.25% per annum. The APS Overdraft Facility granted to PHCL is secured by a general hypothec over all the assets of PHCL, a general hypothecary guarantee by PML and a special hypothecary guarantee by PML over the Premises for the sum of €750,000 and relative interest accruing thereon.

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

14.3. PARENT COMPANY LOAN AGREEMENT

PML has entered into the Parent Company Loan Agreement on 10 November 2022, pursuant to which PML advanced the sum of €20 million (the "Parent Company Loan") to Phoenicia Holding Lux for the purpose of acquiring a call option over the shares owned by Phoenicia Holding Lux in Phoenicia Hotel Lux under a call option agreement dated 30 April 2014, as amended and restated on 02 October 2019, from Phoenicia Investment S.à r.l.. The Parent Company Loan is subject to the terms and conditions of the Parent Company Loan Agreement and is repayable on 31 October 2042 (the "Repayment Date"). The Parent Company Loan bears interest at the rate of 2.4% per annum over the three-month EURIBOR (floored at 0%) subject to a minimum final debit interest rate of 2.5% per annum which is due from Phoenicia Holding Lux to PML on the daily debit balance of the Parent Company Loan and accrues as from the date of the first drawing and every three months thereafter. Accrued interest is payable to PML together with the principal amount of the Parent Company Loan on the Repayment Date, or earlier in the event of the early repayment of the Parent Company Loan.

The Parent Company Loan shall become immediately due and payable as to its principal amount together with all or any interest accrued thereon in the case of an Event of Default as defined in the Parent Company Loan Agreement. The following events constitute Events of Default under the Parent Company Loan Agreement: (a) the failure by Phoenicia Holding Lux to perform or observe any one or more of its material obligations under the Parent Company Loan Agreement (unless such failure is remedied within a period of thirty days after written notice); (b) an order is made or resolution passed or other action is taken for the dissolution, termination of existence, liquidation or winding up of Phoenicia Holding Lux or if Phoenicia Holding Lux ceases or threatens to cease to carry on its business; (c) Phoenicia Holding Lux stops or suspends payments with respect to all or any class of its debts or announces an intention to do so; or (d) Phoenicia Holding Lux becomes unable, or admits in writing its inability, to pay its debts as they fall due or otherwise becomes insolvent.

15. PROPERTY VALUATION REPORT

In connection with the issue of the Bonds in accordance with the terms of the Prospectus, the Issuer commissioned DeMicoli & Associates Architects to issue a property valuation report in relation to the Premises owned by the Group and referred to in Section 6 of this Registration Document.

The following are the details of the said independent valuer:

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

Capital Markets Rule 7.4.3 provides that a property valuation which is to be included in a prospectus must not be dated (or be effective from) more than 60 days prior to the date of publication of the prospectus in question. Accordingly, the Property Valuation Report is dated 29 January 2024. A copy of the Property Valuation Report dated 29 January 2024 and compiled by DeMicoli & Associates Architects in respect to the Premises, the value of which has been estimated at circa €120,000,000, is incorporated by reference to the Prospectus and is accessible at the following link: www.phoeniciafinance.com.

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

Save for the Property Valuation Report referred to in Section 15 above, the Prospectus does not contain any statement or report attributed to any person as an expert.

The architects' Property Valuation Report dated 29 January 2024, has been is incorporated by reference to the Prospectus and is accessible at the following link: www.phoeniciafinance.com in the form and context in which it appears with the authorisation of DeMicoli & Associates Architects of Capital Business Centre, Entrance A, Level 2, Triq taz-Zwejt, San Gwann SGN 3000, Malta, which has given and has not withdrawn its consent to the inclusion of the said report herein.

Neither of the foregoing experts have any beneficial interest in the Issuer or the Guarantors. The Issuer confirms that the Property Valuation Report, the sourced information contained in Section 8, and any other information sourced from third parties and contained and referred to in this Prospectus have been accurately reproduced and that there are no facts of which the Issuer is aware that have been omitted and which would render the reproduced information inaccurate or misleading.

17. REGULATORY DISCLOSURES

Information on the Bond Issue has been disclosed by the Issuer to intermediaries under a confidentiality undertaking before the publication of the prospectus and this in terms of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/ EC, 2003/125/EC and 2004/72/EC.

18. DOCUMENTS AVAILABLE FOR INSPECTION

For the duration period of this Registration Document the following documents shall be available for inspection at the registered address of the Issuer and also on the Issuer's website (through the following link: www.phoeniciafinance.com) and are incorporated by reference:

a. Memorandum and Articles of Association of each of the Issuer and the Guarantors;
b. Audited annual financial statements of the Issuer for the financial years ended 31 December 2020, 2021 and 2022;
c. Audited annual financial statements of PML for the financial years ended 31 December 2020, 2021 and 2022;
d. Audited annual financial statements of PHCL for the financial years ended 31 December 2020, 2021 and 2022;
e. Audited combined financial statements of the Issuer and the Guarantors for the financial years ended 31 December 2020, 2021 and 2022;
f. Interim unaudited financial results of the Issuer for the six months ended 30 June 2023;
g. Financial Analysis Summary dated 8 February 2024 and prepared by Curmi & Partners Ltd;
h. The Guarantee;
i. The architects' property valuation report dated 29 January 2024 and prepared by DeMicoli & Associates Architects; and
j. The Loan Agreement dated 8 February 2024, entered into between the Issuer and PML.

PHOENICIA FINANCE COMPANY P.L.C.

ANNEX

PHOENICIA FINANCE COMPANY P.L.C.

ANNEX I

Property Valuation Report

DeMicoli & Associates
Architects

F4025

VALUATION
THE PHOENICIA HOTEL

DeMicoli & Associates
Architects

VALUATION OF PROPERTY

ADDRESS:	**THE PHOENICIA HOTEL** **THE MALL** **FLORIANA** **FRN 1478**
MARKET VALUE:	**€120,000,000**

DeMicoli & Associates
Architects

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DeMicoli & Associates
Architects

Effective date of Valuation:	29 January 2024
Party Requesting Valuation:	Phoenicia Malta Limited
Address of Property Valued:	The Phoenicia Hotel The Mall Floriana FRN 1478
Purpose of Valuation:	This valuation is to be used for the purpose of an offer to the public of €50,000,000 bonds.
Object:	To value the property comprising The Phoenicia Hotel and its surrounding grounds, held by Phoenicia Malta Limited under title of perpetual sub-emphyteusis (the "Property") including to conduct a site inspection of the Property, taking into account all technical, economic, visual and environment aspects in valuing the Property.
Site inspection date:	13 September 2023

Source of information: The information was supplied to us by the client and their consultants.

Compliance: We confirm that the independent valuation has been prepared with consideration being afforded to the appropriate sections of the Valuation Standards contained in the RICS Valuation – Professional Standards. There has been no departure from the above-mentioned standards.

As per MFSA Capital Markets Rule 7.3, we, the valuers confirm that they are independent from the Phoenicia Finance Company p.l.c.

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

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

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

Basis of Valuation:

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

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

- Land and existing buildings (132 rooms), including new Spa and Wellness
- Trade fixtures, fittings, furniture and equipment
- The market’s perception of the trading potential together with an assumed ability to obtain or renew existing licenses, consents and certifications.
- The value of the potential development in the form of additional rooms/suites/keys.

It is proposed to convert The Old Stables and Coach House Buildings into 29 additional rooms/suites and the Old Laundry Building into 23 large modular units (rooms/suites), for a total of 52 keys to augment the revenue stream of the hotel in the near future. The basis is therefore the existing hotel and grounds together with the development potential of new guest rooms.

Tenure:

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

Location:

A. EXISTING PROPERTY

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

Physical Properties:

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

1. Phoenicia Hotel Building and Spa:	2,160 s.m
2. Gardens and Protected Glacis:	30,820 s.m
3. Pool and related facilities:	1,635 s.m
4. Old Stables within St. John's ditch:	1,855 s.m
5. Laundry Building:	1,770 s.m
6. St. Rocco Baths:	2,200 s.m

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

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

Company structure:

Mr Mark David Shaw is the Ultimate beneficiary of Phoenicia Holding (Lux) SARL which owns 100% of Phoenicia Malta Ltd and 100% of Phoenicia Hotel Company Ltd.

Zoning and Building Permits:

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

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

Case No	Description of Works	Decision	Date
PA/03270/04	Construction of two ramps to improve accessibility within/into building	Approved	03/08/04
PA/07941/05	Replacement and repairs of damaged balconies	Approved	28/03/06
PA/05816/08	Minor alterations – removal of internal walls/openings/doorways	Approved	21/04/09
PA/05753/09	An extension of bedrooms accompanied by upgrading of existing hotel, the restoration and rehabilitation of nearby stables to accommodate bedrooms as well as upgrading of St. John's Ditch and nearby hotel gardens.	Approved	02/09/10
PA/02925/15	Renewal of PA/05753/09	Approved	19/11/15
PA/04613/15	Amendments to PA/05753/09 including internal minor alterations and a change of use of structures at roof level form suites to service area.	Approved	23/11/17
PA/02976/15	Demolition of existing pool structures, including the two separate buildings housing pool facilities and construction of a new pool with new facilities integrated with the landscape.	Approved	19/11/15

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

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

The areas surrounding the hotel are largely marked on the Local Plan as areas of open space that should be retained. To the North-West of the property there is a cluster of Government offices and The Grand Hotel Excelsior. A short 5-minute walk from the hotel leads you to the entrance of Valletta where a mixture of commercial establishments, shops, bars, restaurants and tourist attractions can be found. Located here also, is the main bus terminus providing good connections to the rest of the Island. Located close-by on the Marsamxett side, on the shoreline, there are ferry terminals that connect Valletta to Sliema and/or The Three Cities, while another ferry terminal may be easily reached from the Upper Barrakka gardens, ten minutes away from the hotel, via the lift to the shore on the Grand Harbour side close to the Cruise Terminal.

In recent years tourism accommodation in Valletta has seen a significant increase with the development of several boutique hotels and holiday apartments, with many tourists favouring to stay in the capital. Overall, the hotel is in a favourable location, close to amenities which are frequented by locals and tourists alike. In fact, it is quite a unique location and the hotel complex has no comparable competitors in its class considering the large grounds and superb faclilities provided in such a central convenient location close to the Capital City Valletta, a World heritage Site.

Description cont:

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

Due to the location set on the doorstep of Malta's capital city Valletta, its seven acres of landscaped gardens, the pool area and recently opened Spa & Wellness facilities, together with its wealth of history this hotel stores, the Hotel is part of "The Leading Hotels of the World", is part of 'Virtuoso' a premier luxury travel network, has recently received a Forbes Travel Guide Four-Star award and has been recognized by Conde Naste Traveller as one of the top 3 hotels in Central and South-Eastern Europe and Top 12 in the rest of Europe.

1. The 1930's Scheduled Phoenicia Hotel Building:

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

In recent years, under PA 02925/15, the hotel underwent extensive renovation and upgrading works, including the extension of rooms. Throughout the interior of the hotel, the grand ballroom, restaurants and lobby area have been refurbished. Previously 136 rooms, this was reduced to 132 rooms by converting 8 rooms into 4 suites. The hotel's existing 132 rooms have been upgraded with a fresh classic, modern look and The Phoenicia's classic façade. The hotel offers an extensive array of amenities to serve its guests, including the recently opened Spa & Wellness facilities.

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Description cont:

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

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Architects

Description cont:

The lounge is the hub and heart of the hotel. It was built in the 1960's by roofing over the old courtyard in an architecturally pleasing and attractive manner, with large open spans, giving the impression of a dome which is well lit with circular skylights. Its marble floor and plush furnishings complement the sinuous curved ceiling and sweeping arches which support the roof.

Description cont:

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

Description cont:

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

The ballroom doubles up as a conference room, a hall for weddings, functions and large gatherings or assemblies, a multii-purpose hall.

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

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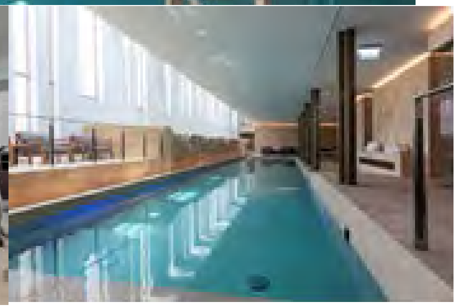
Description cont:

DeMicoli & Associates
Architects

Description cont:

DeMicoli & Associates
Architects

Description cont:



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Description cont:

A new Spa and Wellness was opened in late 2020 overlooking the Old Stables and Coach House. This facility was expanded in July 2023 and is a state-of-the-art, highly-finished, award-winning two-storey five-star Spa designed to very high standards. It includes a fitness centre, a heated indoor pool, a Himalayan salt room, a sauna, a steam room, multi-jet showers, a number of exclusive treatments etc., all providing the ultimate Spa and Wellness experience. This facility attracts the wealthier customers, thus improving further the income stream through better average room rates.

<u>The Rotunda and Phoenicia Gardens.</u>

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

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Description cont:

The Pool and Related Facilities (existing)

As part of the refurbishment works, PA 02926/15, an infinity pool and terrace has been built at the rear of the site. Flanked on one side by the bastions and on the other by the gardens, the infinity pool enjoys impressive views over the Marsaxmett Harbour. The recently established Bastion Pool Restaurant is also located here.

Description cont:

We assume that the following services are in place:

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

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

- The buildings are in a good state of repair;
- There are no defects of any significance;
- All building services and any associated controls or software are in working order and free from defect;
- The properties are not contaminated and no contaminative or potentially contaminative uses have ever been carried out on it;
- There are no abnormal ground conditions present which might adversely affect the present or future occupation, development or value of the property;
- The buildings have been erected in accordance with planning permissions and have the benefit of permanent planning consents or existing use rights for their current use.
- The Property complies with all the applicable laws and regulations, including those related to health and safety especially passenger and goods lift which are periodically certified as safe by independent mechanical engineers;
- The property’s structure is certified as safe by independent structural engineers;

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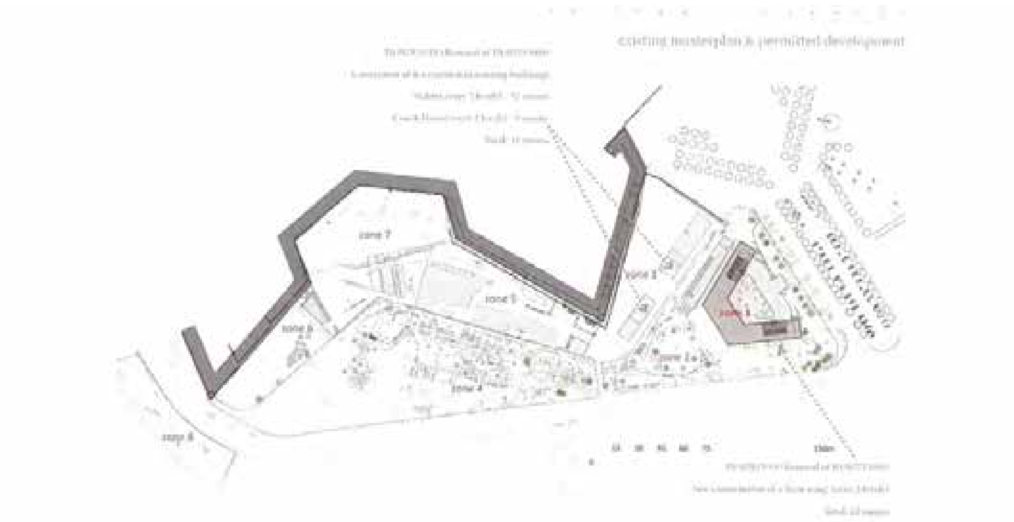
Description cont:

- We have relied upon sources of information provided to us by Phoenicia Malta Limited and their representatives including the number of rooms within the hotel, the number of car parking spaces etc; and
- All areas quoted within this report are approximate.

B. ST JOHNS GARDENS (SJG) PROJECT

St Johns Garden Project refers to Zone 3 and Zone 5 as indicated in the existing masterplan and permitted development depicted hereunder.



Description cont:

Future Potential of The Old Stables and Coach House within the SJG Project

Located within the Phoenicia Gardens in the outer ditch, to the East of the hotel, are two historic colonial buildings in Zone 3 known as the stables and coach house. The ditch has been extensively modified throughout the years and the buildings are condemned and derelict.

Although currently not complete, this area falls under part of the refurbishment and upgrading works under PA 02925/15, which is a valid permit. It is intended to eventually convert the stables and coach house into **29 new rooms/suites** providing additional accommodation as part of the hotel. See Appendix C - Masterplan. As at reporting date, the upgrading of the ditch has not yet begun.

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

The Old Stables building will accommodate the guest rooms over two floors and a receded floor, while the Coach House will be retained for use as a reception area, a bar, a breakfast and dining area and/or a multi-purpose business facility.

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Description cont:

Present condition of area to be upgraded.

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Description cont:

Future potential of Laundry Area within the SJG Project:

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

Description cont:

The Concept design proposal in the Old Laundry Area (Zone 4) potentially allows for a two-storey accommodation block containing thirty modules, all as designed in the Masterplan provided by the Client, herewith attached in Appendix C of this report.

"This latest proposal accommodates a total of 30 modules making up a total of **23 keys** of which 16 are single modules with net area of approximately 45 s.m. and seven which are double modules with net area of approximately 90 s.m."

The sizes are generous and such guest rooms/suites provide a good income stream which will again raise the average room rate to a considerable extent.

Total Guest Room Potential

The global potential of additional guest rooms/suites is therefore as follows;

Old Stables - 29

Laundry - 23

Total - 52 11 of which are suites

These guest rooms will be supported by additional infrastructure and facilities in order to maintain the five-star standard.

Description cont:

- The back of house facilities will be extended to cater for the increased population.
- Two new pools and ancillary facilities in Zone 4 near the Place of Arms will be built with extensive sun decks to cater for the increased number of guests.
- An outdoor events facility for open air activities in the gardens and picnic areas of zone 4.
- Landscaping and Greening of St John's ditch will improve the immediate environment and ecosystem in line with policies to combat climate change.
- Roofs of the various buildings in the extensive grounds will be greened where possible to reduce the carbon footprint, another measure to improve the micro-climate.

Discussion:

The valuation method being adopted here is the 'trade related' one. The capital value of the asset is obtained by analysing the recently audited accounts and the projected income, based on the expected room rates, occupancy levels and income streams generated, including profits (Ebitda) for this leading five star hotel and spa.

Documentation provided by the client, projections up to 2033 show a range of expected EBIDTA (Earnings Before Interest, Depreciation, Tax and Amortisation) depending on the year. We carried out a test of reasonableness of these values and conservatively, pegged our capitalization to a value slightly higher than the lower figure provided. It takes into consideration the hotel's particularly favourable and unique location, together with all the ancillary amenities and facilities which attract a reasonably high income to support guest's operations.

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

Discussion cont.:

Sustainability

In general, the higher rated hotels anywhere in the world carry out the most sustainable practices. The Phoenicia hotel is no exception. It is a five-star hotel which has historically demonstrated that this axiom works well. The management refurbishes parts of the hotel complex every three to five years. This allows the hotel to operate within modern market trends to attract the higher end of the market, and by doing so, it becomes sustainable as the average room rates can safely be increased every few years to beat competition. This is reflected in increased revenue which allows a constant rise in income thus in turn permitting the hotel to make further capital investment and to sustain growth and efficient operations. A case in point is the investment made in 2020 to provide an award-winning state-of-the-art Spa and Wellness which has increased custom (greater occupancy and higher average room rates) completing a cycle of investment and sustainable growth in the short to medium term.

Other sustainability measures with regard to water, energy and waste management systems provide considerable cost savings. The hotel is served by a Reverse Osmosis plant to conserve water and to reduce water supply costs substantially, and management is also introducing and a Desalination plant and electrical cabbies to drive guests around the extensive grounds, thus also contributing to the reduction of the carbon footprint. Management is also studying the possibility of installing PV panels to reduce energy costs throughout the entire hotel complex and vast grounds. Several locations are being analysed for suitability, feasibility, efficiency and minimum visual impact. Waste management systems are constantly being addressed by upgrading electrical and mechanical solid and liquid systems to meet modern sanitary and hygienic standards.

Moreover, the hotel is committed to preserve and restore its heritage and that of its surrounding fortifications/gardens in order to conserve its unique historical setting, and hence its sustainability.

Discussion cont.:

The management also has the comfort of having built a reputation of a top class hotel in a prime location with strong historical financial performances during its long years of operation, and this aspect alone augurs well for the future in the long term.

Environmental risks

Some of the environmental risks like seasonality, have been taken into account in building up the capitalization rate, whose components are the basic, risk free, development and financial risk rates etc.

The rest of the physical environmental risks are minimal and do not have any significant negative impact on the operations of the asset value of the hotel. This is attested by the fact that the risks posed by these physical environmental features have never effected the hotel since its inception way back in the thirties. However, for the sake of completeness, we are listing hazards and risks considered with some rejoinders;

- Contamination of the ground; no evidence
- Radiation; normal levels
- toxic waste; none
- air pollution; hotel on high ground having clean air facing open spaces in Floriana and Marsamxett harbour from the predominant north-west wind direction; bus terminus now further away
- water sanitation; good throughout
- hygiene; good throughout
- floods; no risk, hotel on high ground and sloping land
- snowfall; none
- drought; none
- air contaminants; none

Discussion cont.:

- extreme temperatures, weather events and climate change; no special risks other than those recorded in the Maltese Islands throughout the years
- land use; none
- noise pollution; some disturbance and high noise levels during festivals/concerts/fairs and other public open air activities around the Trition Fountain Area and the Floriana Granaries. This issue is being addressed in conjunction with the Local Council

We have seen the following new documents provided:

- The Phoenicia Spa and Wellness Report
- Combined Financial Statements 20,21,22.
- Management Accounts and Projections
- Masterplan

Following our research and study, we have arrived at the following figure:

Property Value as of today
Property Value of existing Hotel and Spa, including potential for Extension of 29 Keys at the Old Stables and Coach House, 23 Keys at the Old Laundry 'SJG Project', Back of House Facilities, new pool/s and facilities in Zone 4, outdoor events facilities in the Gardens (Zone 4), Landscaping and Greening of St. John's Ditch, Green Roofs etc, all as per Masterplan (Appendix C) -184 keys.
€ 120,000,000

Basis of Valuation and Methodology.
At the outset, it is to be stated that, except for the new Spa and Wellness, there were no significant physical changes/alterations since the last valuation in 2018 which have a direct impact on the values being assessed today. It is assumed that the general condition of the hotel is fit for purpose as a prime five-star hotel and that it is well maintained throughout.

Discussion cont.:

The proposals for the new extensions in zones three and five have however changed. According to the Masterplan (Appendix C) in the new design brief proposal there are 29 new keys in the Old Stables and 23 new keys in the Old Laundry, for a total of 52 new keys which are quite larger than those assumed in 2018. However, it will be noted that the new keys, being larger and less in number than the 2018 ones, and with a greater proportion of suites, constitute a less intense development than the 2018 proposal due to the restrictions imposed by the surrounding historical military architectural context comprising bastions, ditches, glacis, a place-of-arms, traverses etc which also stifle/obstruct any further building/accommodation development within the large grounds of the hotel.

This means that the total number of keys, now 184, attracts a better Average Room Rate (ARR) than the ones previously conceived for the reasons stated above. Moreover, the ARR has since increased with the construction and opening of the award-winning Spa and Wellness. This top-class facility attracts wealthier customers who consider the spa as a *sine qua non* for holiday or business, and the average room rates being achieved now, post-Covid, according to the management accounts, provide a good profit margin, although it has always been the case that the number of rooms of the Phoenicia is somewhat small compared to the facilities and scale of the whole touristic enterprise. This is also reflected in the occupancy rates, revenue streams and other factors which have been taken from the graphs and from the same management accounts.

Due to the tendency of long-term projections being quite unpredictable, we have based our ARR, occupancy rates, revenue streams and EBITDA on a shorter time span, close to the 2025/2026 level as a conservative approach. The unpredictability is proven by the fact that there was a dip in revenue due to the Covid pandemic, due to the consequences of the War in Ukraine and now the most recent Gaza Strip War in the Middle East. Energy prices have shot upwards since February 2022, cost of materials and food have burdened significantly hotel operators, and the economic climate in general dipped between 2020 and 2022, both years included, although there are signs of recovery since this year. For this reason, we are not comfortable with basing our figures on projections beyond 2026/2027. Our methodology is therefore based on the parameters stated above.

Discussion cont.:

The main figures assumed in our valuation calculations are confirmed as follows:

Year	ARR	Occupancy	Revenue	EBITDA
2025	€ 386	81%	€ 21,742 k	€8281 k
2026	€ 448	76%	€ 31,206 k	€14135 k

The market value is based on the existing hotel plus the potential for development - 184 Keys
As a summary of the methodology, we have taken the ARR, the occupancy rate, the revenue stream and EBITDA as for 2023 for the existing Hotel and Spa from the management accounts (no projections) and applied a reasonable cap. rate.

With regards to the potential, we have added the value of the extensions when these are complete using a higher cap. rate due to hope value resulting from higher risks once the project is not implemented yet. We have taken into account in this case the rates as of 2025/2026 for reasons explained above to obtain the gross development value, and deducted the cost of development, including costs for the new pools and their ancillary facilities in Zone 4, costs of the outdoor events facilities also in Zone 4, costs of landscaping and greening, including the ditches, and costs for green roofs to obtain the projected reasonable profit for the extension project of 52 keys as proposed in the Masterplan, Appendix C. Therefore, the combined value of the existing property, including the potential of the proposed development, would be in the region of
€ 120,000,000.

Discussion cont.:

The market value being assessed herewith is based on the existing hotel of 132 rooms and amenities, including but not limited to, the broad spectrum of facilities like the award-winning Spa, the ballroom, the swimming pool, the extensive gardens, the spa, the conference rooms, restaurants and bars, room service and all of the amenities usually associated with five star hotels, together with the potential of adding another 52 guest rooms/suites as shown under the heading 'description'.

The above is a summary of the approach we have taken to assess fairly such a precious and unique property in Malta. In fact, there are no comparable hotels on the island that can boast of such a high quality of accommodation, food and service within grounds spread over a green area of around 40,000 sm in an ideal location so close to the Capital City of Valletta, a World Heritage Site.

In our opinion, this aspect alone justifies the property value obtained, notwithstanding that the approach is conservative due to the impacts of all the parameters mentioned above which have a direct impact on value - a balanced valuation with short-term prospects in the present economic climate of the Maltese Islands with an A+ Credit Rating.

Capital Markets Rules:

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

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

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

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

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Capital Markets rules cont.:

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

Kindly refer to above lease agreement.

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

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

Refer to assumptions above.

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

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

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

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Capital Markets rules cont.:

Facility	Purpose	Counterparty	Date taken / issued	Term	Rate	Principal amount	Secured by
Bridging Loan	Refinancing of existing loan facilities of the Group	APS Bank	02-Nov-22	3 years	2.00% + 3M EURIBOR	€24.4m	Secured by a general hypothec over all the assets of PHCL and PML. Secured by a special hypothec over all the assets of PHCL and PML.
Term Loan II	Funding the buy-out by the shareholder of share options in the Group	APS Bank	02-Nov-22	20 years	2.25% + 3M EURIBOR	€20.0m	Secured by a general hypothec over all the assets of PHCL and PML. Secured by a special hypothec over all the assets of PHCL and PML.
10 year 4.15% Bond	Refinancing of existing loan facilities of the Group, working capital and bond issue expenses		15-Dec-18	10 years	4.15%	€25.0m	Unsecured with the joint and several Guarantee of Phoenicia Malta Limited and Phoenicia Hotel Company Limited

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Capital Markets rules cont.:

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

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

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

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

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

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

Capital Markets rules cont.:

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

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

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

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

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

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

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

Capital Markets rules cont.:

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

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

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

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

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

- The Property is to be used by the emphyteuta to carry on business as a first class hotel and restaurant, to carry on ancillary business and to provide amenities in conjunction with the business of a first class hotel and for no other purpose. Accommodation on the

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Capital Markets rules cont.:

ground floor of the Hotel may be let by the emphyteuta to any firm, person or company for the purpose of carrying any such business as aforesaid, provided such business shall only be carried on during such period as the Hotel may be open to receive guests. Any of the amenities to be provided on the Property as may be in excess of the immediate requirements of the guests for the time being in the Hotel may, from time to time, be hired out provided that the emphyteuta shall at all times retain full and complete control over the said amenities as part of the Hotel business;

- The emphyteuta shall be entitled to lay out gardens and construct tennis courts, squash courts, swimming pools and such other amenities as may be advantageously provided for use in conjunction with the Hotel upon certain sites specified in the said deed, subject to certain building restrictions over other sites specified in the said deed;
- Restrictions on the erection of buildings and, or other structures and, or alterations of existing structures on certain sites designated in the said deed;
- Requirement to develop certain sites and buildings as indicated, and subject to the conditions mentioned, in the said deed:
- Requirement to operate the Hotel for a minimum period of 4 months in every calendar year, subject to waiver of this condition by the Government upon good cause being shown; Hotel rooms not to fall below accommodation in respect of 125 - 150 guests;
- Requirement to maintain all buildings and permanent works constructed or to be constructed on the Property in a constant state of good repair according to the laws of Malta governing emphyteusis and to give up the Property with all improvements thereon in the event of the termination of the emphyteusis for any cause whatsoever;
- Requirement to insure the Property;
- Requirement to give immediate notice to the Accountant General of any kind of local geological, archaeological, antiquarian or artistic importance it may come across on the Property (any such find becoming the property of the Government);
- Requirement for the whole business and affairs of the emphyteuta, except such formal acts required by the Statutes to be transacted by the registered office in the United Kingdom, to be managed, conducted and carried on by the board of directors from the

Capital Markets rules cont.:

emphyteuta's offices in Malta. No meeting of directors or of any committee of directors to be held, under any circumstances, in the United Kingdom and no such meeting or purported meeting held in the United Kingdom shall be valid. All meetings of directors as well as general meetings of the emphyteuta and meeting of classes of shareholders to be held in Malta and not elsewhere;

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

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

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

Effective date: 16th November 2023

F. Capital Markets Rule 7.4.7: "where the Directors have required a valuation of the benefit or detriment of contractual arrangements in respect of Property or where there is thought to be benefit in any options held, show such valuations separately and include a reconciliation of the costs and values"
This capital market rule is not applicable.

Capital Markets rules cont.:

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

This capital market rule is not applicable.

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

There is currently an approved permit in hand to convert the old stables within ST. Johns Ditch measuring 1,855s.m to be converted into 29 Rooms.

There is also the laundry area measuring 1,770s.m that could be converted to further accommodation in the future, 23 rooms, however there is no current planning application or permit for the development of further accommodation.

Valuation:

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

Unless otherwise specifically stated, the analysis set out in this document takes into account all the information known and made available to us up to 12th October 2023 and is therefore current as at that date. We have taken all reasonable care to ensure that the information is correct, and to the best of our knowledge is in accordance with the facts as given to us and contains no omission likely to affect its import. There are no other matters which we consider as relevant for the purposes of the valuation.

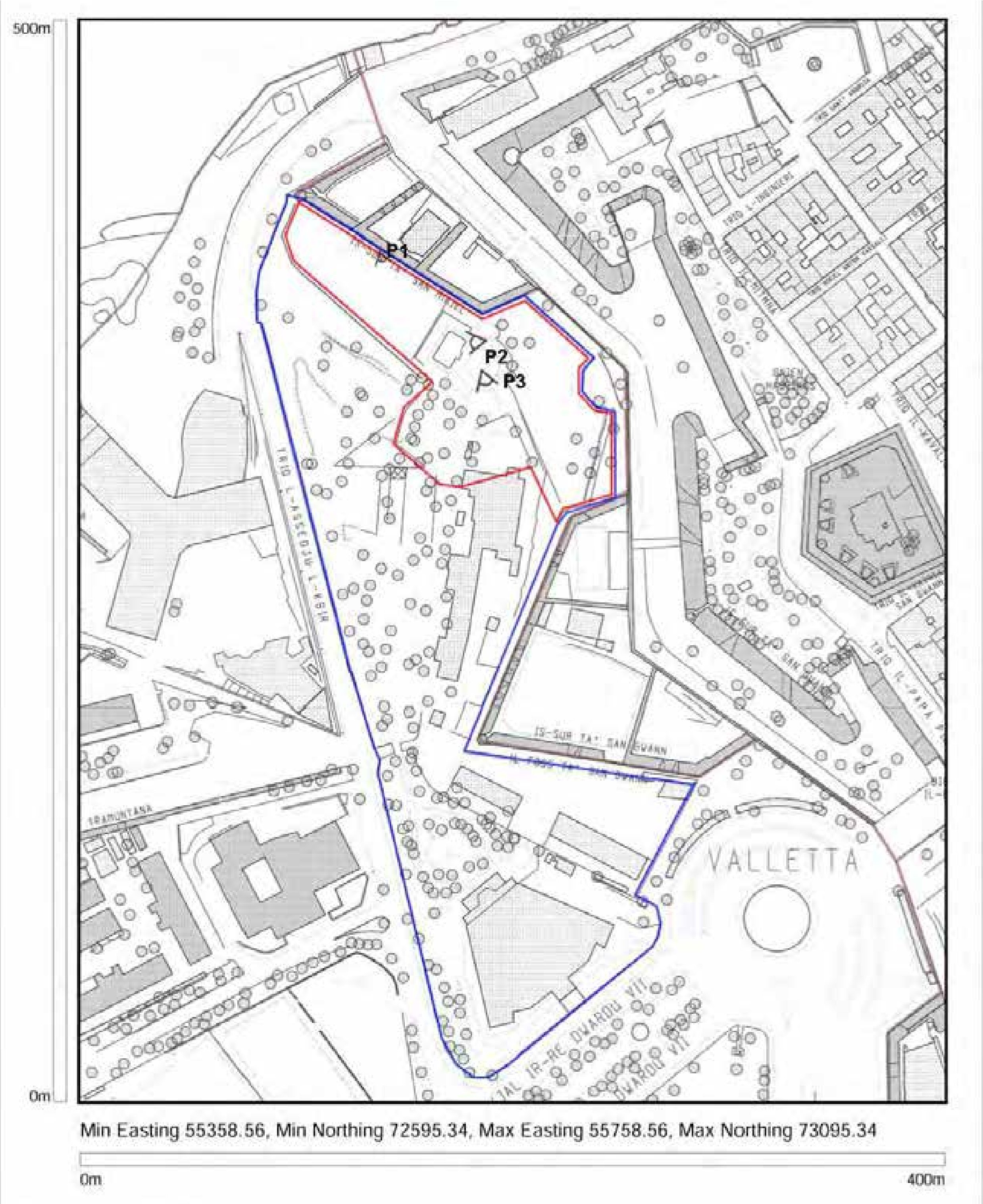
In the light of the above, we estimate that the market value of the property, including its potential of an additional 52 guest rooms/suites on an open market basis as of today to be;

€120,000,000
(One Hundred and Twenty Million Euro)

Perit Ray DeMicoli

DeMicoli & Associates
Architects

Appendix A :
Site Plan



MEPA - www.mepa.org.mt

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Floriana FRN 1230, Malta
PO Box 200, Marsa MRS 1000, Malta
Tel: +356 2290 0000 Fax: +356 22902295

Site Plan, Scale 1:2500

Printed on: Friday, April 24, 2015

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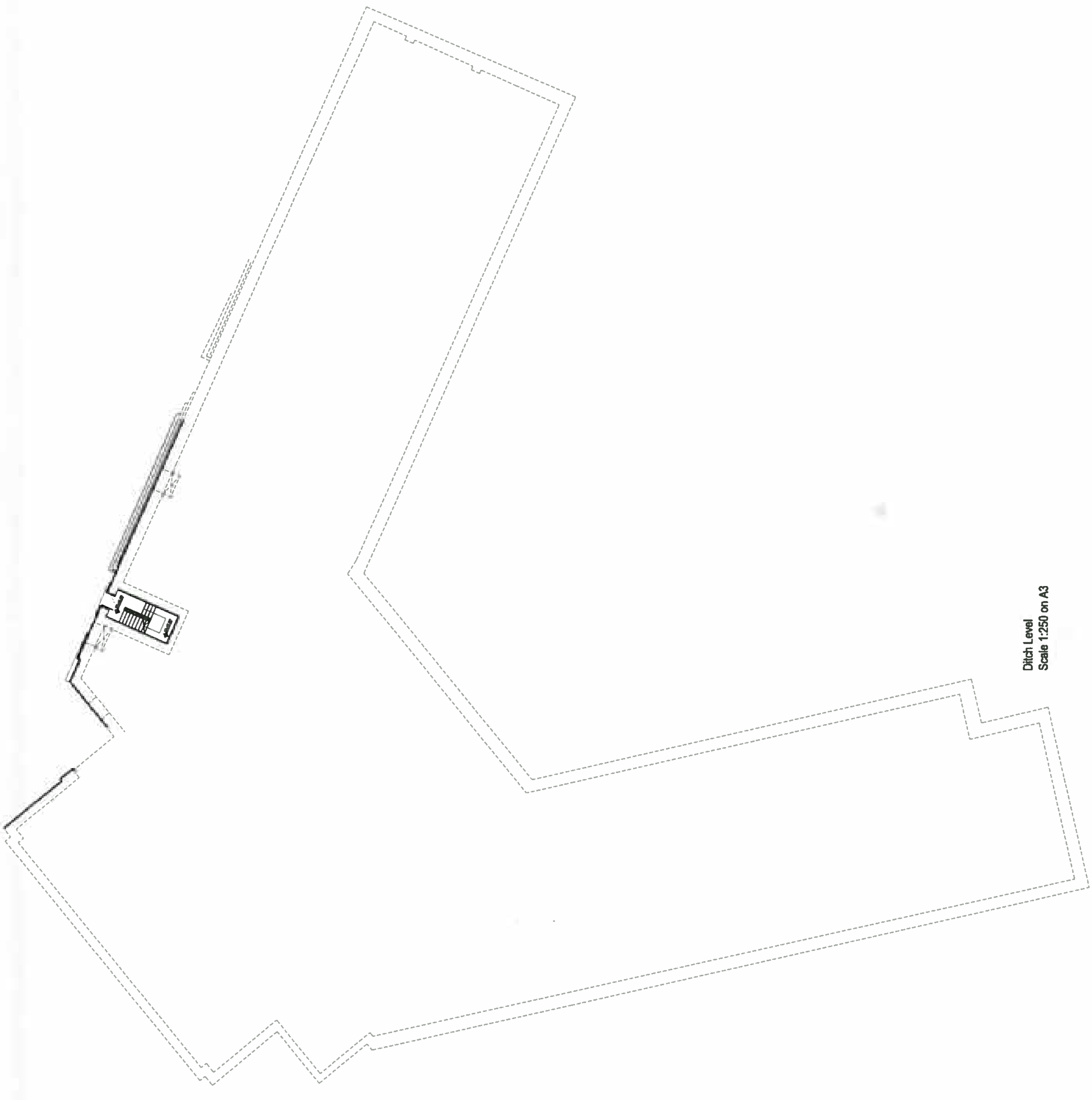
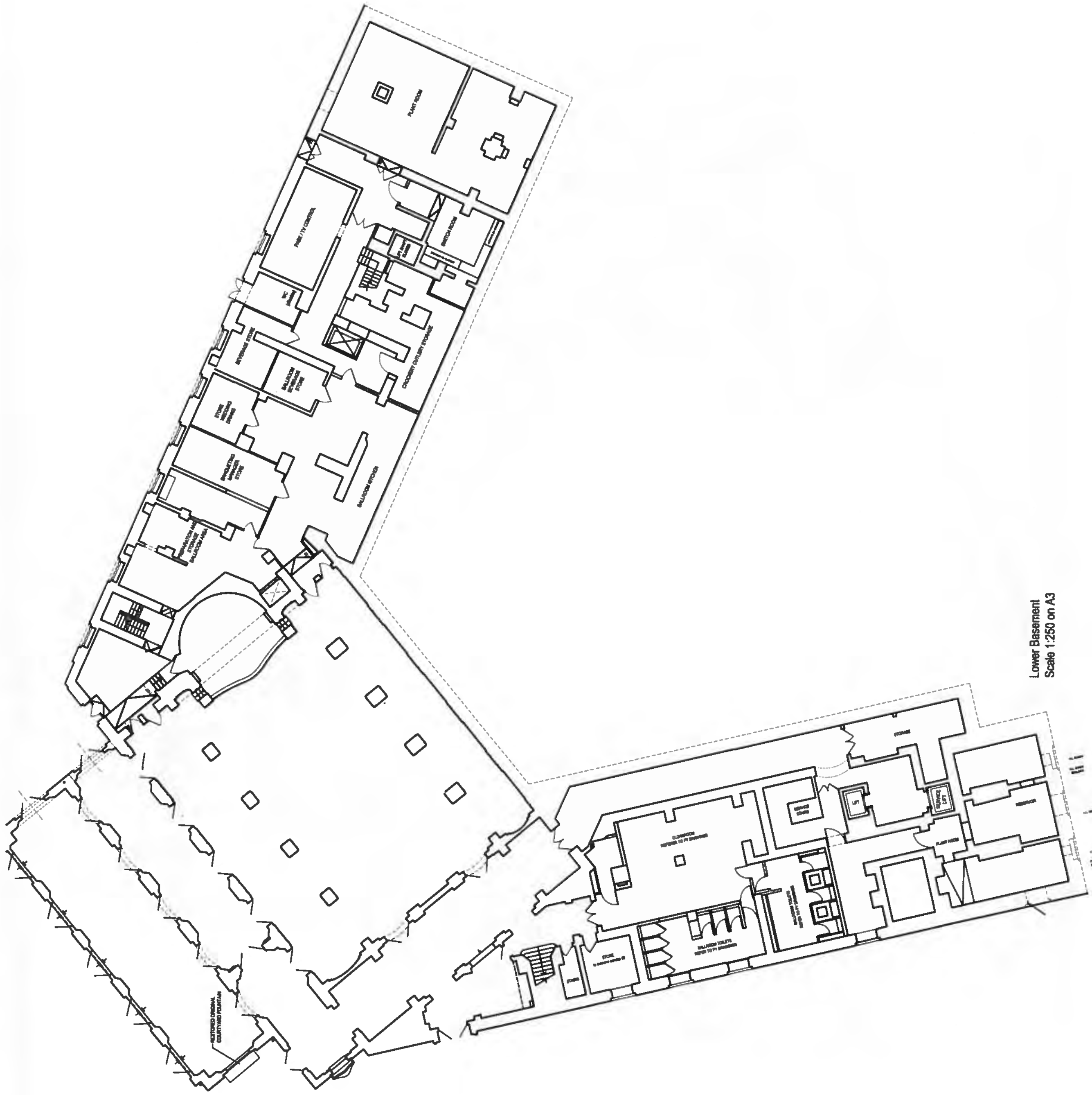
Appendix B:
Hotel Plans

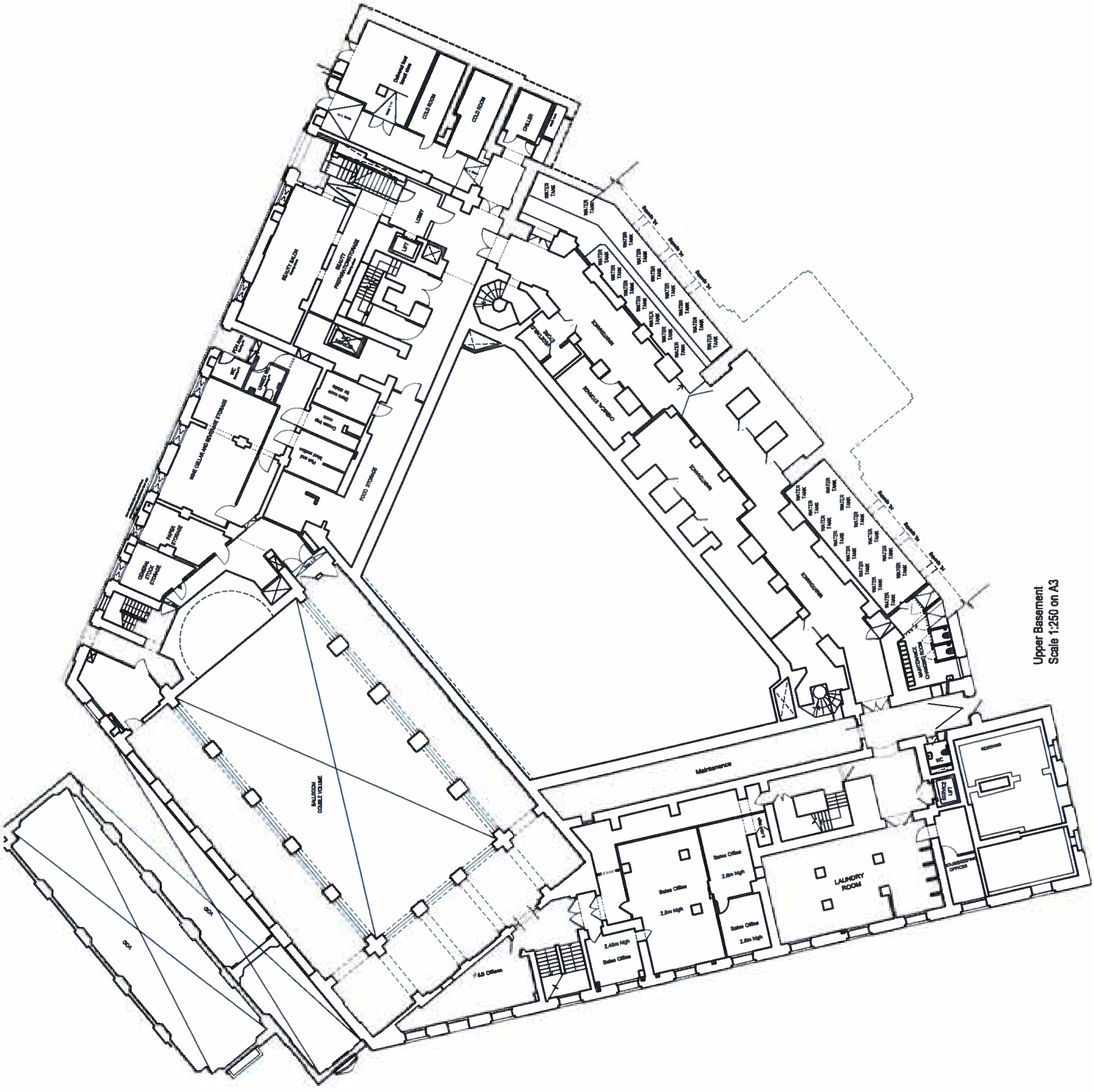
Hotel levels



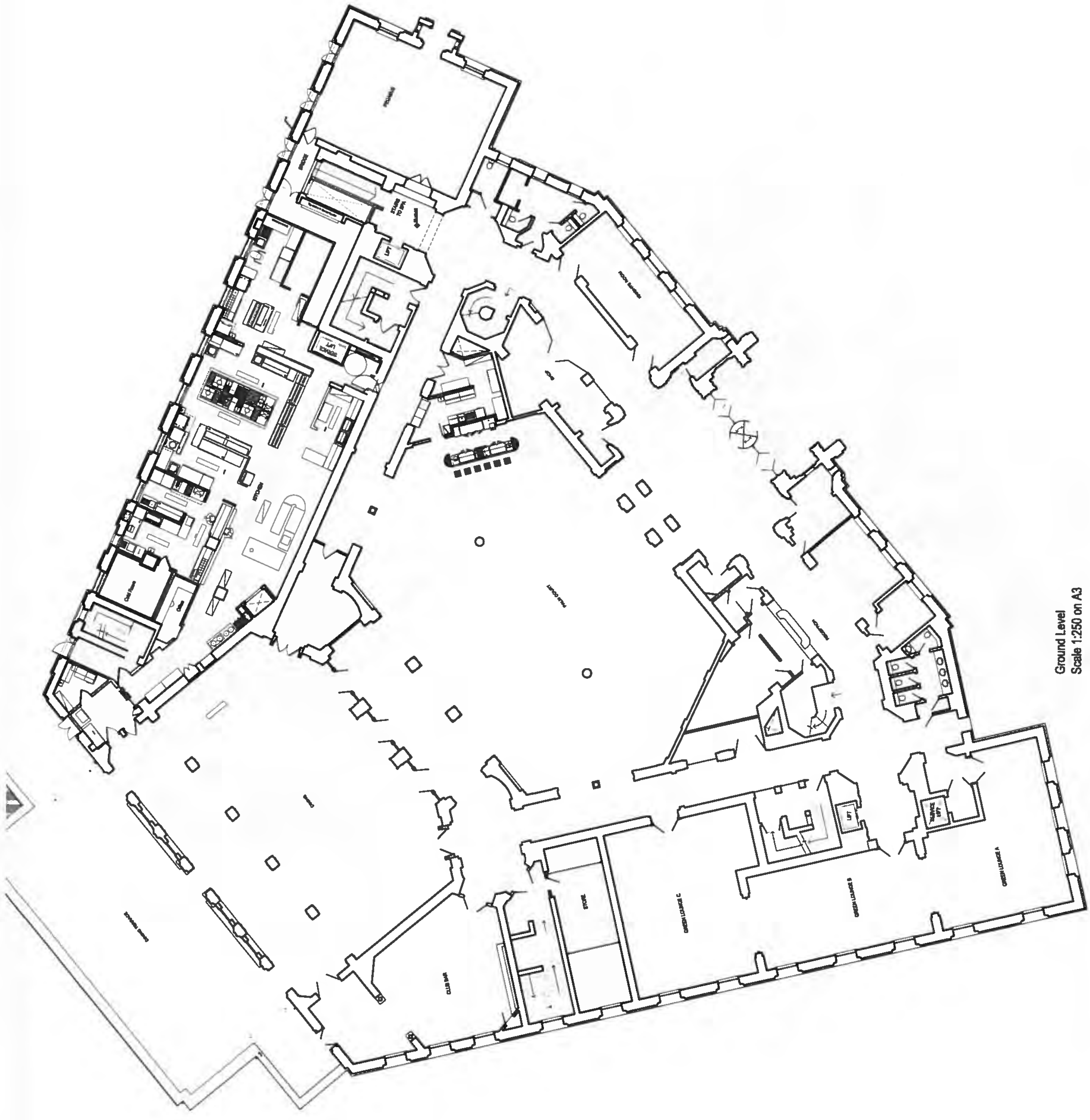
Ditch Level
Scale 1:250 on A3



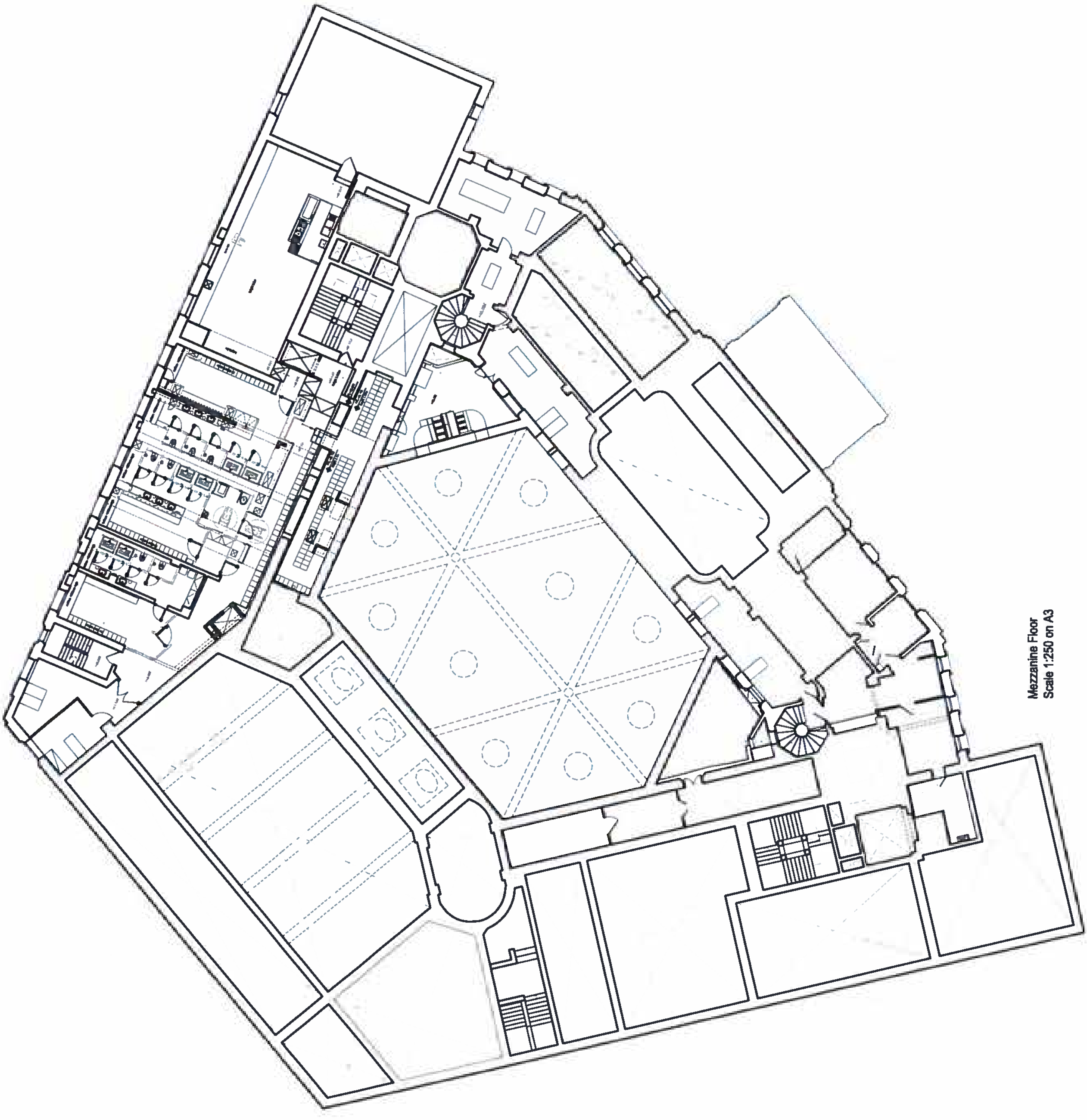
Lower Basement
Scale 1:250 on A3



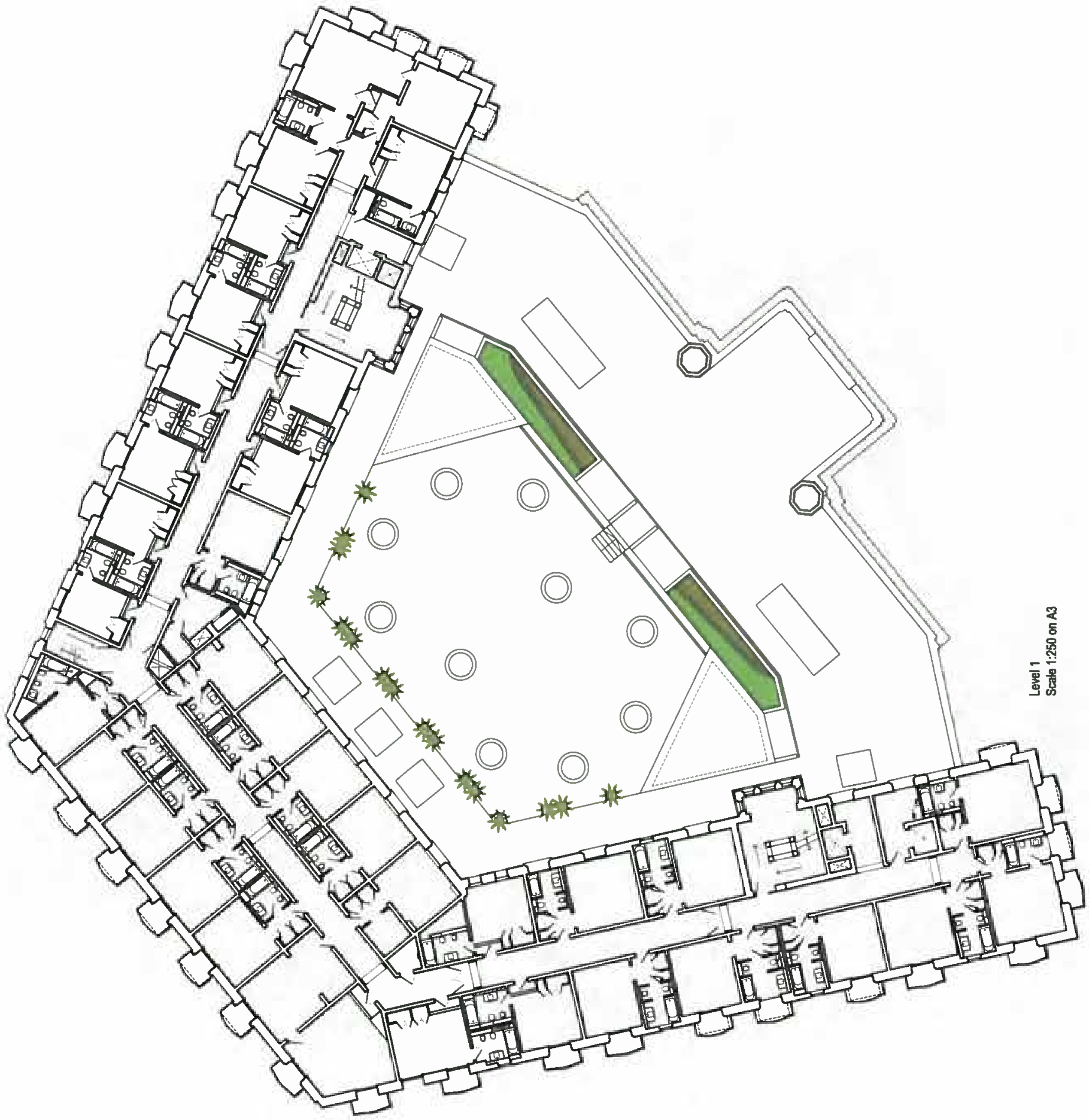
Upper Basement
Scale 1:250 on A3

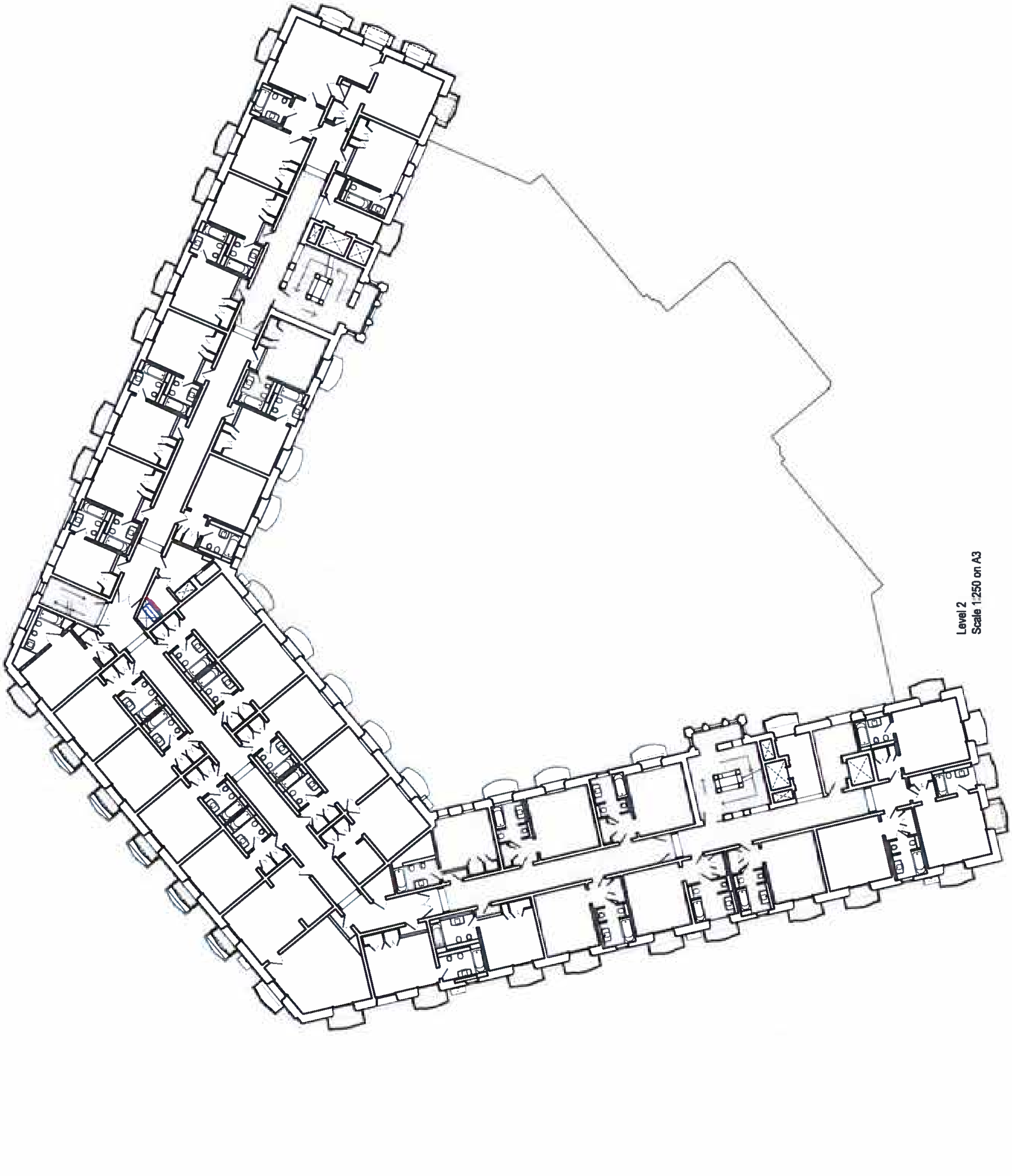


Ground Level
Scale 1:250 on A3



Mezzanine Floor
Scale 1:250 on A3


Level 1
Scale 1:250 on A3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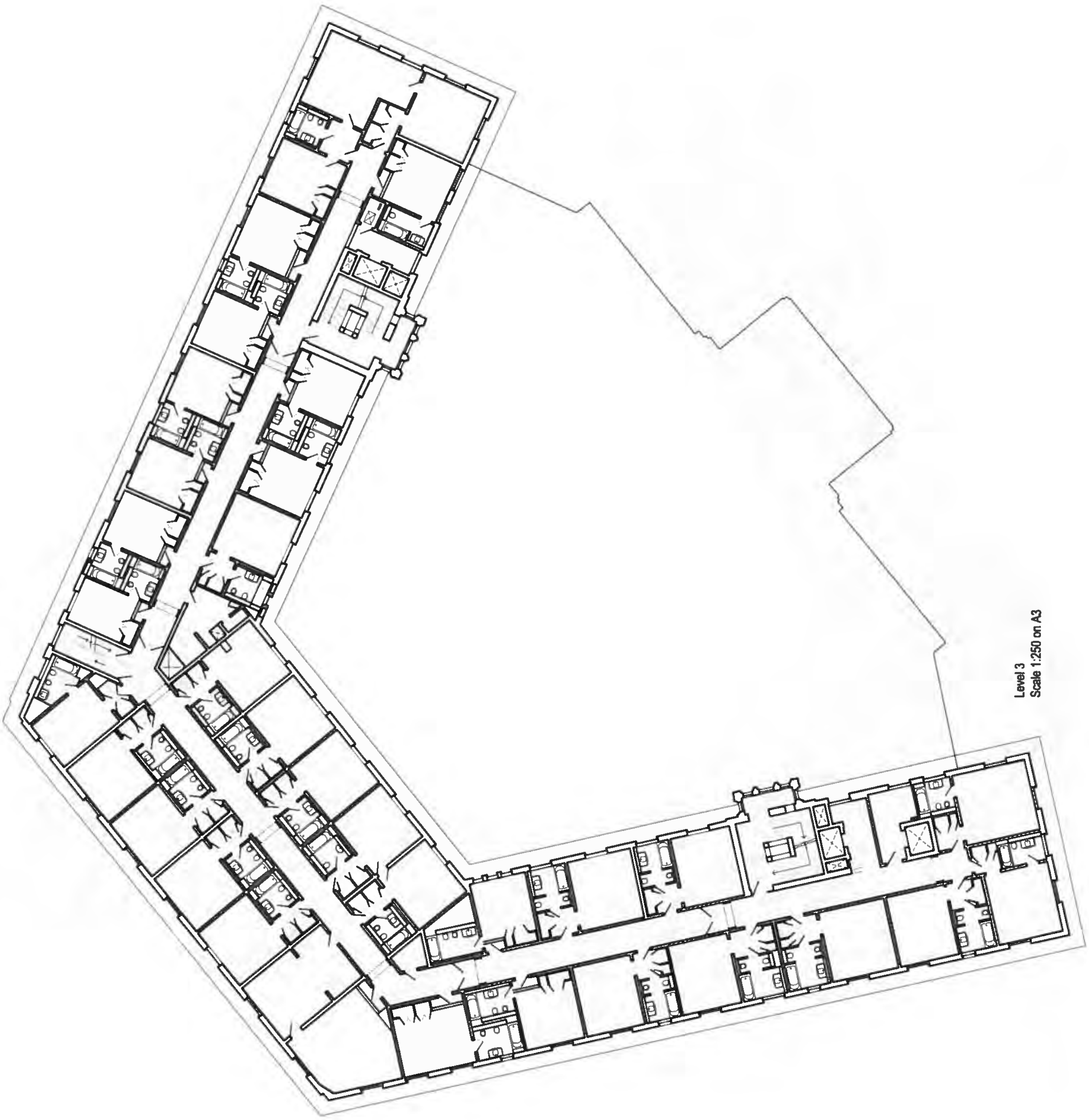
Level 3
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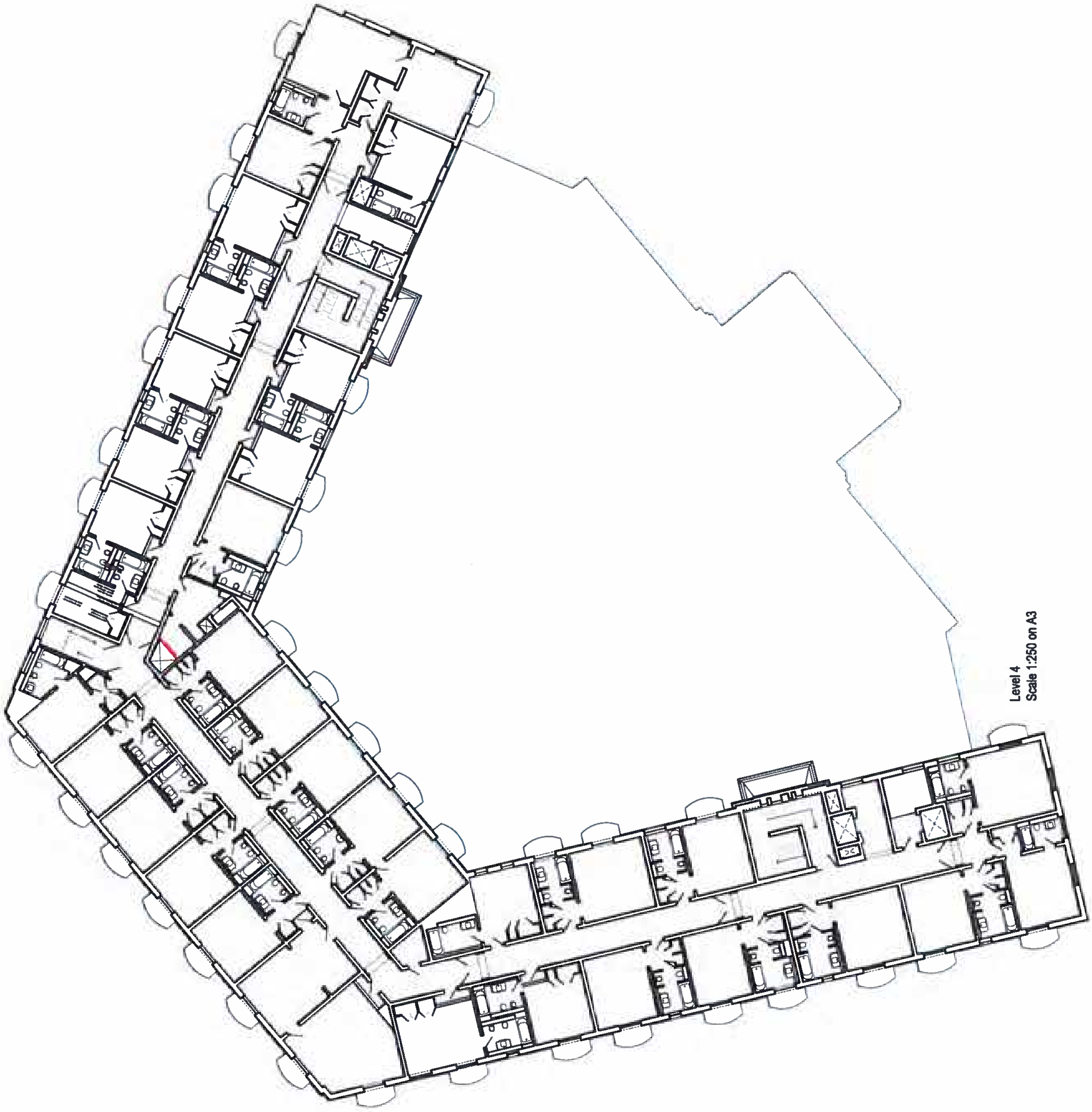
Level 4
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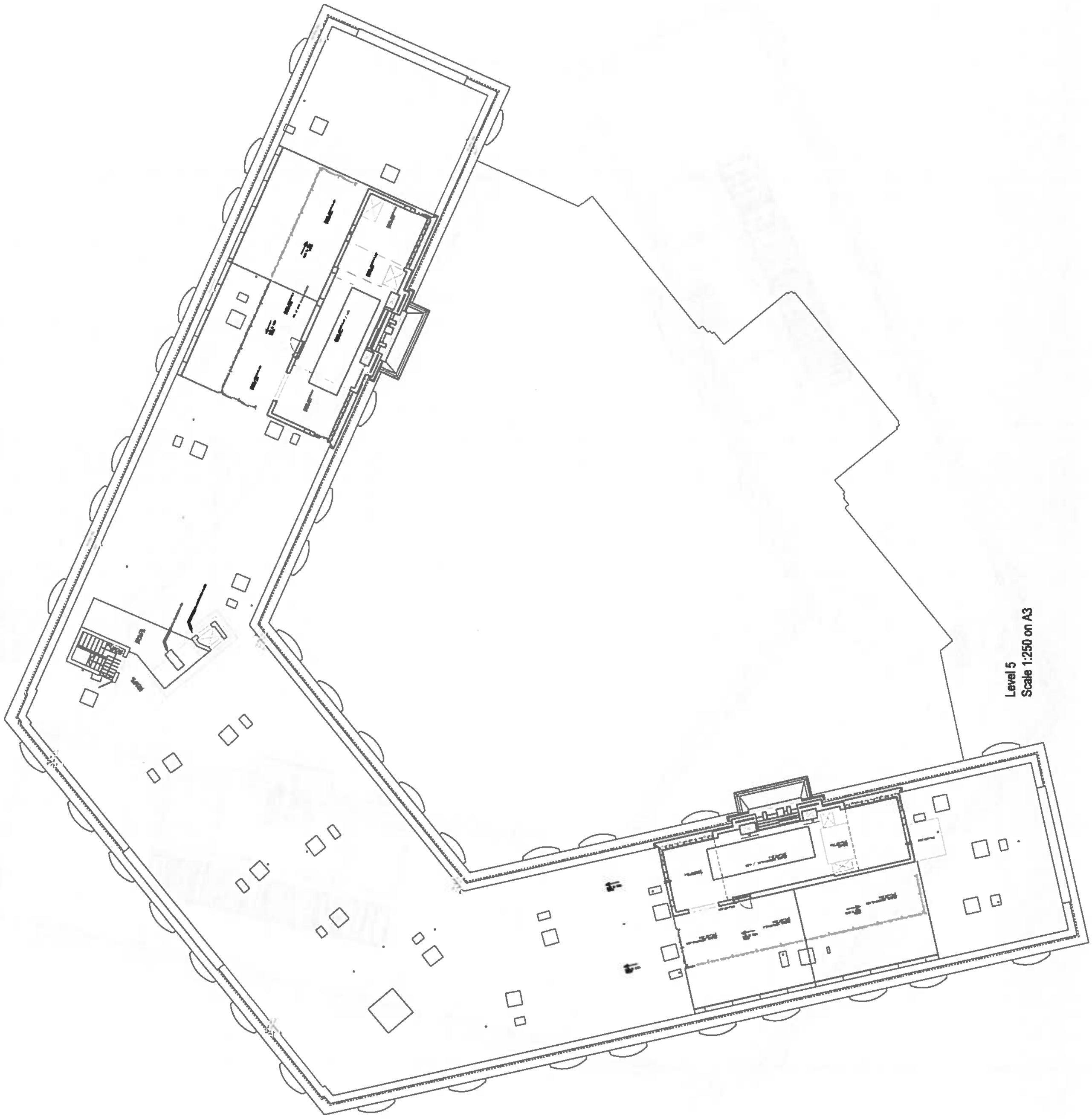

Level 5
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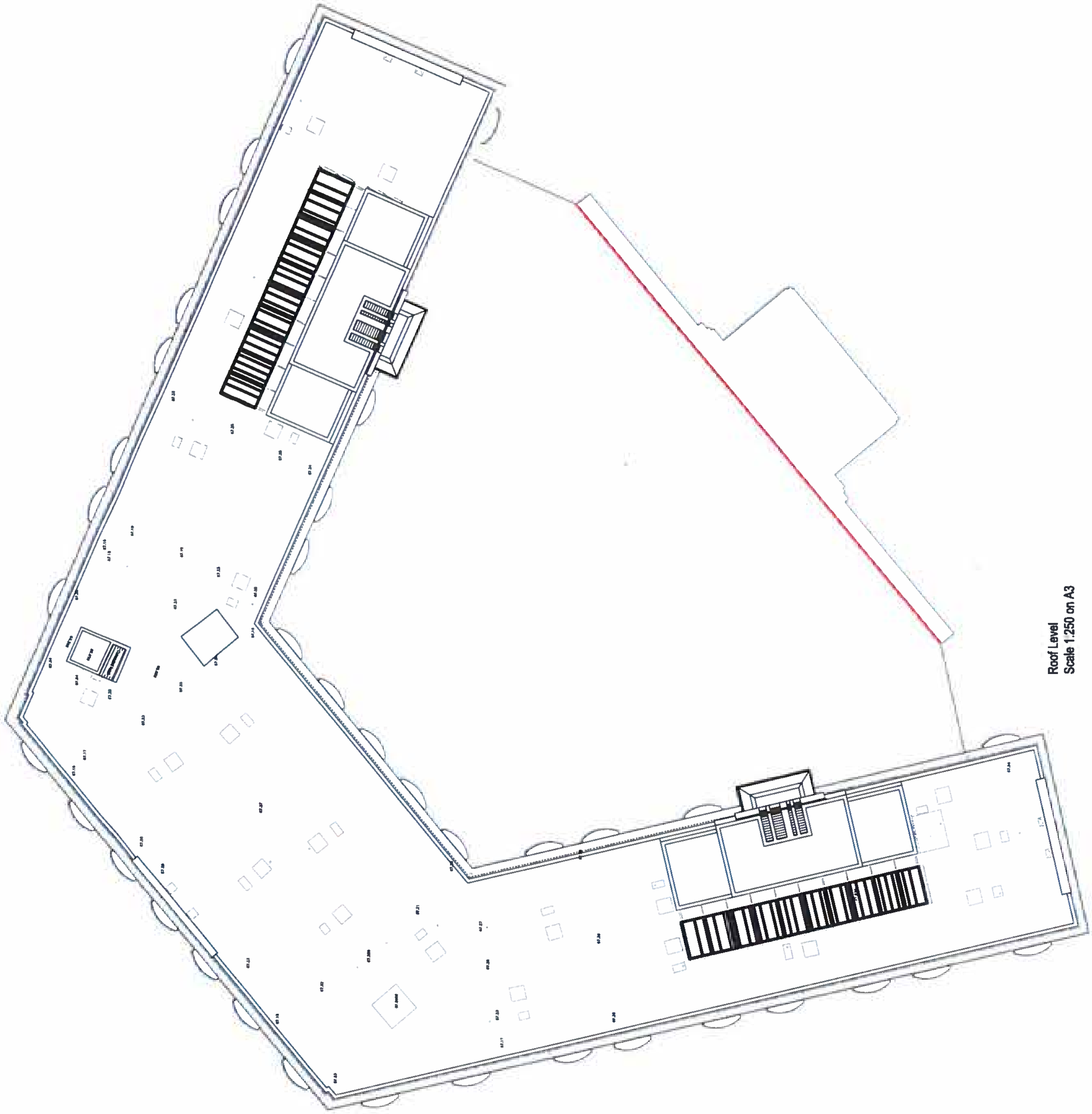
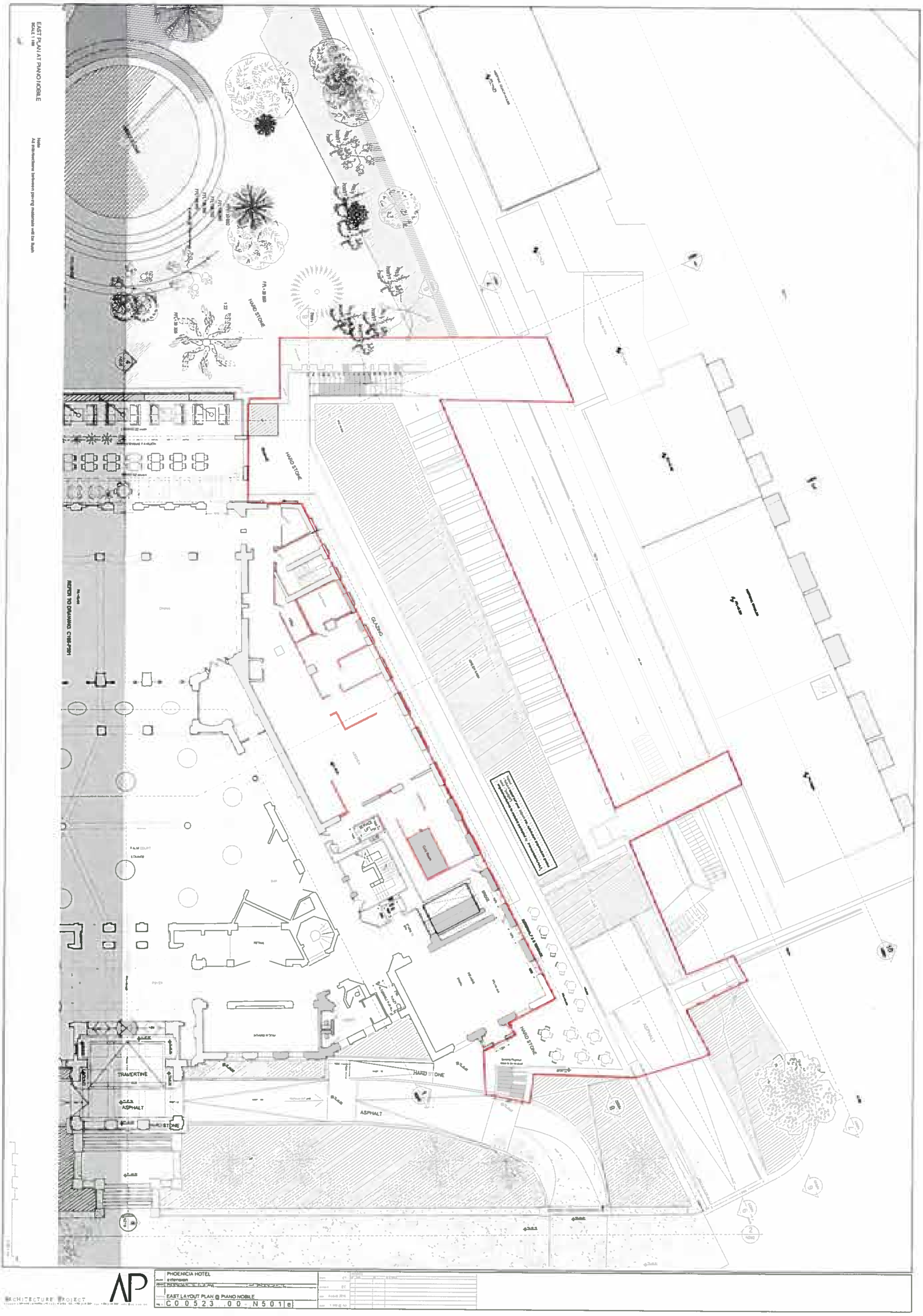


Roof Level
Scale 1:250 on A3


EAST PLAN AT PIANO NOBILE
HARD STONE
GLAZING
TRAVERTINE
ASPHALT
HARD STONE
PHOENICIA HOTEL
extension
EAST LAYOUT PLAN @ PIANO NOBILE
C 0 0 5 2 3 . 0 0 . N 5 0 1 e

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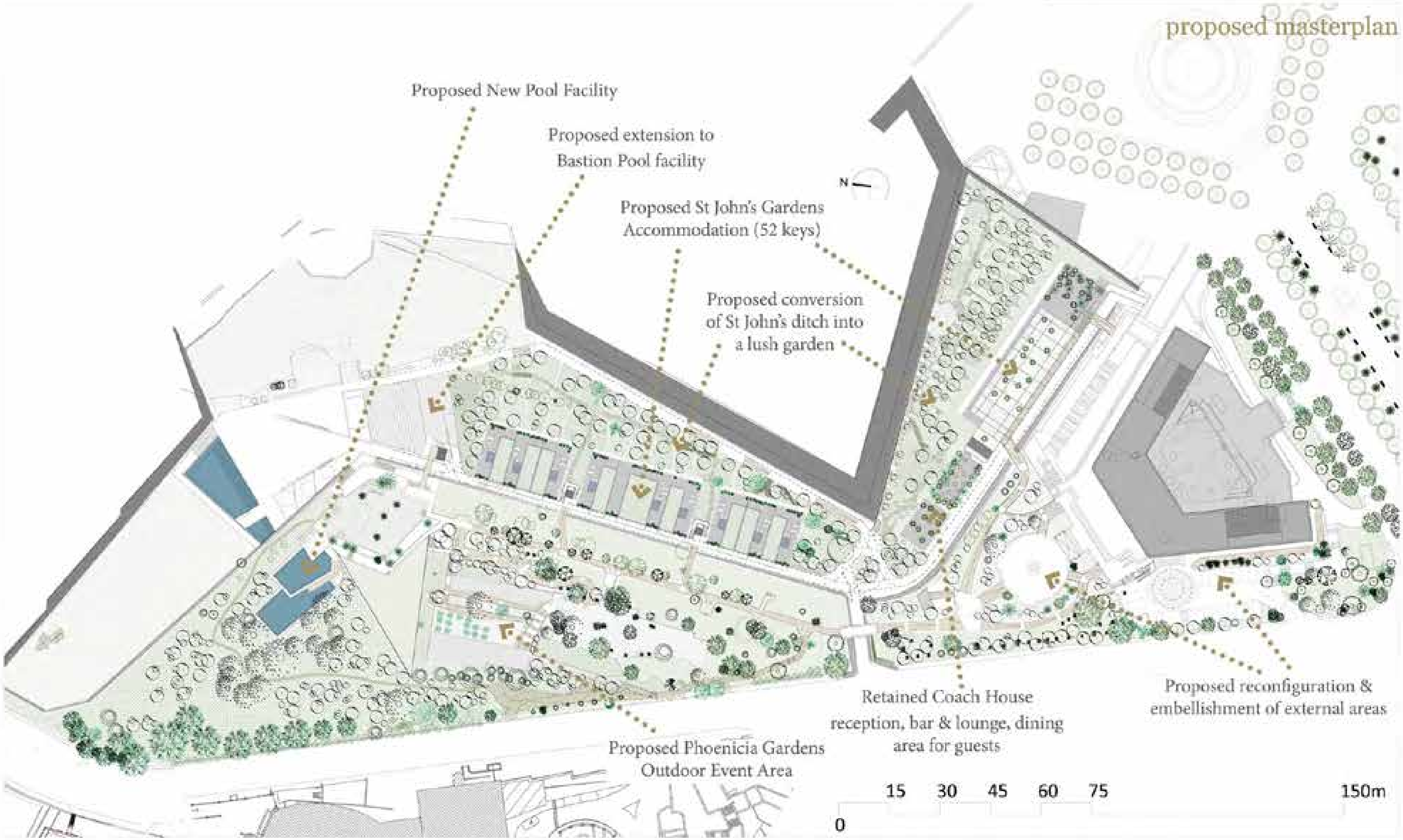
Appendix C:
Masterplan

proposed masterplan



THE PHOENICIA MALTA

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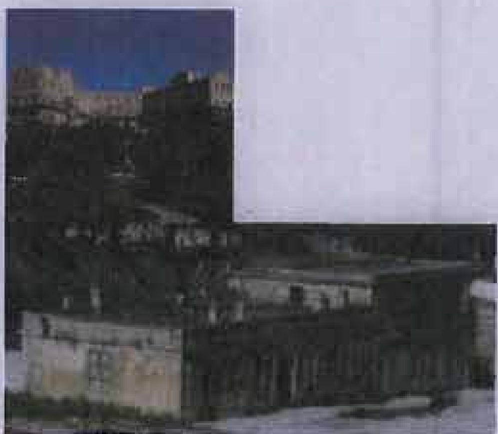
Appendix D:
Restoration Method Statement

721525

RESTORATION METHOD STATEMENT



the Phoenicia Hotel, the Historic Stables the Coach house

and the Counterscarp, Floriana.

721526

CONTENTS

721527

1. Introduction

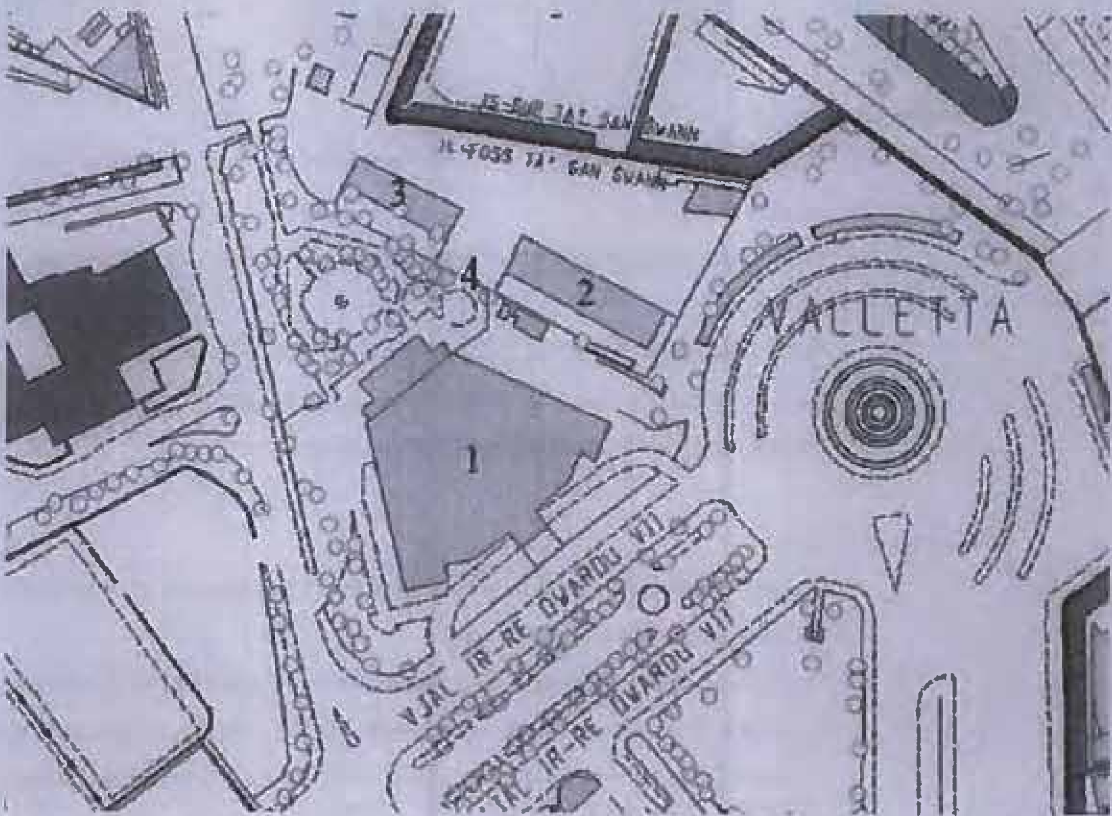


Figure 1 - Key plan indicating the Phoenicia Hotel (1), the Historic Stables (2), the Coach house (3), and the Counterscarp (4)

This report aims at providing a methodology for the masonry façades restoration works to be carried out at the Phoenicia Hotel (1), the Historic Stables (2), the Coach house (3) and the Counterscarp (4).

The works envisaged at the Phoenicia Hotel are maintenance works – the cleaning of the stone facades, the pointing of open joints and the application of a lime wash. The Historic Stables and the Coach house are be rehabilitated and the works are to include for full restoration as detailed later on in this report under proposed interventions. St John's Counterscarp is envisaged to be cleaned and restored as described further in the report.

This report is to be read in conjunction with the drawings of the existing and proposed intervention.

721528

2. Project Overview

The National Context

- New Government proposals for urban regeneration and new hotels in and around Valletta
- New Government proposals for City Gate, an opera house and a parliament building
- New Government proposals for the restoration of fortifications
- New Government proposals to reform the public transport system and reorganise traffic and pedestrianisation programme

The Immediate Context

- Original hotel on the commanding location at the highest point of extensive grounds which extend to the coast.
- Floriana side gardens separated from the Valletta side by a line of fortifications
- Valletta side of St. John's ditch and counterguard fortifications which, besides the pool facilities hold derelict and abandoned 19th century British stables and the dry cleaners buildings

The Brief

- 4 phases to regenerate and use full potential of the site from the hotel to the sea side
- Phase 1, build a stronger base of investment to sustain the other three phases

Phase 1, Scope

- Spruce up existing hotel (top floor unrelated, domestic architecture). Restore the run down and neglected old hotel
- Increase bedroom stock to just over 200 (international research exemplifies 200/250 bed hotel as optimum enterprise without need to increase Back of House)
- Attend to immediate derelict site in the ditch (since World War II, typical 1880's buildings, only ones left, garages, car park, serene ambience invasion) ; disproportion of hotel size to grounds / reasons in the past for dilapidation of grounds

721529

- Invest in infrastructural future planning (services, circulation, zoning, programme of accommodation, experience, one holistic vision)

Architectural Objectives

- Promote and bring back the revered historic original luxury hotel into public focus
- Discreetly increase the landscape that relates to the piano nobile and design within, increase bedroom accommodation.
- Connect the segregated ditch with the existing operations endorsing the regeneration of the derelict site
- Restore and extend into one holistic enterprise, the historic stables and coach house whilst converting them into bedroom accommodation and in so doing benefiting from the available potential of a unique authentic experience
- Landscape the ditch into a private haven of a garden beneath the grand bastions of the 16th century fortifications of Valletta.
- Lay foundations within the proposals for future consequential and sustainable regeneration throughout the historic landscape.
- Phase 1 to part finance or fund : 1) restoration of 'historic covered way', 2) restoration and rehabilitation of the British buildings within St. John's ditch, 3) restoration of the historic spur within gardens , 4) the reconnection and regeneration of the coastal area and restoration and rehabilitation of historic St. Rocco's baths, 5) the restoration of the historic glacis, 6) proposals to counter the negative impact of the proximity of the bus terminus and public toilets to St. John's ditch. All of which is a disproportioned burden to the present enterprise in terms of the economies of scale.

721530

Architectural Language

- To be sympathetic and work with existing 1930's 'Phoenicia art deco' style
- As well as to represent the best of today's society and culture with an elegance the establishment demands
- Wherever the two shall meet there will be a respectful and gentle empathic conversation.

PA 21531

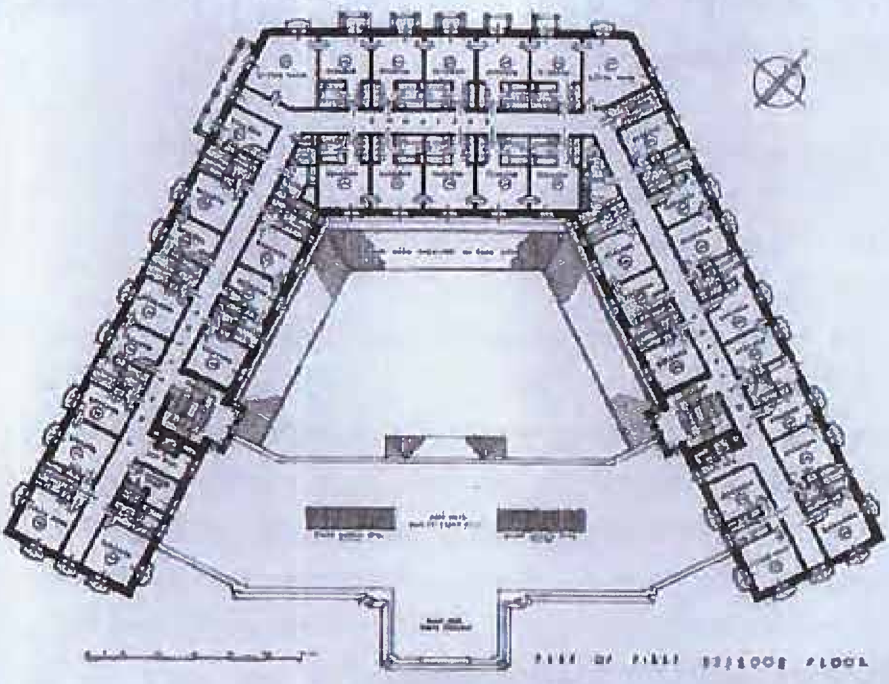
3. Historical Overview

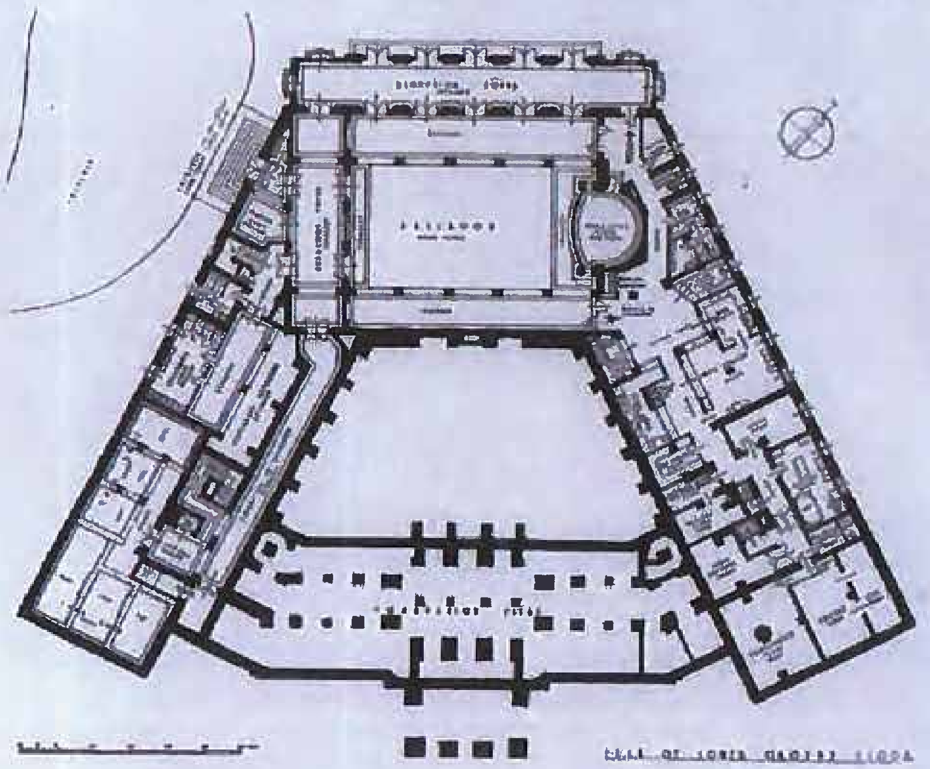
Zone1 – Hotel Building

The hotel is located right on the edge of Valletta's walls, and partly sits on some of the fortification system outer works. This location gave the hotel its shape and also contributed to the general organisation of the grounds, with its elongated shape that stretches from Valletta's main gate to the sea shore.

The project to build the Hotel Phoenicia was initiated in 1935 by Lady Strickland, who, in 1936, called the architect Lt.-Col. W. B. Binnie to study the conditions and design the hotel. At a time when travel between Malta and London took 60 hours, the Phoenicia was to be the only hotel on the island and was intended for a cosmopolitan clientele but was also to provide accommodation for the wives of the officers of the Mediterranean Fleet. Upon approval of the plans by the Government of Malta, works started on the building, and most of the structural work was completed by the outbreak of the war. However works had to be suspended and the finished portion requisitioned by the Services.

721532





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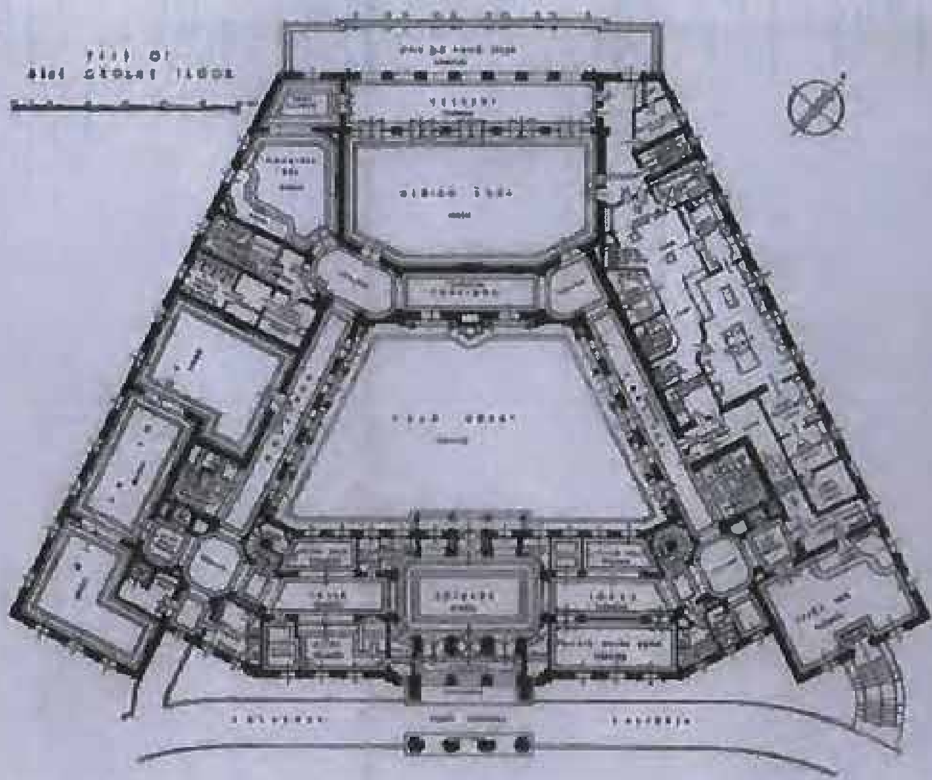
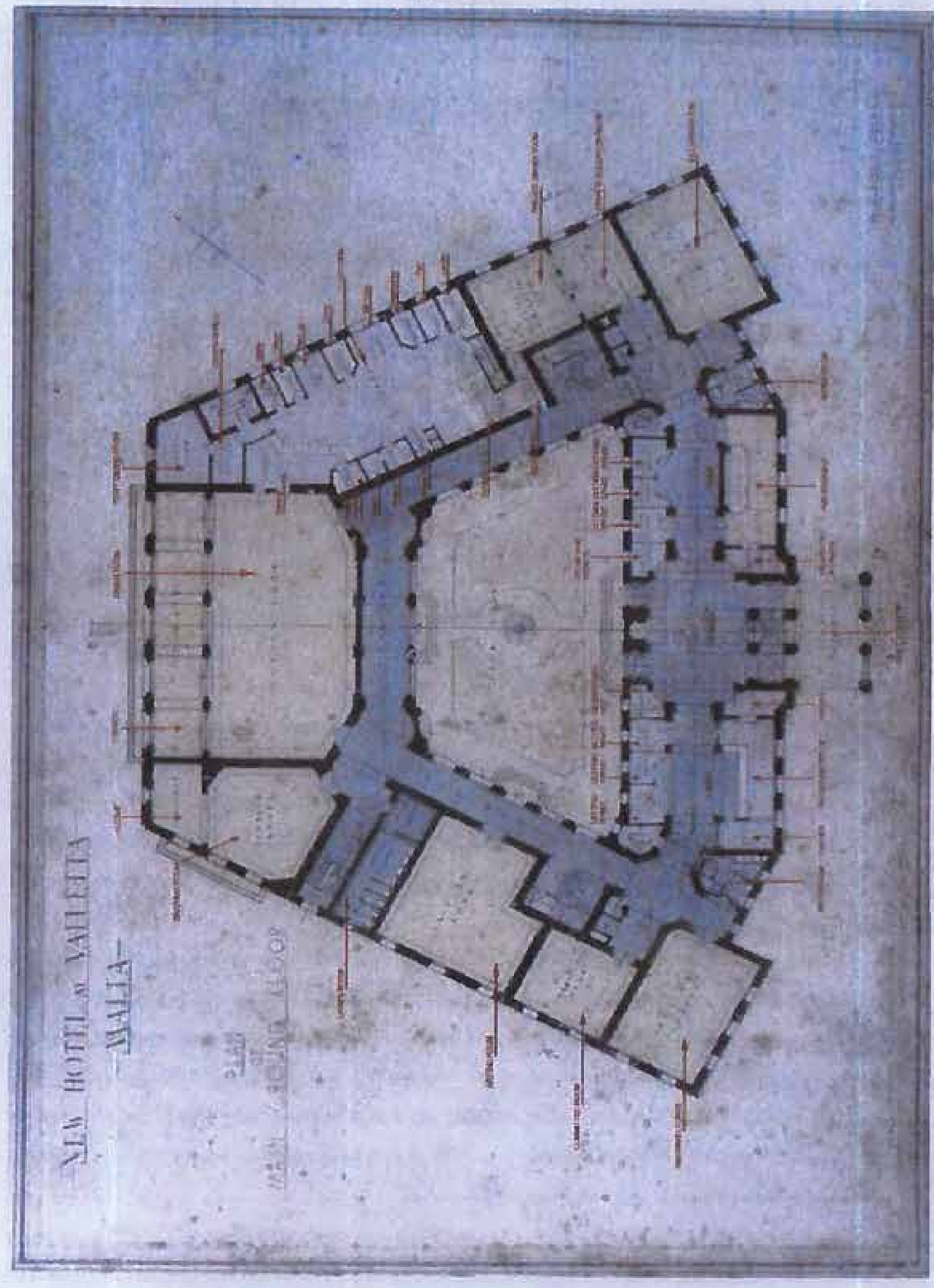
721533



The site was heavily bombed during an air raid on April 27, 1942, with an estimated 100 bombs dropped on the building and gardens. The area situated around the Pegasus Bar was particularly affected by the bombings and had to be reconstructed after the war. In 1944, Binnie was requested by the Governor to proceed to Malta and begin the reconstruction of the premises. Despite having to compose with the difficulty in obtaining materials and fittings, most of the hotel was opened in November 1947, and completed in April 1948; by then, Malta was only six and a half hours away from London, by plane.

Architecturally, the plan follows the (original) site boundaries, giving the building its particular "chevron" shape. One major design consideration for Binnie was to embody the spirit of Malta in the design of the hotel. To that effect numerous references to Malta's monumental heritage were made. Thus the building was constructed in Maltese limestone also using a mortar mix composed of crushed limestone and lime, and "all inside walls were brought to a smooth finish so that no plaster work was necessary". Similarly, the heavy coffered ceiling in the Main Entrance Hall is reminiscent of local Maltese architecture. Other materials included terrazzo and marble, as well as teak, for the floors. Various types and colours of marbles were used throughout the hotel. Finally, ironwork was extensively used for the balcony railings, staircase railings, chandeliers, gates, etc., with different finishes such as paint, enamel,

721534



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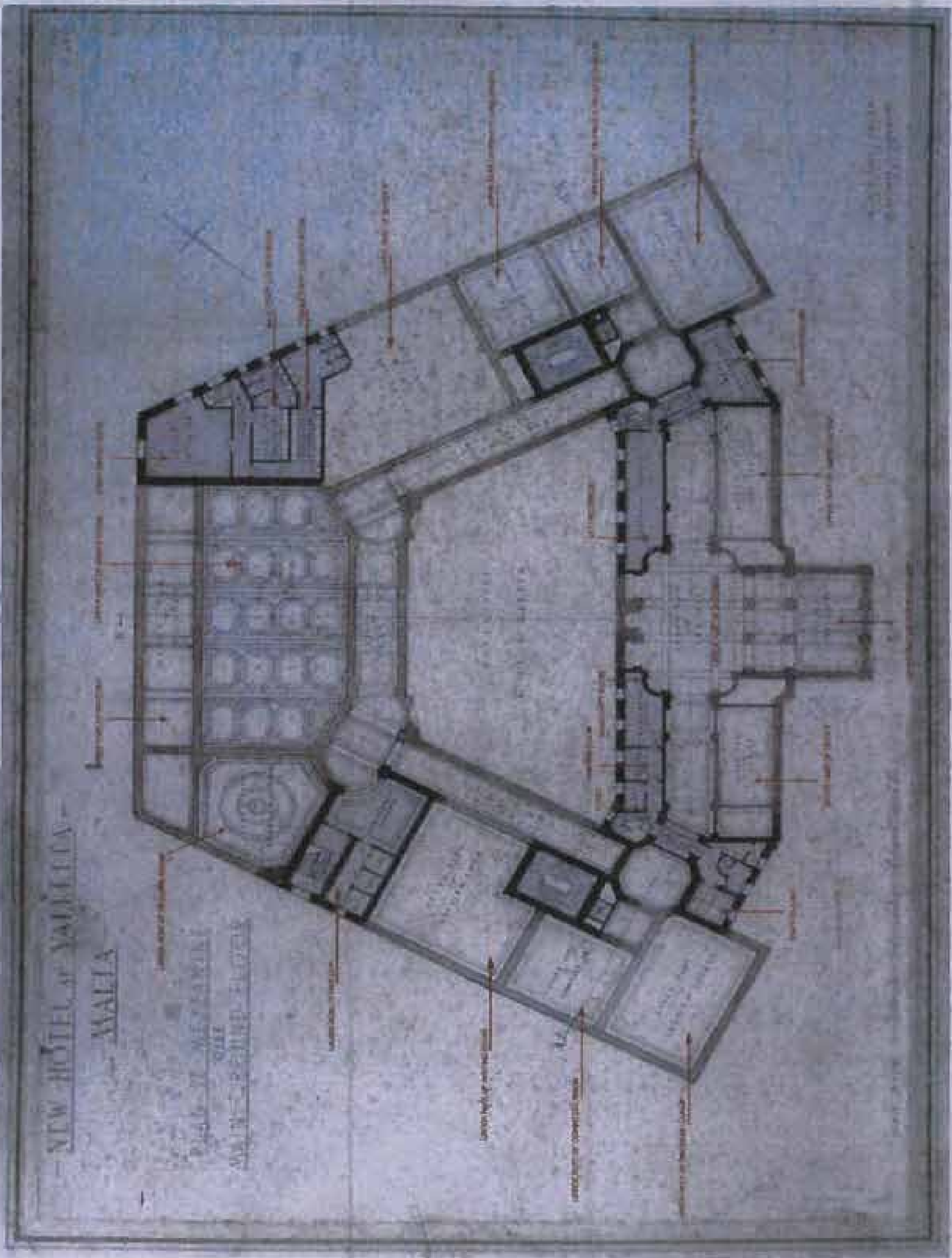
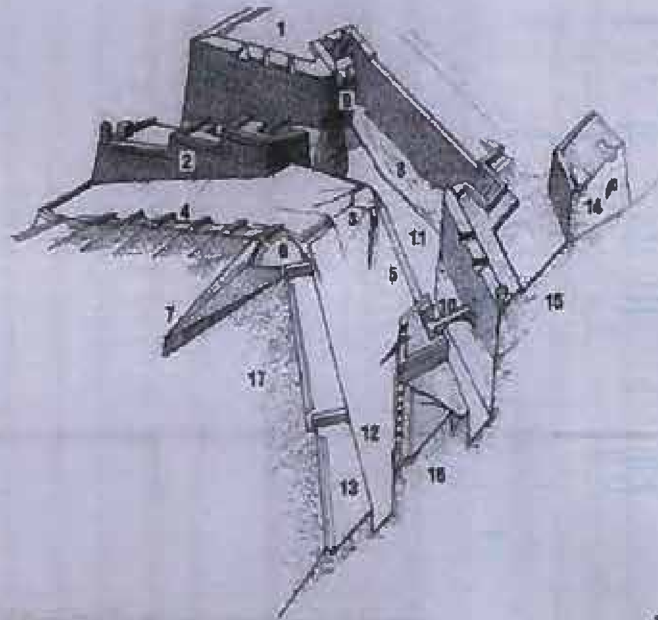


7?21536

or even crystal drops for the chandeliers. On the ground floor, the hotel accommodation included an entrance hall, a central open-air palm court surrounded by a continuous corridor, a dining room, a non-resident snack-bar, a cocktail bar, a winter lounge, and a kitchen that extends the length of the building

721537



1. St. Michael's demi-bastion
2. St. Michael's Counterguard (1640)
3. Place-of-arms connected by a tunnel to caponier
4. Descending covered way with a series of traverses
5. Rock-hewn glacis
6. Place-of-arms
7. Spur of place-of-arms
8. Curtain
9. Orillon battery
10. Bridge linking bastion to counterguard
11. Main Ditch
12. Ditch of outerworks
13. Covered way
14. Section through St. John's cavalier
15. Section through St. John's bastion
16. Section through St. John's counterguard
17. Glacis

721538

on the North side. For entertainment, a ballroom was located on the garden side, and an open-air dance floor was also included. The hotel had, at the time of opening, 108 rooms and 8 suites. Proof of its high standard of service, the hotel was entirely air-conditioned and electric panelled radiators provided heating. The hotel also had its own electricity plant.

The hotel underwent some modifications in the late 60's including the covering of the courtyard and later on in the early 90's the addition of a floor. Various schemes that were proposed but not carried over carried over, included the construction of an open-air theatre, and the construction of a pool closer to the hotel.

The site under the management of the hotel was extended in successive phases to today's size.

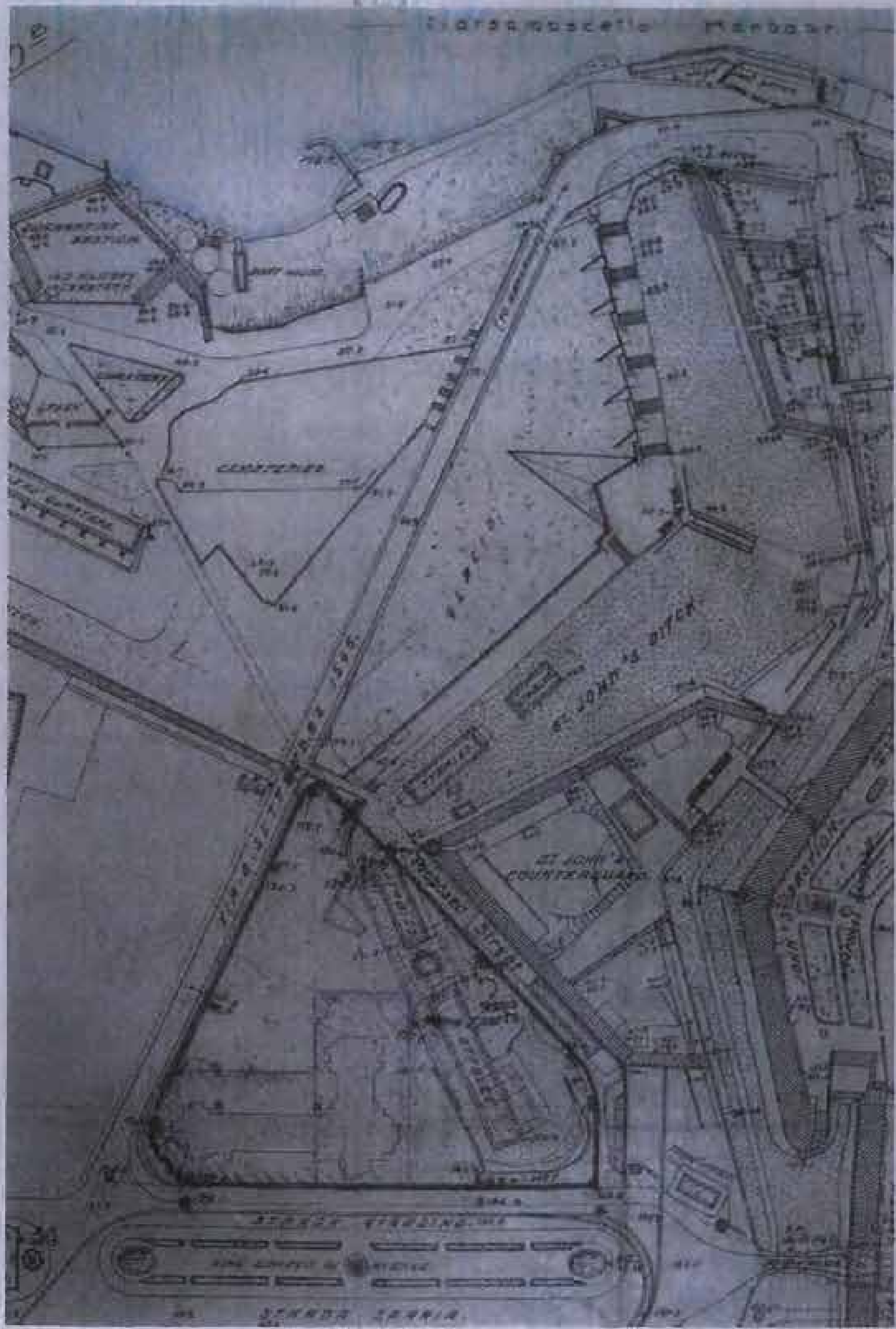
William Bryce Binnie (born 1885 or 1886) was a Scottish born architect. He studied at the Glasgow school of Art from 1908 to 1910 and obtained a Gold medal and travelling scholarship in the latter year, which enabled him to spend approximately a year in Italy. Upon his return he went to New York to work as a designer in the office of Warren & Wetmore, where he was responsible for the detailing of Grand Central Station and was supervising architect for the Baltimore Hotel. He returned to Britain in 1913 to work as chief draughtsman for Leonard Martin, London.

After serving in the armed forces during the First World War, he was appointed in 1919 Deputy Director of Works for the Imperial War Graves Commission, supervising the erection of war cemeteries and memorials in France, Belgium and Germany. He remained based in Saint-Omer, France, until at least 1925, when he was admitted FRIBA. He was described by his proposers as "an architect of great ability" who would "do great things in the future".

Upon his return in Britain he formed "an association" in 1927 with the London architect Claude Waterlow Ferrier. Ferrier was a Scottish architect himself who had a preference for the Art Deco style. Together, Ferrier and Binnie undertook numerous commissions in London, including the Extension to the National Temperance Hospital (now part of University College Hospital), the Headquarters of the Mother's Union, the West Stand of Arsenal's Highbury Stadium (1932), and several hotels and townhouses in London. Ferrier died in a circulation accident in 1935. Binnie continued the practice and realised several works under his name, two of which include the East Stand of Arsenal's Highbury Stadium (1936) and the Hotel Phoenicia in Malta (1936-1948).

Sources: Dictionary of Scottish Architects, William Bryce Binnie, 2006, Dictionary of Scottish Architects, Claude Waterloo Ferrier, 2006, Purcell, Miller, Tritton, Draft. A Conservation Plan for Highbury Stadium, London, 2005

721539



Marsamuscetto Harbour
CEMETERIES
ST. JOHN'S DITCH
ST. JOHN'S COUNTERGUARD
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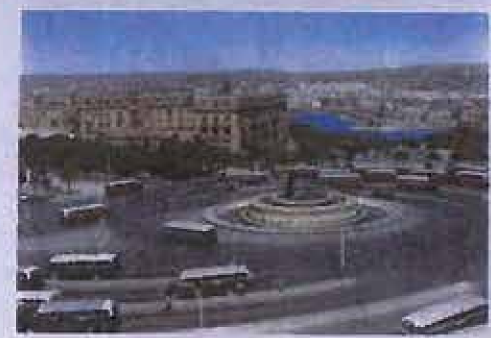

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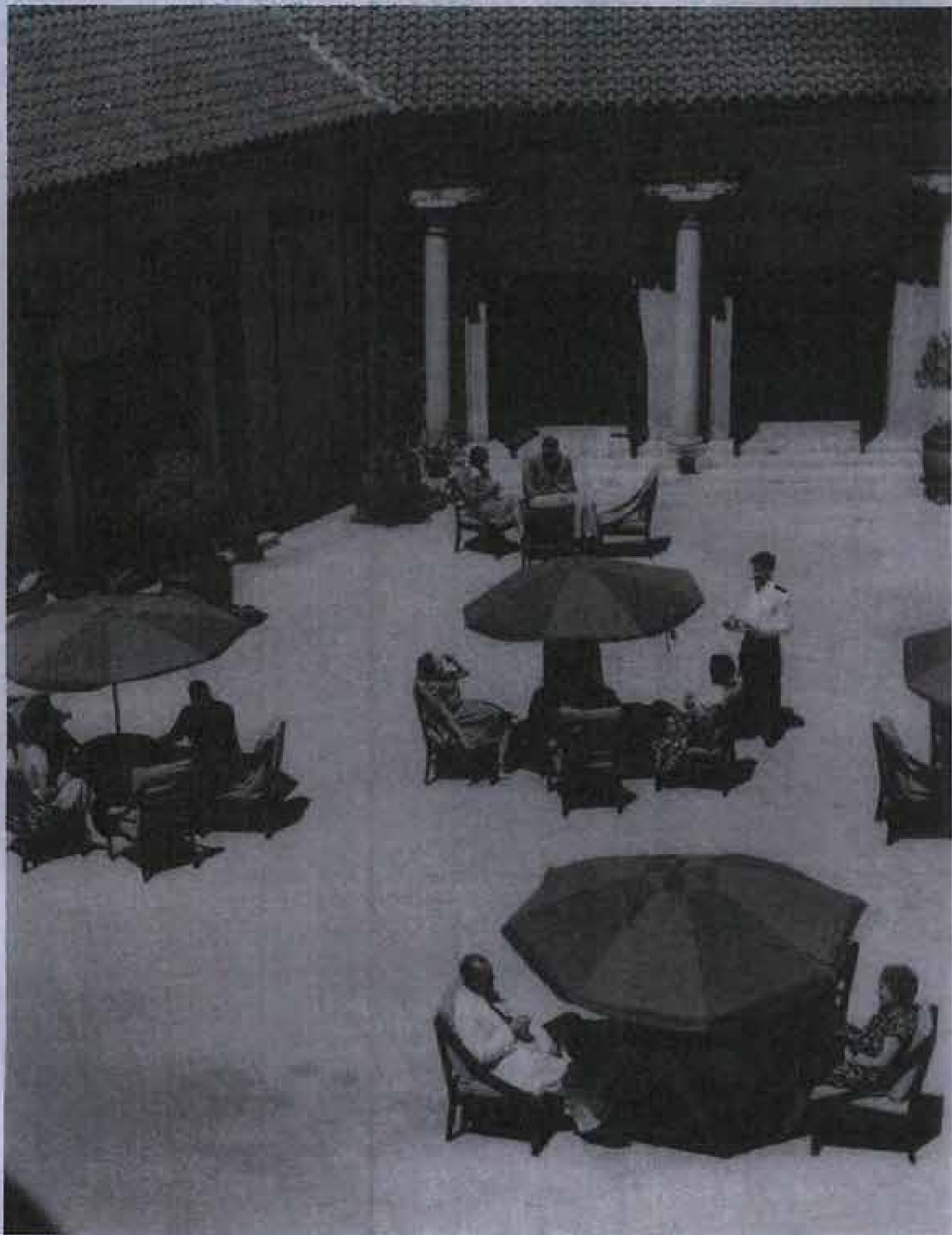

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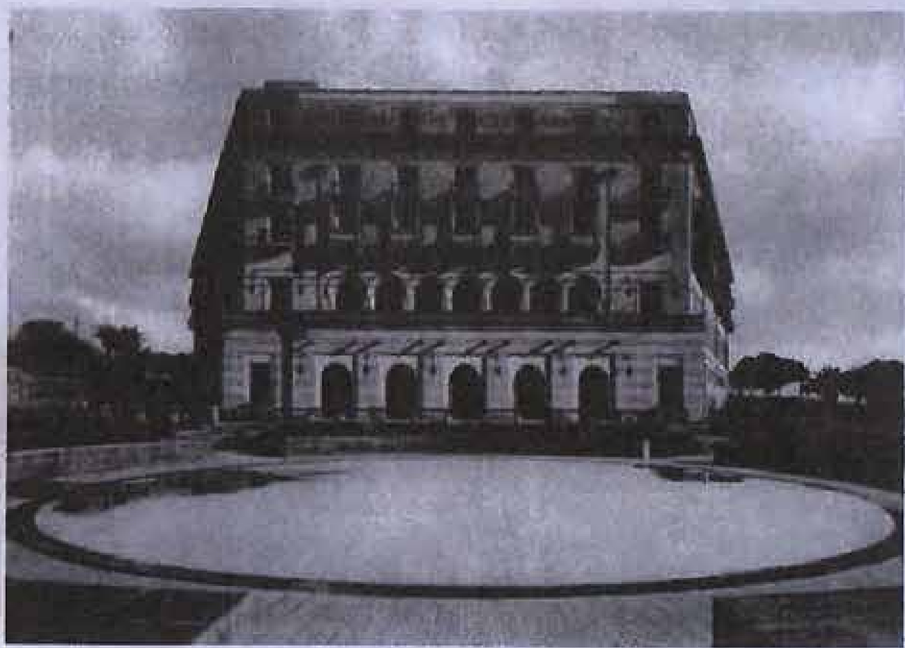
Zone2 – Hotel Grounds

This zone consists of the area immediately adjacent to the hotel building, bound by the Mall to the South-East, the ditch of the outerworks to the North, the ring road to the South-West and an interruption in the covered way to the North-West at the junction with the Floriana entrenchment. Historically this area was part of the glacis situated in front of Valletta's fortifications. However as it can be seen on historical photographs, this area was already modified prior to the hotel construction. It is nevertheless established that the hotel building works induced the partial excavation of this area; this area was probably partially modified following the Second World War bombings. Historical documents suggests that the hotel is sited on the location of a place of arms and spur, which were part of the fortification networks but seem to have been inexistent at surface level when the hotel construction went underway.



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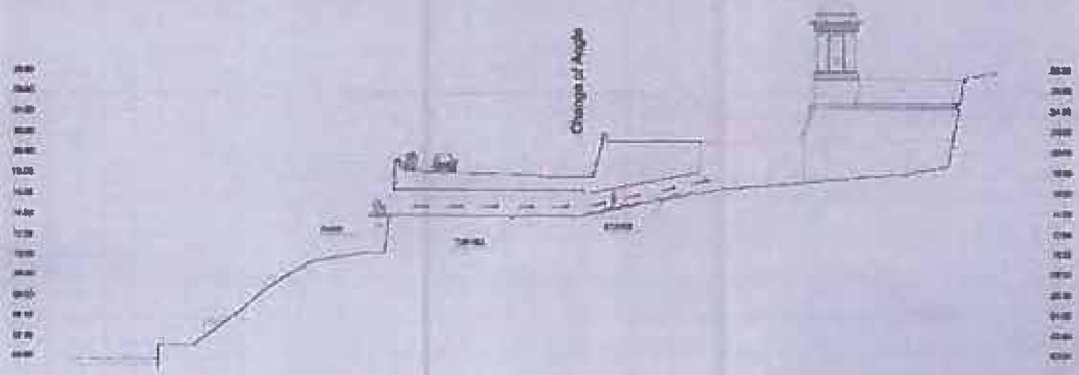

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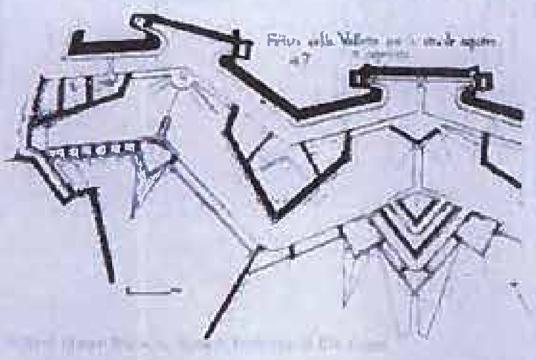

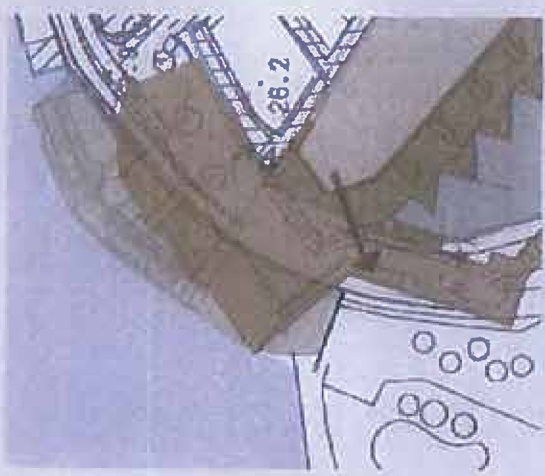

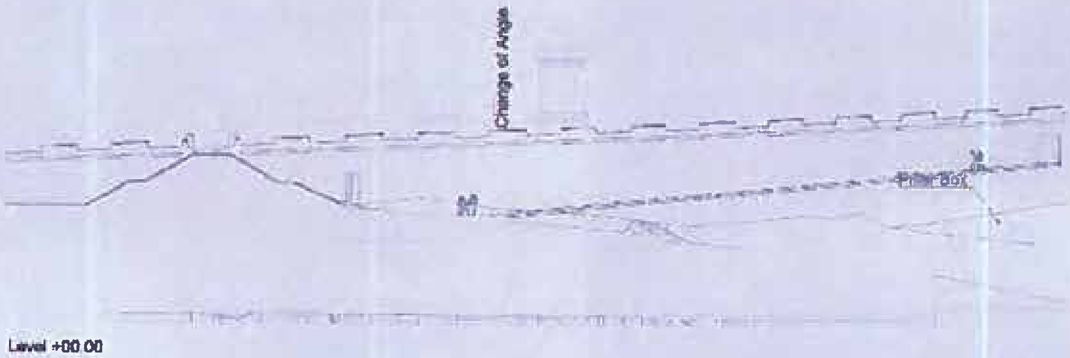

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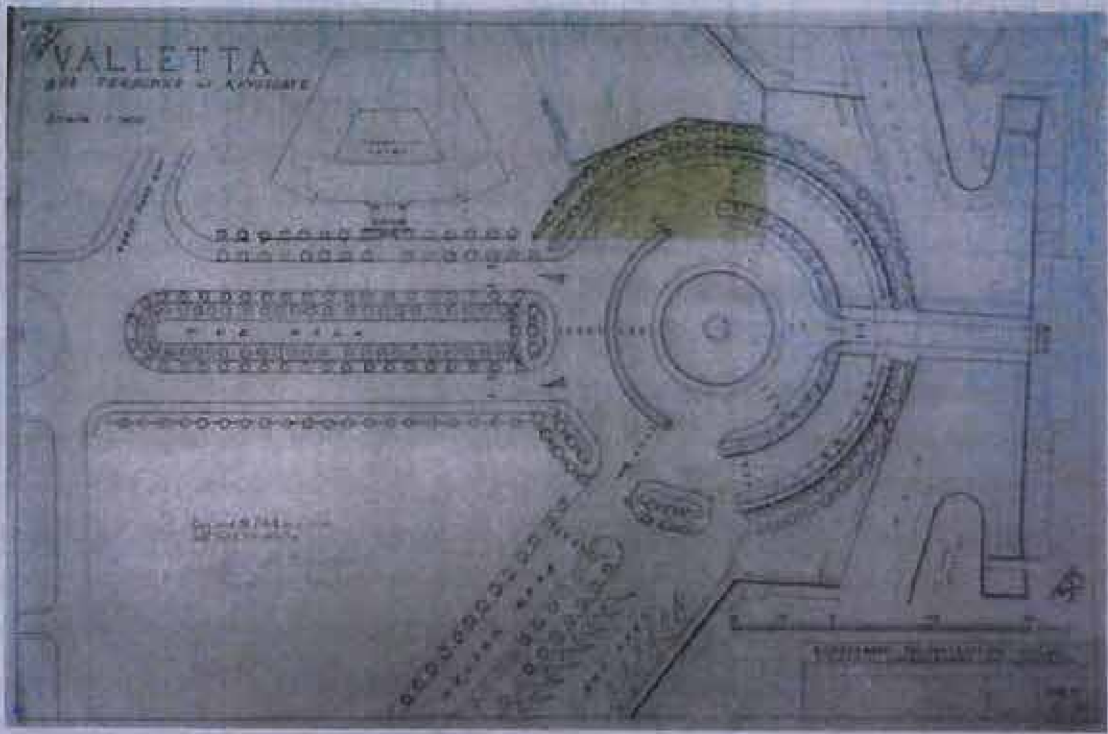

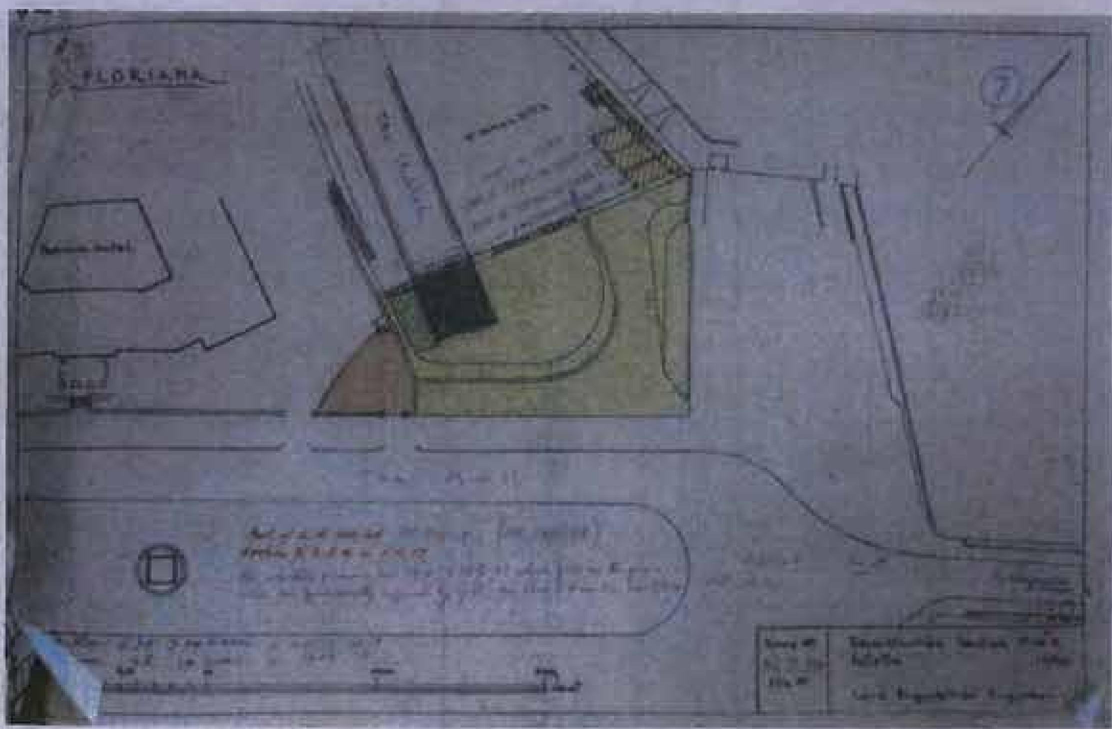

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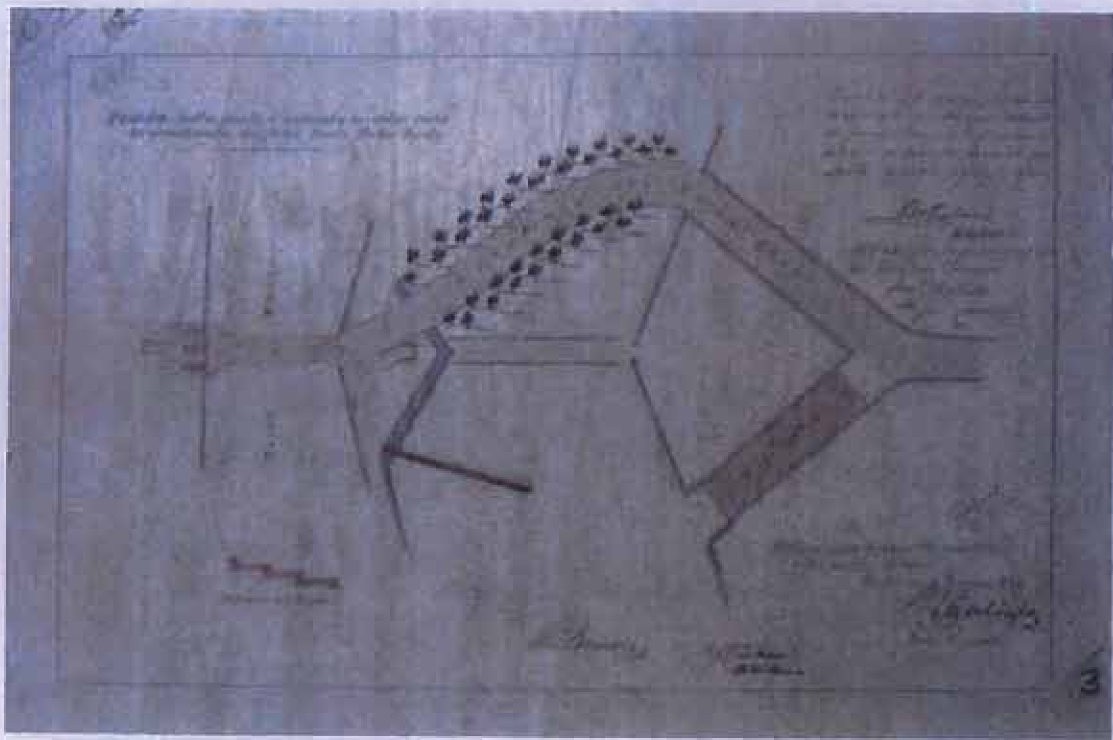
Zone3 – British Stables and Coach House and St John's Counterguard Ditch

This area is located right below the hotel, between the counterscarp and St John counterguard. The outerwork ditch is part of the later fortification process for Valletta, having taken place in the 17th century. Although not as deep as the main ditch, the outerwork ditch ran from Marsamxett Harbour to Grand Harbour; today it has been profoundly modified to the extent that its levels have changed so much that in some areas it is barely recognisable as a ditch. Located within the Phoenicia grounds are buildings known as the stables and coach house which were built by the British to be used in conjunction with the parade ground located across the road in Floriana and with all the military barracks that used to be present in the area, some of which are now housing government departments in the Belt is-sebh area. At present, no literary sources were found to specifically mention those buildings; however, iconographic and topographic documentation indicates that some of their uses were as stables for the army. One building is also clearly identified as having been used by the navy, as can be witnessed by the anchor on the entrance gate, and as is confirmed by a plan found at the National Archives of Malta, filed under Her Majesty's Dockyard and referring to the Commander in Chief.



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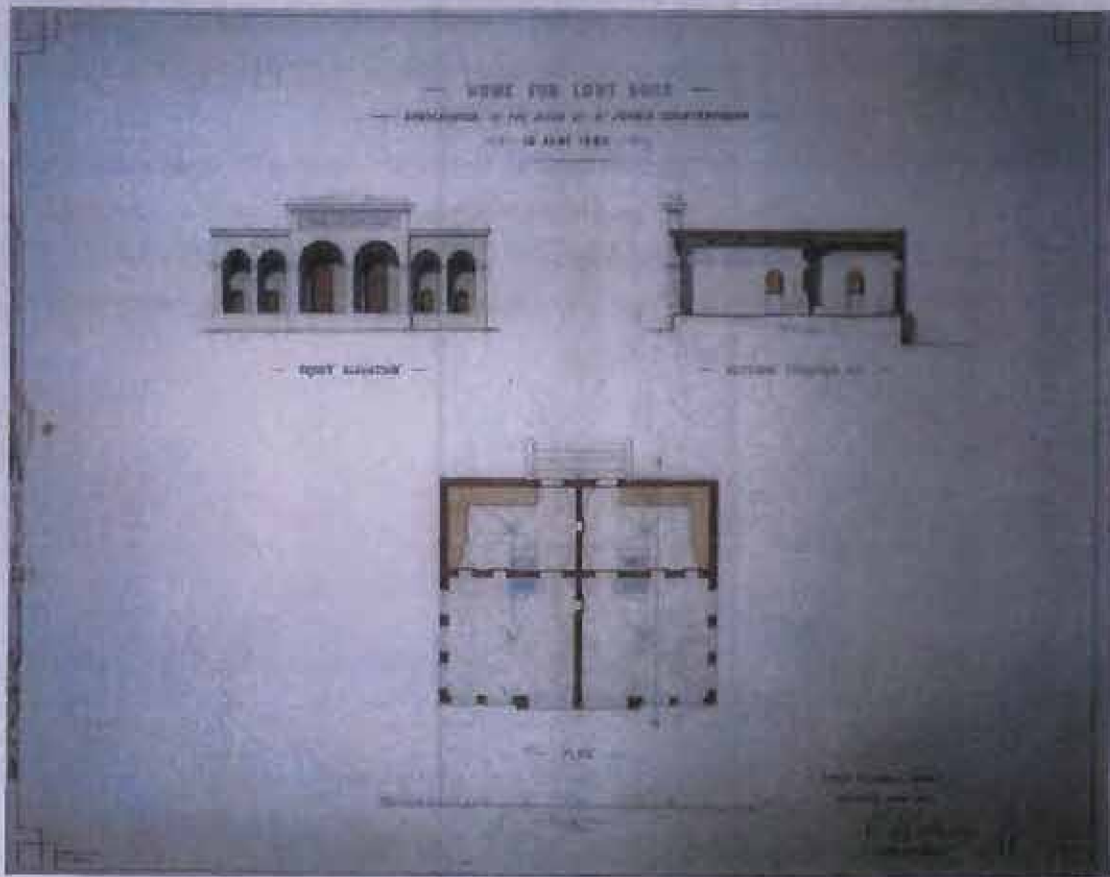
The first documented intervention to affect the defensive function of St John's ditch, was the construction in 1875 of a public staircase that led from St Magdalen Ravelin in front of Porta Reale to the bottom of the ditch. This followed the excavation of a new road to access Porta Reale through the ravelin and St James ditch. The construction of the staircase might have been motivated by the recent setting up of a performance space (known as Politeama) in the ravelin, right by the side of the staircase leading to the place of arms where the hotel stands today.

In 1880 a first building was erected in St John's ditch. The project to build a Home for Lost Dogs was initiated around May 1880. The one storey building, conceived on a square plan was completed in June 1880. The kennel consisted of two enclosed rooms at the back each containing a slightly raised wooden platform and a drinking trough, and two sheltered open spaces on the front. All the spaces were connected through vertical sliding doors. This Home for Lost Dogs was demolished in the mid-20th century, and nothing on-site remains that can indicate its presence. However, contemporary drawings indicate a traditional 19th century construction, using local limestone and steel beams.



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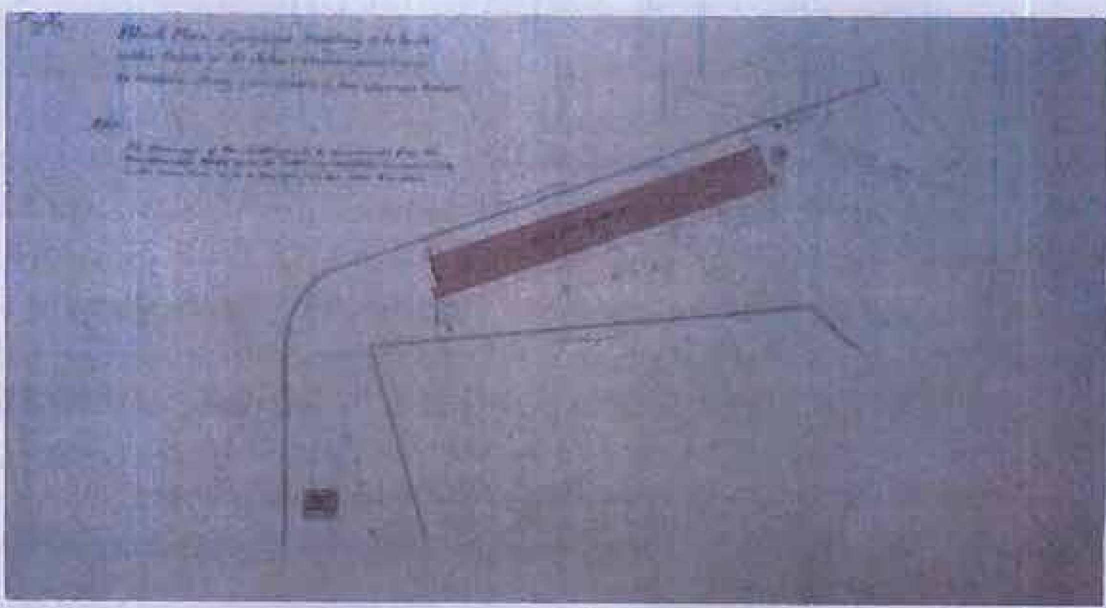

It is during the same time that plans were made to build several stabling buildings in St John and St James ditches. Several proposals were made between 1880 and 1881 for the buildings in St John's ditch. The buildings were to contain 142 stalls and 14 coach houses.

Interestingly some documents seem to indicate that parts of the stables were privately rented as early as 1882. Due to the presence of the public footpath linking St Magdalen Ravelin to the place of arms, original plans of the area indicate one of the stabling blocks to be located in the middle of the ditch. However later drawings indicate that the footpath was eventually redirected and the stables block built in-line with the Home for Lost Dogs.

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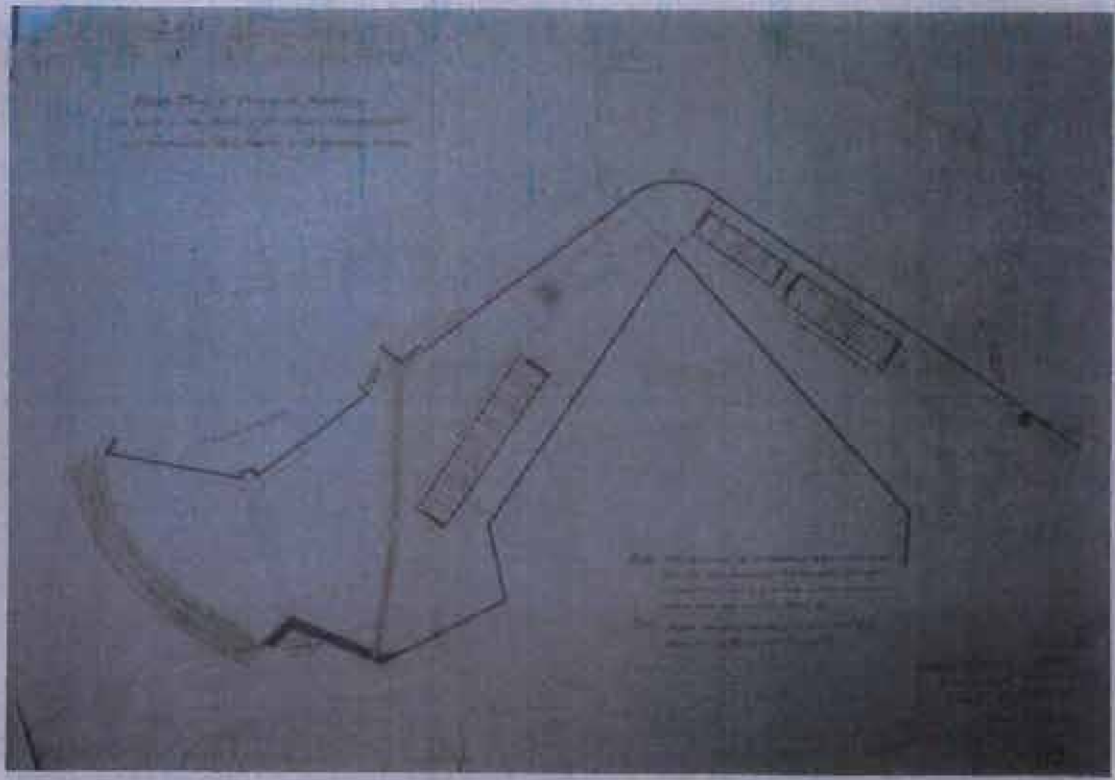

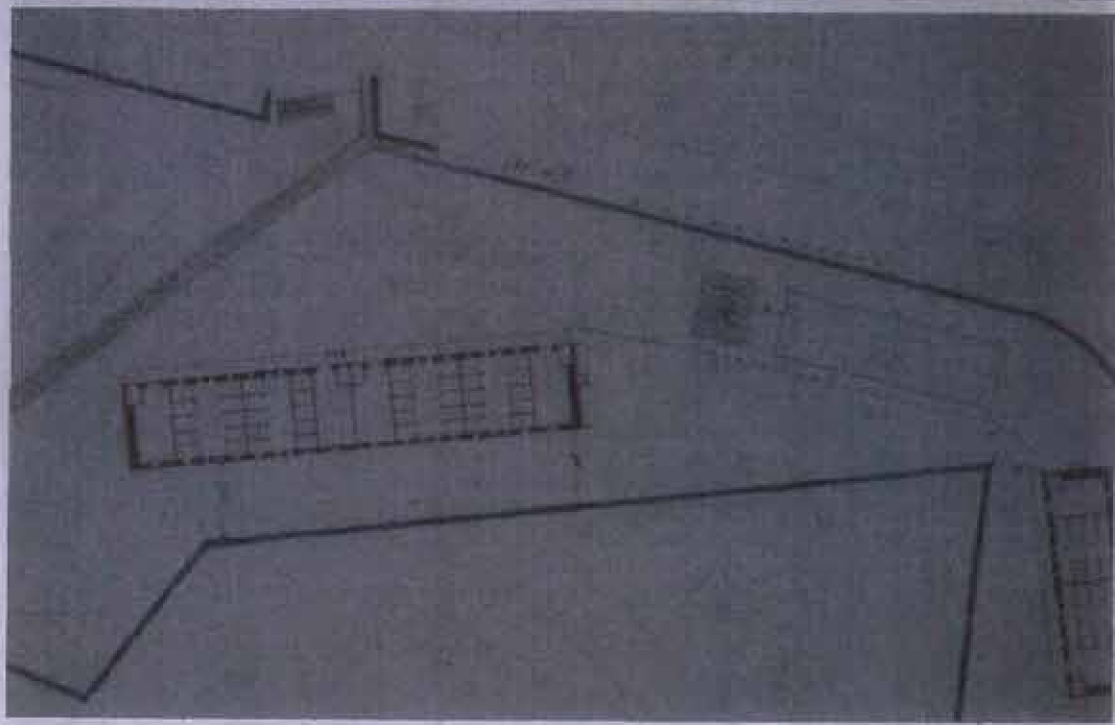

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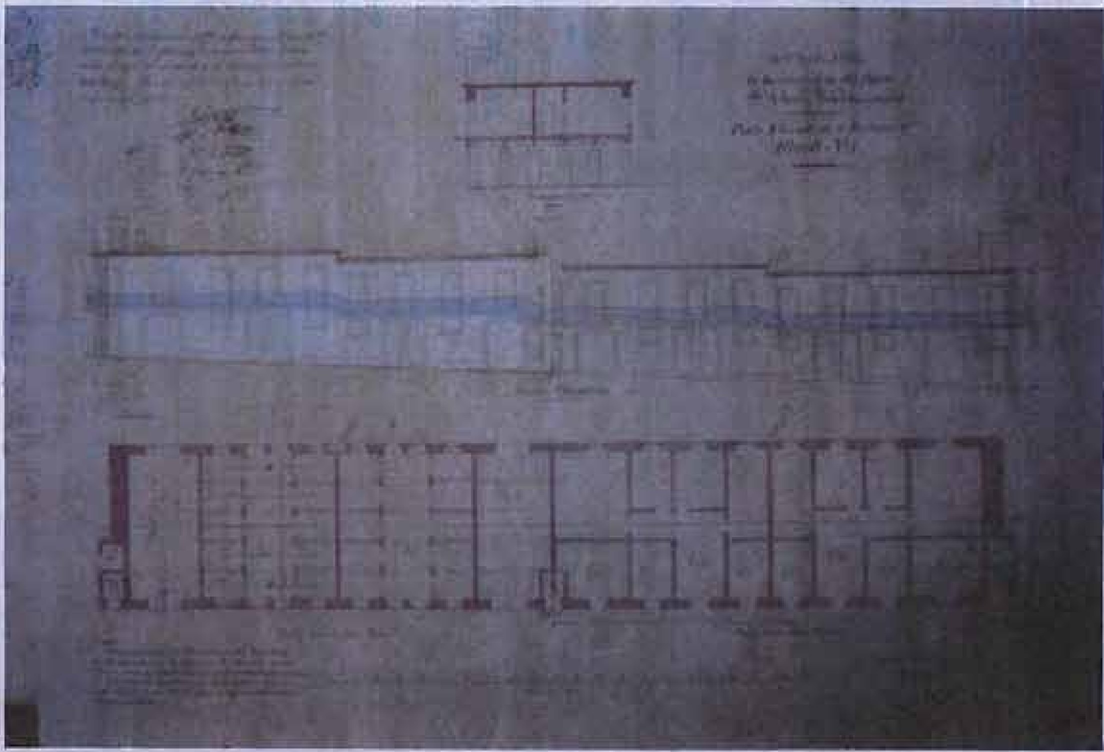

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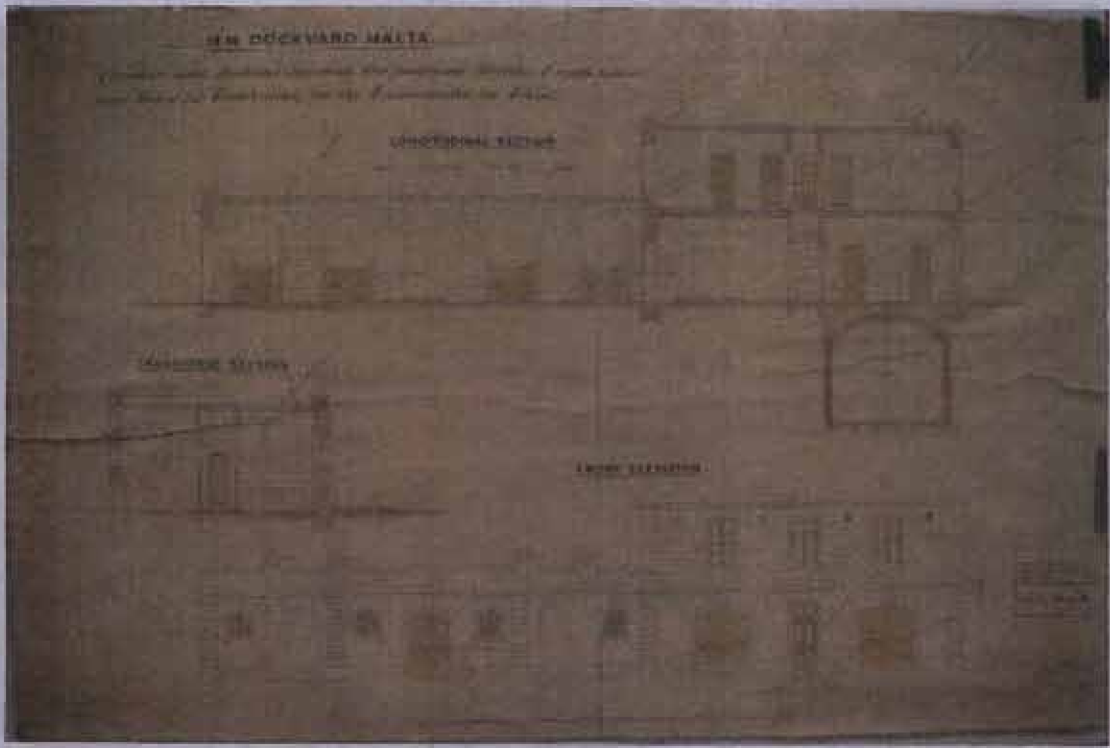
In 1887, a building to accommodate the Commander in Chief's stables and coach-house was built on the other side of the Home for Lost Dogs. Drawings held at the National Archives of Malta show an elevation matching the existing building and including a cellar under part of the ground floor.



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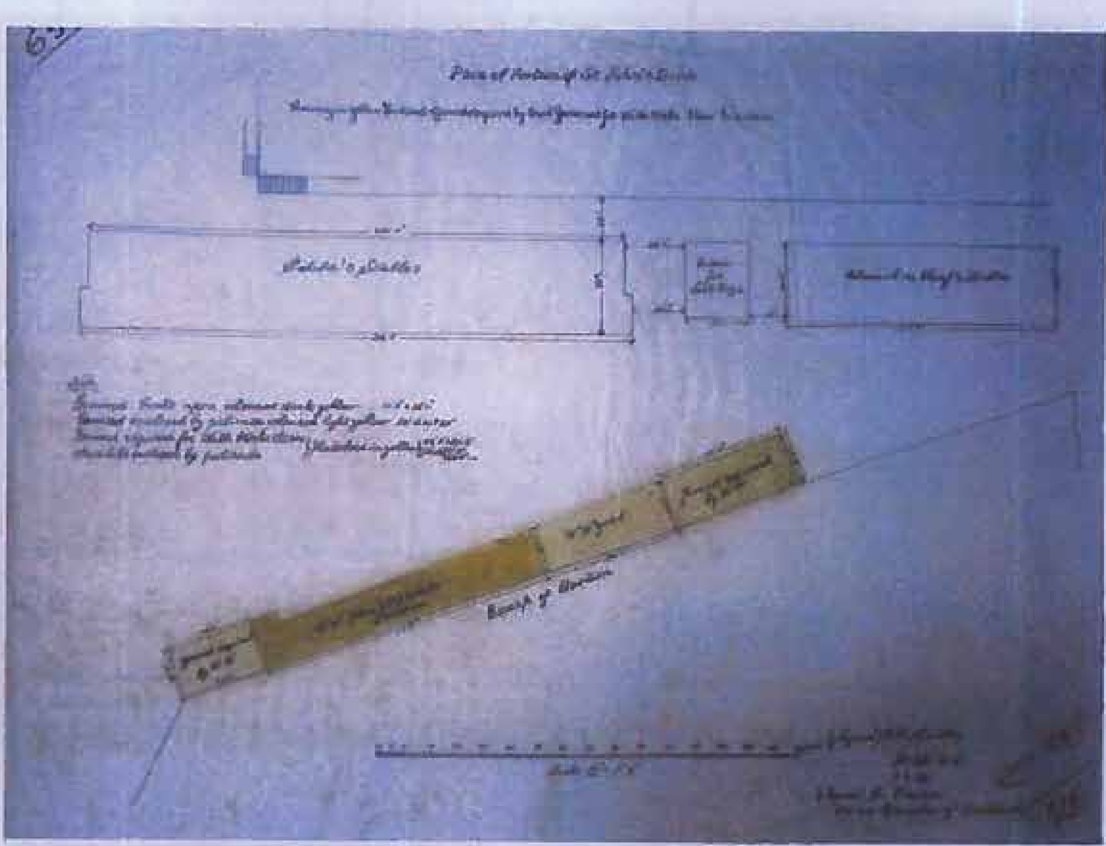
The last building on-site was erected in 1888, at the foot of St John's Counterguard. These buildings were to accommodate an extension for the Civil Government Water Works stores. Traces of these buildings are still visible on the counterguard's wall.



The fortification walls provided several shelters to the population of Valletta and Floriana during World War II. Literally dug out of the rock base of the bastion walls, these little spaces were allocated to individuals and families. Surviving records show an extensive network of small chambers, sometimes connected, that were accessible form ditch level and which were spread all along both landfront ditches, from Marsamxett Harbour to Grand Harbour. These records, interestingly, also documents the name of the users and their addresses.

The profile of the ditch was extensively modified with the construction of a new wall in 1900, affecting both the ditch and the counterguard. These works intended to provide a new area for the developing transport terminus in front of Porta Reale, notably with the introduction of an electric tramway in 1905. These alterations carried on being made throughout the first half of the 20th century, and ultimately led to the construction of the present bus terminus in 1954, which required the erection of a new retaining wall at the end of the ditch, and which also included the demolition of part of the stables. The works also included the relocation underground of the public convenience within the volume of the new wall built at the edge of the bus terminus. These facilities were first implemented in the area in 1893. First intended to be located on St Magdalen ravelin, they were in the end erected in St John's ditch.

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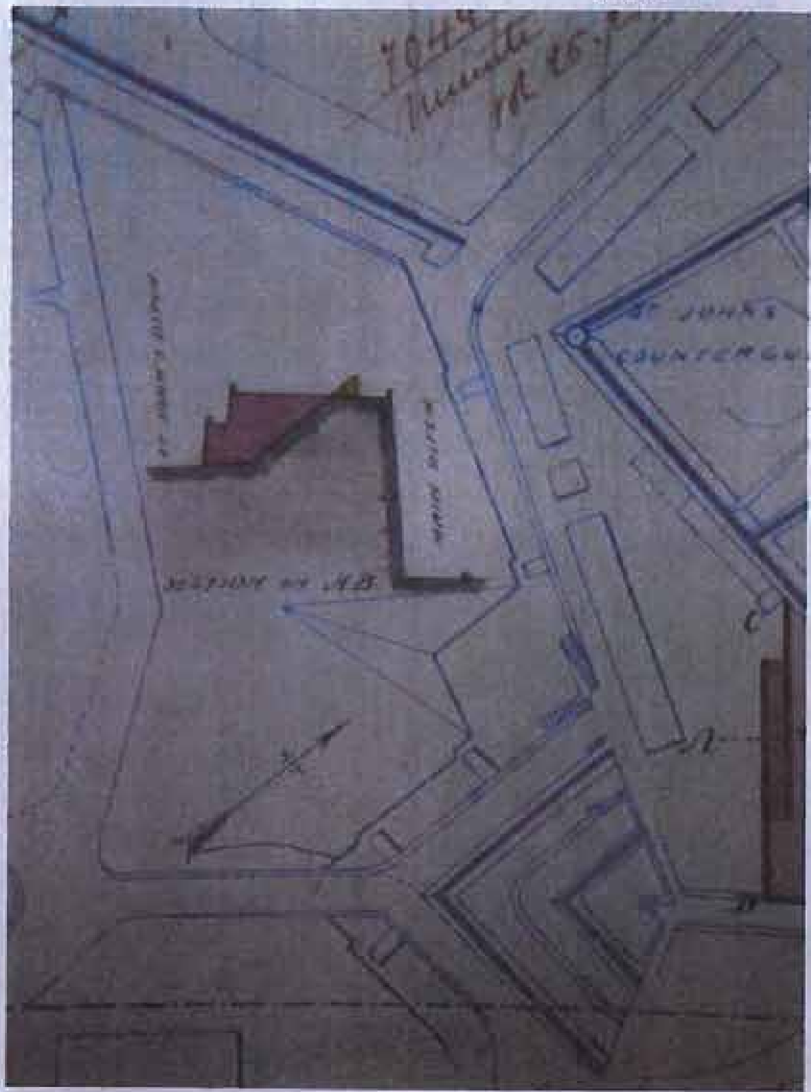

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4. Condition Report

This report provides an analysis of the condition of all the facades of the Phoenicia Hotel building, the historic stables and the coach house in the ditch between the counterscarp and St John's Counterguard, Floriana.

Phoenicia Hotel

The Phoenicia Hotel is a five-storey building built in a "chevron" shape in the 1930s. The last storey was added on at the end of the twentieth century. The north-west and south-east facades accommodate large terraces at first floor. The south-east façade has a porte-cochere at the main entrance, and a side entrance to the restaurant. The south-west façade has a side entrance door and the north-east façade accommodates service entrances.

Interventions

The known main interventions to the building were the following:

- Reconstruction of demolished parts of the South Façade wall in the 1940s;
- Covering of the courtyard in the 1960s;
- Extension of the top floor in the 1990s;
- Cement repair works on the façade walls – particularly beneath the balconies and pipe insertions etc.;
- Some stone replacements throughout the façade walls;
- Relatively new insertions of ironwork for balconies and railings;
- *Fountain relocated presumably when courtyard was covered - badly weathered and decayed. Note: this would require further restoration work, such as plastic repair.*

Cement splashes/deposits can be observed all around the balconies, following the cement repair works. Untidy and uneven **cement repair works** were observed in the south-east façade wall, around the reconstructed area. The cement works seem to follow the joints between two courses of stone. The observed deterioration to the stone right beneath this intervention could have been a consequent result. Faster weathering and more severe erosion could have occurred due to the impervious nature of the cement.

In the lower areas of the façade walls, **mechanical damage** was observed due to the insertion of drainage/water pipes, particularly in all the facades, except at the main entrance and *porte-cochere*. Possible mechanical damage was also observed around some apertures, which resulted in **diagonal cracks** in two directions.

1556

Stone Deterioration

Most of the deterioration observed on the façade walls falls under one of the following descriptions:

- Black crust, exfoliation, powdering, efflorescence – mostly around the sheltered areas/cornices;
- Alveolar decay – mostly observed in the corners on the south-east façade and the north-west façade;
- Vertical cracks – mostly at the cornices and around decorative stone, also in areas beneath replaced stone;
- Chipping – mostly around decorative stone and at the edges;
- Differential erosion – throughout the walls;
- Loss of mortar joints – throughout the walls;
- Blistering – on the walls of the *porte-cochere* and in more sheltered areas/corners;
- Soiling and staining – throughout the walls;
- Mould and moist areas – particularly around metal accretions, decorative stone and lower courses of stone;
- Cement repairs, mechanical damage – throughout the walls, mostly around openings or lower floors;
- Accumulated soot/dirt/pollution – particularly in grooves and decorative stone, or sheltered areas such as corners.

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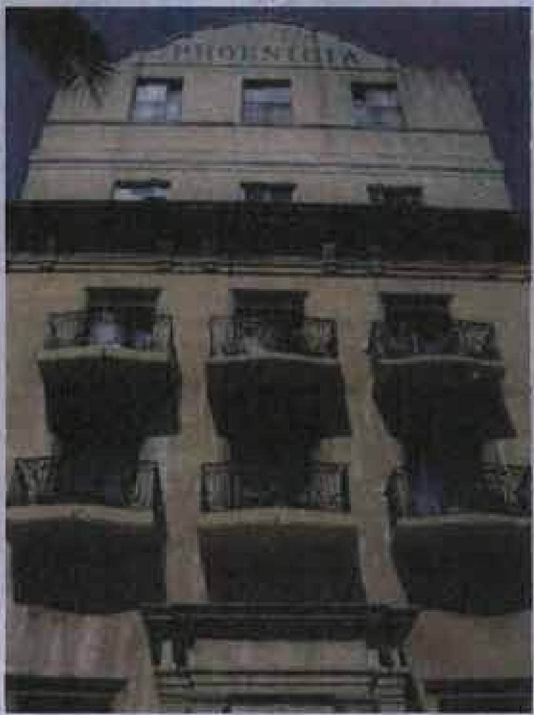

The south-east (front) façade.

Black crust, exfoliation and **powdering** were observed at the underside of the top cornices and in between the decorative stones mostly. The underside of the cornice in the south-east façade wall, for example, was observed to have some degradation and minor deterioration especially around the decorative stonework. Black crust is mainly composed of an accumulation of particles from the environment trapped within the gypsum matrix. For this reason it is usually found in areas sheltered from direct rainfall, since rainfall would otherwise wash it away.

The south-east (front) façade at the porte-cochere – black crust.

The south-east (front) façade – exfoliation.

Powdering and alveolar decay, a form of differential erosion, is mostly found on the South Façade wall. Severe alveolar decay was also observed on the north-west façade wall. This was mostly accumulated beneath the cornice at the top of the wall, at the edge of the open terrace.

Efflorescence was observed beneath the detached layers in the weathered cornices, and in some other areas of the façade walls. Efflorescence and salt crusts can be due to the impervious cement repair work in contact with the stone for example, such as in the case of the south-east façade wall. Even though efflorescence may be considered unsightly, it is thought to be harmless to the stone. Cracks of the stones themselves occurred mostly around, and due to, mechanical damage for the insertion of pipes, etc. Some **vertical cracks** are also observed on the bigger blocks of stone which are carved, at ground floor level.

Some cases of further deteriorated **differential erosion** were generally observed next to the more impervious materials, such as the cement repair work which presumably followed the mechanical damage done possibly to accommodate and insert pipes. Differential erosion, and a higher occurrence of **chipping**, can be due to the **loss of matrix** in the stone and can be detected due to the irregularities on the stone surface in the form of erosion. Some stones in upper courses above the windows were also observed to be chipped. Chipping also occurs more frequently to the curved bigger blocks of stone. Very mild differential erosion was observed where there seems to be a **loss of components** and fossil shapes could be seen, particularly on the same curved rounded blocks of stone on the South Façade's walls, also along most of the pediment to the doorway of the *Brasserie*, particularly around the decorative stone. Differential erosion due to loss of matrix on particular stones for example, and rounded edges on the decorative corbels or laminated stones. **Rounding** could be observed on the corbels beneath the fascia.

Some **encrustation** was observed between the carved big blocks of stone and the lower course of stone. This may be due to the open mortar joints and any unwanted percolation of water here. Since salt crystallisation is one main form of degradation of the structure, it is advised to be removed.

Loss of mortar in joints is apparent especially on the more exposed areas, such as along the window sills. Missing mortar joints were in fact observed in the most protruding course of stones in the south-east façade wall, for example. Open joints allow the percolation of water through the stones, and encourage moist areas, prolonged dampness, salt decay, and further degradation which may threaten the structural integrity of the building.

Black staining is noticeable in certain zones, possibly due to excess dampness and **moist areas**. Black staining seems to occur mostly around the inserted pipes, as observed in the south-east façade walls for example. Across the walls on the first floor, there seems to be staining of accumulated soot being washed down. This is clear from the cleaner areas beneath the window sills on the façade. Staining is also apparent on the top of the pediments on either side of the front façade walls.

Moist areas were also observed in the more sheltered areas at the corners of the walls in the south-east façade wall, for example, due to prolonged dampness. **Soiling** and **moist areas** seem to be accumulated around metal accretions, such as various metal pipes in the south-east façade wall. Soiling is the accumulation of tangible deposit and can develop into a crust. Since this could be deleterious, it is advised for it to be cleaned in order to prevent structural degradation.

Accretions

Most accretions consist of metal and plastic inserts in the stone walls. Especially at ground floor level, various **metal and plastic accretions** have accumulated. These include metal inserts, water and drainage pipes over the lower part of the façade, plastic clips, etc. Built-in metal inserts are observed to have been embedded in lead, generally so as to protect the stone. With time, corrosion of metal can deteriorate the surrounding stone by laminating and cracking it, thus **splitting** the stone. This may result in percolation of water deeper into the masonry wall and, together with salt particles and atmospheric pollution, may lead to severe deterioration and further decay. For this reason, metal inserts and other accretions are advised to be removed, and the surrounding stone cleaned and areas around them maintained appropriately.

Biological growth, or biological colonization, was also observed. Biological growth can result in the prolonged growth of roots and (micro-) organisms and other living organisms that may be harmful to the stone and may result in its (faster) degradation. Lichens were also observed on the vertical planes of the stone of the cornices. Their growth may result in pitting and depressions within the stone, causing further deterioration of the stone. For these reasons, it is advised to remove the lichens and clean the stone from any biological growth.

Coverings

Other accretions and interventions to the façade walls mostly include covering in the form of cement, where mechanical damage was done to the stone for any new apertures or to accommodate pipes, etc. The *porte-cochere* was painted inside, and on the lower parts of the columns outside, and the lower part of the north-west Façade wall on the level of the open terrace was also painted.

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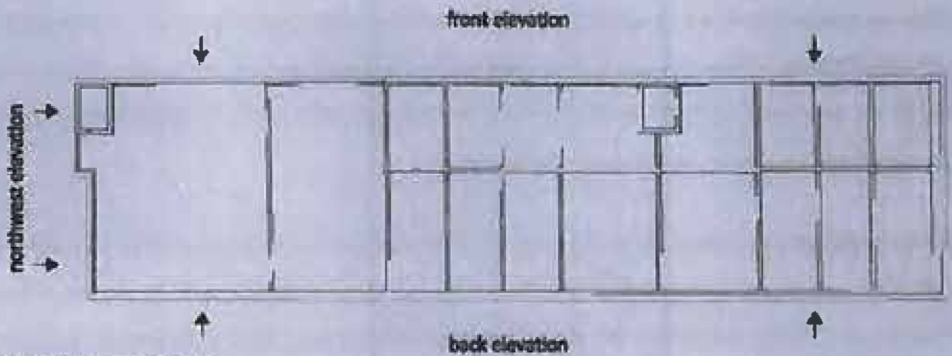
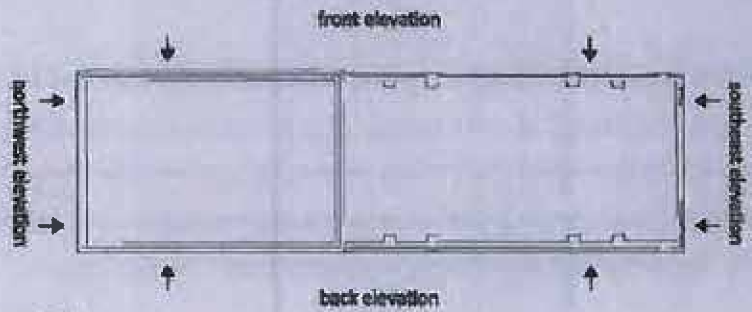
Historic Stables and Coach House



The historic stables – roof plan.



The coach house – roof plan.

Most of the deterioration observed on the façade walls falls under one of the following descriptions:

- Biological patina – throughout the most stable parts of the south-east walls and the north-west walls accordingly;
- Black crust, exfoliation, powdering, efflorescence, discoloration, differential erosion – on localised areas on the walls;
- Lacunae and cracks – mostly due to mechanical damage;
- Loss of mortar joints and water percolation – throughout the walls;
- Renderings – throughout walls;
- Biological growth – particularly on roof level and ground floors and balconies;
- Soiling and staining –mostly on ground-floors;
- Accretions– throughout walls.

The two buildings are located in the Staff Quarters Ditch between the counterscarp and St. John's Counterguard. The building situated on higher ground is referred to as the historic stables while the other building is identified as the coach house.

The historic stables and coach house are both fully detached buildings and built on sloping ground. The historic stables exist as a two storey building with two turrets at roof level. The coach house include two buildings abutting each other, one of which is a single storey and the other a two storey. Both buildings have been largely abandoned and/or misused over the passage of time. They are open to the elements through open apertures and through roofs which have collapsed. The entry of water is further serving to run down these buildings.

Various **accretions** have accumulated over all of the facades. These include signs, brackets, wires, clips, cables, conduits, metal inserts and numerous other fixtures. Most of these are embedded in the masonry causing damage to the stone through cracking and staining following the expansion of corroding metal work. These accretions are also visually unpleasing and detract from the legibility of the façade.

Biological growth is manifest throughout both buildings. Higher plants are visible on the roof tops as well as on the facades, mostly within the joints. This has given rise to deterioration of the stone through salt contamination, opened joints, loss of pointing material and subsequent water entry. At ground floor level, the growth of plants is abundant, causing further salt contamination into the building fabric. The back elevations are especially infested with biological growth.

Other additions to the façades include various **coverings/renderings**. Limewashes are present in the Historic Stables buildings front elevation and exists in different colours, namely yellow ochre and brown. Paints, cement plastering and other renders are also present. These coverings are incoherent with each other in the context of the entire facades and their presence indicates a past intervention related to separate occupancies within the different parts of the building. The condition of these coverings is poor with profuse flaking throughout. The cement coverings are contributing to the deterioration of the stone through salt contamination and occlusion.

The stones that make up the various facades of the buildings appear in different modes depending on their inherent properties and the environment to which they have been subjected. Stable parts of the buildings exhibit a stable patina, reddish on the southeast facades and greyish (biological patina) on the northwest facades.

721563

General soiling together with soot and pollution is present on all the facades with the ground floors being most affected. The ditch once served as a car park and this has played a major contributing factor to the surface encrustations onto the façades. Black crusts have developed in sheltered areas, namely on ledges and cornices. Staining is also evident as well as graffiti which mainly occurs at ground floor level.

Stone deterioration mostly occurs in the form of **powdering, differential erosion**, **exfoliation** and **backweathering**. **Efflorescence** is visible in several localised areas on the façades. Discolouration in the form of washing out is visible and often associated with crust formation due to sub florescence. Also, lacunae/ missing parts are present due to mechanical damage. Cracks in the form of linked open joints are visible, especially at the corners.

The historic stables – efflorescence and differential erosion.

A concrete balcony on the Historic Stables building is heavily deteriorated with spalling concrete and rusting exposed steel work prolific throughout.

Many of the apertures, especially at ground floor level, have been intensely modified. A number of these have been blocked up using hollow concrete block work and to a lesser extent *franka* stone.

The historic stables – biological patina.

The historic stables – vegetation and surface erosion.

The historic stables – graffiti.

The historic stables – accretions, discoloration and the bad existing condition of the balcony.

Historic stables – biological growth and the bad existing condition of the balcony.

Historic stables – discoloration.

Counterscarp

A visual inspection of the counterscarp reveals that the main causes of deterioration afflicting the sloping wall are vegetation, the presence of soluble salts from the earth making up the wall mass, as well as man-made accretions affixed to the wall.

Vegetation/biological growth has become an intrinsic feature in a fortification wall because the latter presents the right environment for its growth. Vegetation thrives on nutrients from good soil, light and water in order to grow and all these elements are readily available. A look at the counterscarp face shows that the vegetation growth is consistent in a horizontal and vertical manner throughout its whole length. In some places the vegetation is so enrooted into the wall that cracks are visible and stones dislodged. The rich earth behind the wall which makes up the *terreplein* encourages the abundant growth of vegetation which is so commonly seen in the fortification walls of Malta.

The counterscarp faces east and therefore does not receive strong direct sunlight thus keeping it mostly shaded and damp. These conditions usually favour **biological patina**, which can be observed in some areas of the counterscarp.

Counterscarp facing south-east showing further surface erosion.

Surface erosion, flaking and powdering are also visible. The presence of soluble salts as well as wet-dry cycles, which favour mitigation of salts to the stone surface, are usually the prime factors of such

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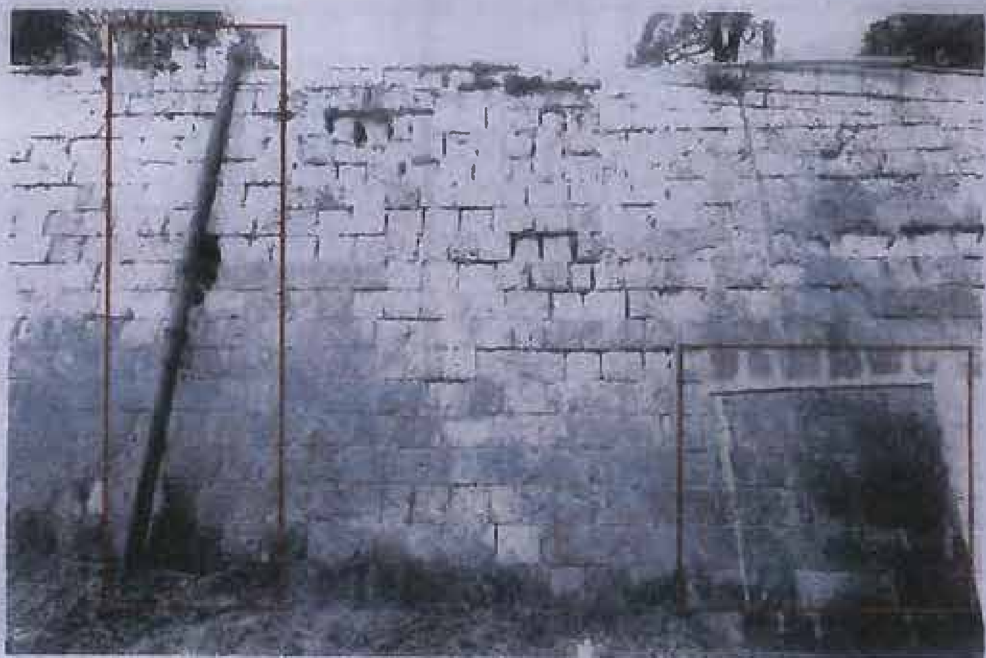
deterioration mechanisms. In fact, this deterioration mechanism is more obvious in the part of the counterscarp which gets more direct sunlight facing south-east.

Amongst other accretions, hard cement applied on various areas of the wall has a three-fold contribution to the deterioration of the masonry fabric. In its initial stage of its application the cement is an important source of salts. In the presence of water, these salts are free to migrate into the pores of the old limestone onto which the cement plaster has been applied.

The eventual hardening of the cement forms a very rigid vapour barrier, impeding the drying of the rising damp, and shifting this natural process to other areas of the structure, shifting the salt crystallization process to other areas of the counterscarp.



Accretions and mechanical damage to counterscarp.

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5. The Rationale behind the Proposed Rehabilitation of the British Stables and the Coach House

The primary objective of the proposed interventions is to revive the original concept or legibility of the subject[1] guided by an understanding of the inherent values attached to the monument. In the light of such identified values, any proposals should then result in a scheme that enhances the quality of the monument whilst reducing the rate of decay.

Prior to addressing the restoration of the British stables and coach house, historical plans were collated and a chronology of interventions studied. This led to the discovery that the original proposed plans were not implemented and the buildings did not comply with the original drawings. The site was heavily bombed during an air raid on April 27, 1942, with an estimated 100 bombs dropped on the building and gardens. The latter affected the ditch too as can be seen in this war damage drawing below.

Figure 1: Historic plan showing war damage in St John /St James ditch

After the war another intervention affected the footprint of the stables, this time related to a decision taken to design the bus terminus at the entrance of the city. This called for the erection of a

[1] Feilden, B., (2003). *Conservation of Historic Buildings*. England: Architectural Press

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retaining wall that was proposed to cut through the south east end of the stables building. This area is highlighted in green in plan below.

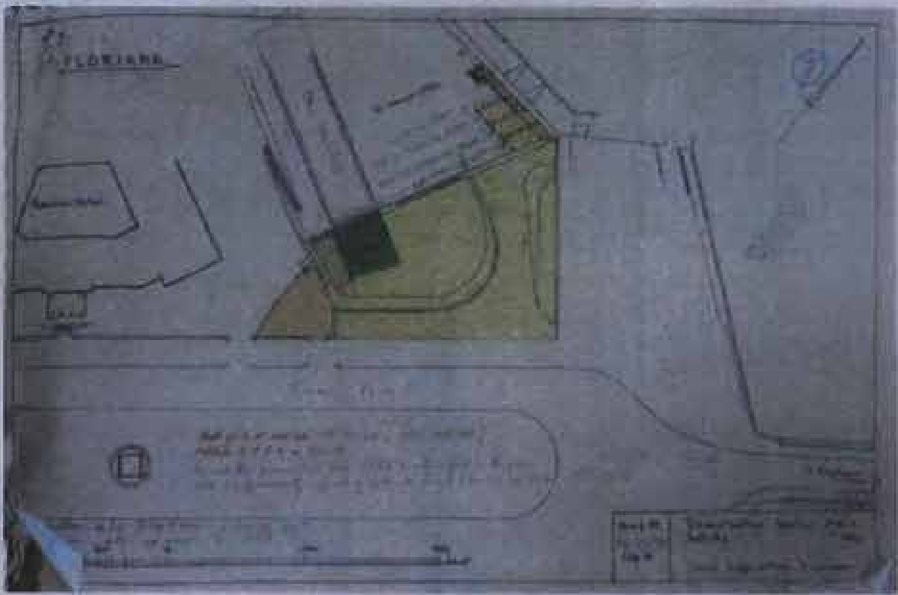

Figure 2: Plan showing the section of the building which was going to be affected with the bus terminus project

After these two major interventions the two buildings was left derelict apart from the ground floor garages which were rented out. Needless to say the structure suffered badly especially the upper floor ceilings and the timber apertures. It is worth mentioning that the structure throughout both buildings consists of embedded I beams with stone slabs spanning across. Although the site could not be accessed in its totality, a mere visual site inspection revealed that the I beams have deteriorated and that that the ceilings of the upper floor rooms have been rendered unsafe. This can be evidenced from photos below.

?21572

Figure 3: Photos taken from ground floor showing the bad state of the ceilings

The Coach House

Drawings dating back to 1887 show that the proposed floor construction for the coach house had to be embedded 7"x 4"x 2.2 lbs/per foot steel girders with stone slabs spanning across, topped with "quarry rubbish" to fill in girder depth and waterproofed with "deffeon" (deffun)

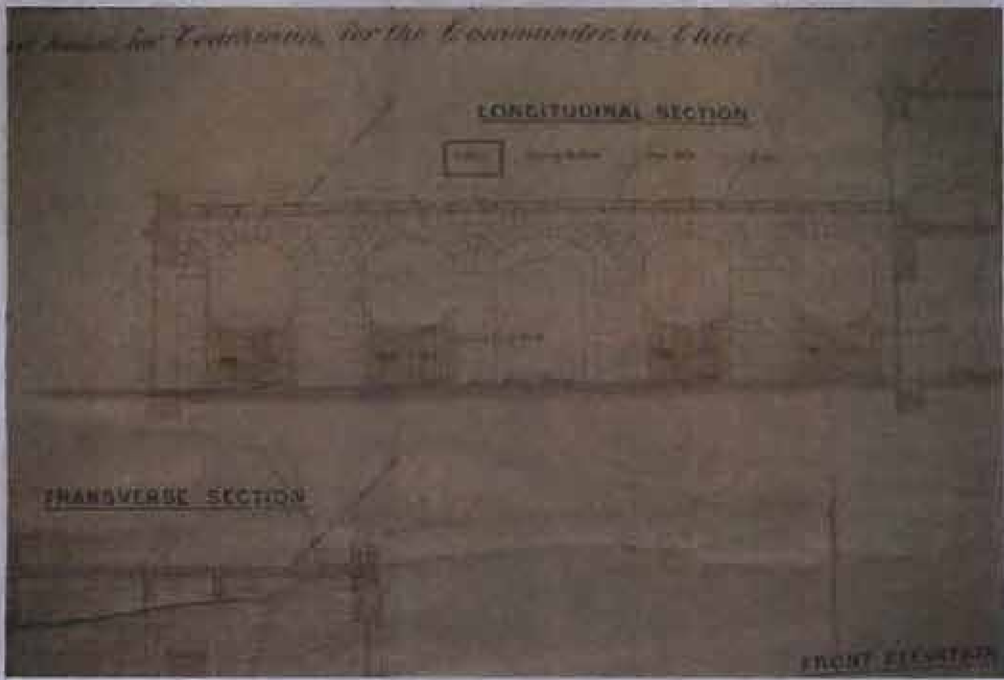

Figure 4: Historic 1887 drawing showing part section through Coach House

The building is partly one storey and partly two storey. The drawings found dating back to 1887 are titled "Elevation and Sections showing the proposed stables, Coach houses and house for Coachman, Commander in chief". The longitudinal section shown above clearly indicates that the one storey building was used as stables. This section is a mirror image hence resulting in eight stables at ground floor level. The use of the two storey part is not too clear but since the title makes reference to coach houses and house for coachman than it is safe to assume that the lower part of the two storey building was used for the coach houses and the upper level which has a door leading to a flight of stairs must have served as the coachman/ commander in chief residence.

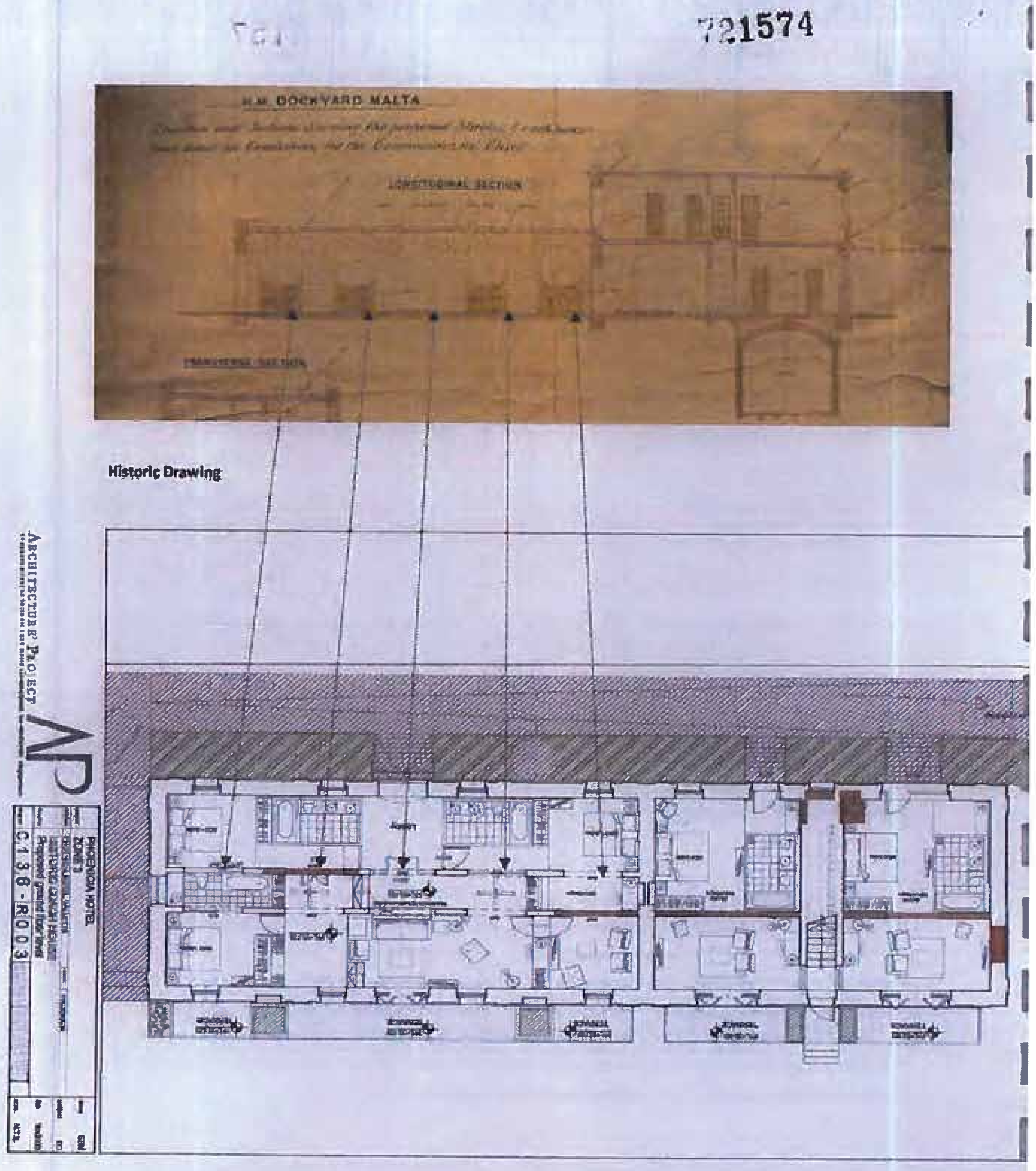

Figure 5: Evidence of proposed design being faithful to the original historic drawings

The use and structure of a historic building is important when rehabilitating a building as the architect has to be sensitive to its past. This was the philosophy behind the proposed layout of both the coach house and the stables as can be seen in proposed plan (see fig 5). Although the coach house will be used as part of the Phoenicia hotel hence the use will be for sleeping quarters with all the necessary amenities that are required in a five star hotel, the proposal is sensitive to the original design and it was decided upon that the original structure had to be revived and accentuated. Hence the corridor flanked with the five arches on either side will be re-integrated in the design and where it is necessary to have a barrier for obvious reasons such as a dividing wall between bedroom and bathroom then this will be carried out in such a manner that will differentiate the two interventions and that the arch can be read as such.

It is interesting to note that the historic plans indicate a tank. This most probably still exists on site to date however due to the site being inaccessible it was quite impossible to survey these wells. An existing blocked up door however has been surveyed and is thought to give access to these wells. It is the intention of the architect that when the site becomes accessible, these wells will be surveyed, emptied, cleaned and restored and an adequate use given to them. The whole procedure will be monitored by an archaeologist as per MEPA requisite.

Blocked up door presumably leading well

Figure 6: Blocked up wall that is presumed to give access to underground reservoir

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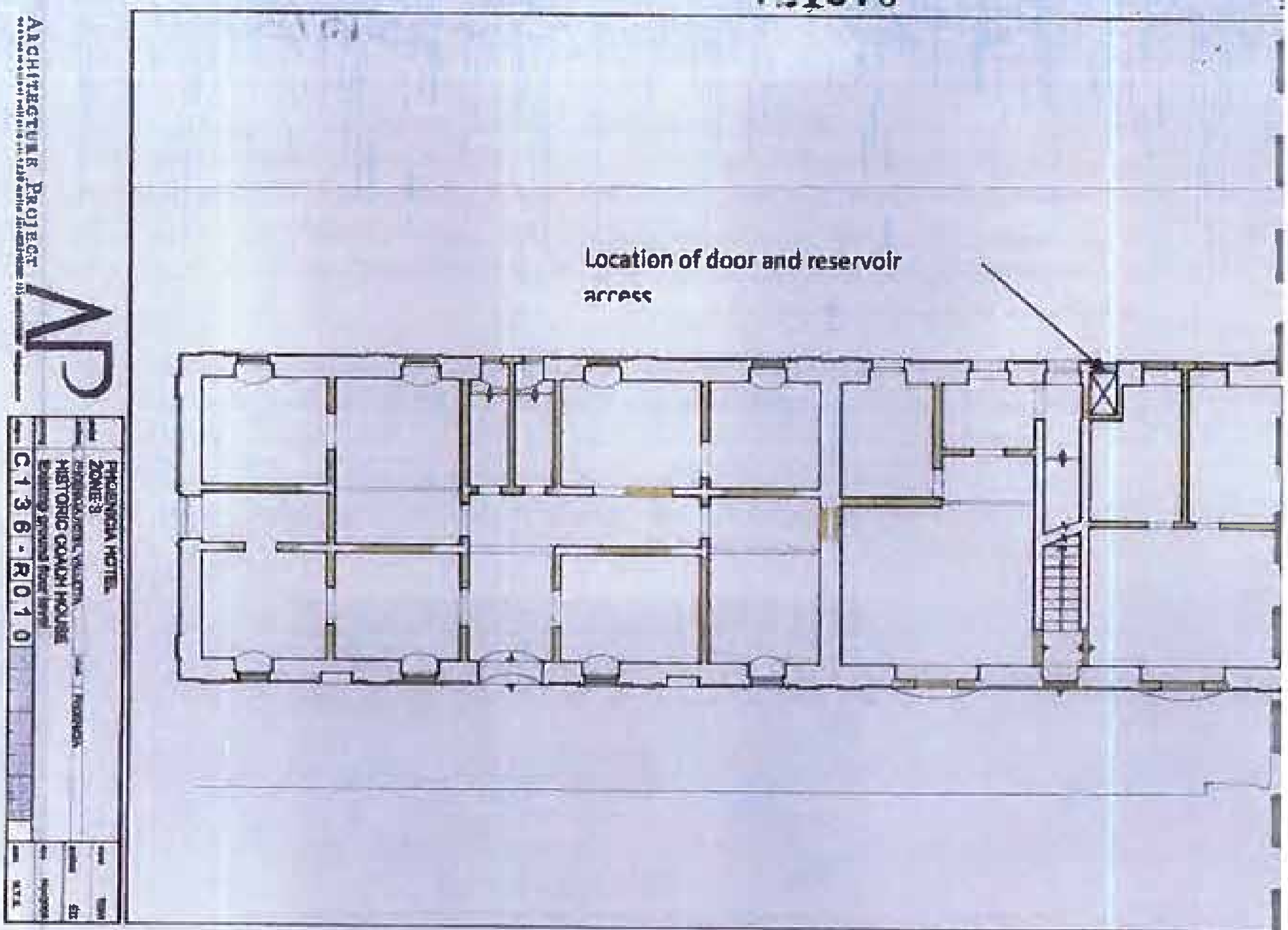

Figure 7: Existing Ground Floor Plan showing accretions to be removed

From a restoration point of view the ground floor plan will be reinstated to its original design having arches and embedded I beams with stone slabs spanning across. In the absence of historical plans assumptions can only be deduced from the section in fig 5. The upper floor consisted of two rooms flanked on either side of the stairs which in turn where subdivided with a wall. Throughout the years this was subdivided even further as can be seen in the next page.

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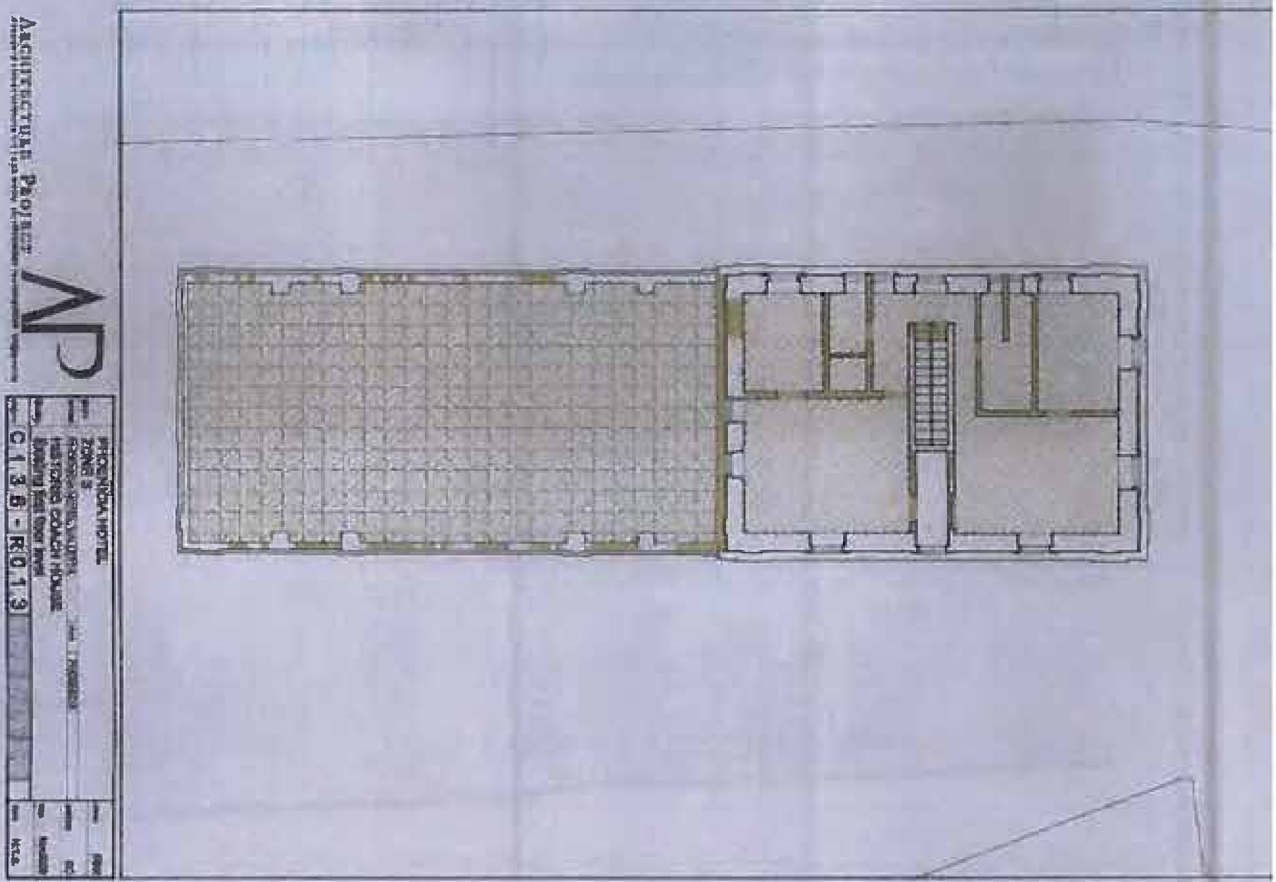
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PHOENICIA HOTEL
HISTORIC COACH HOUSE
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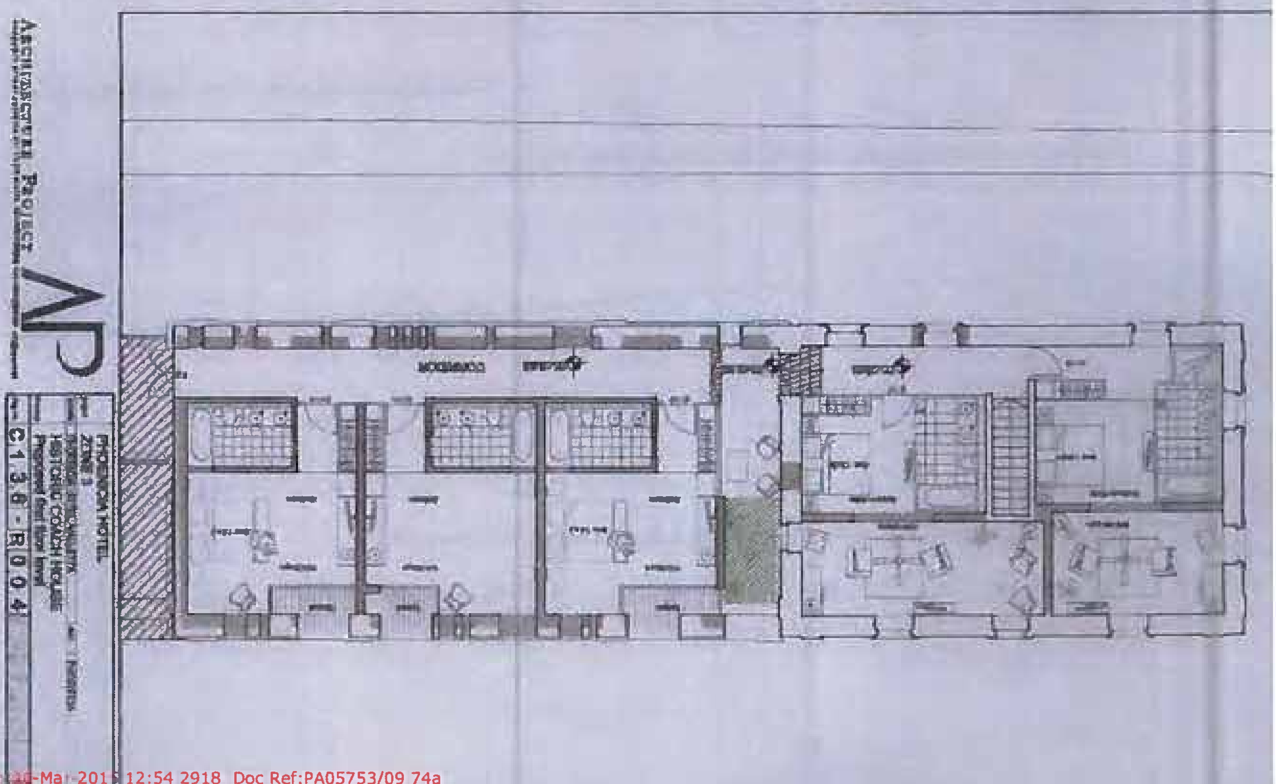
ARCHITECTURE PROJECT
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PHOENICIA HOTEL
HISTORIC COACH HOUSE
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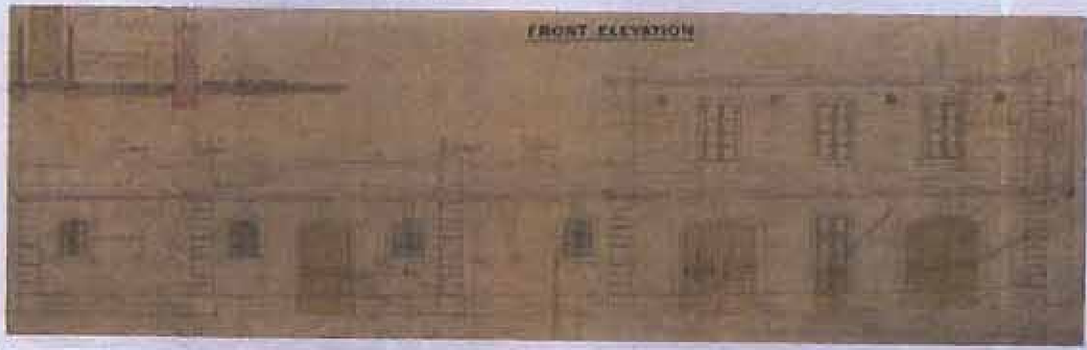
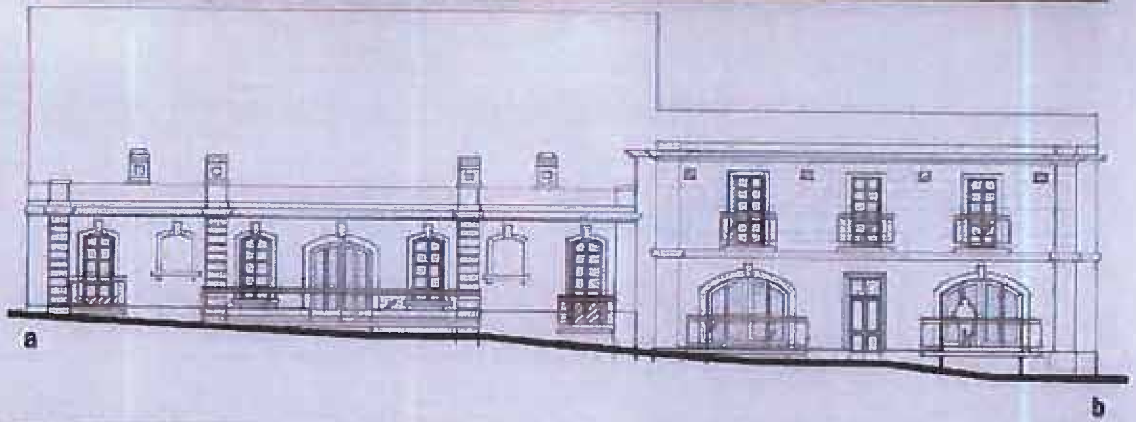
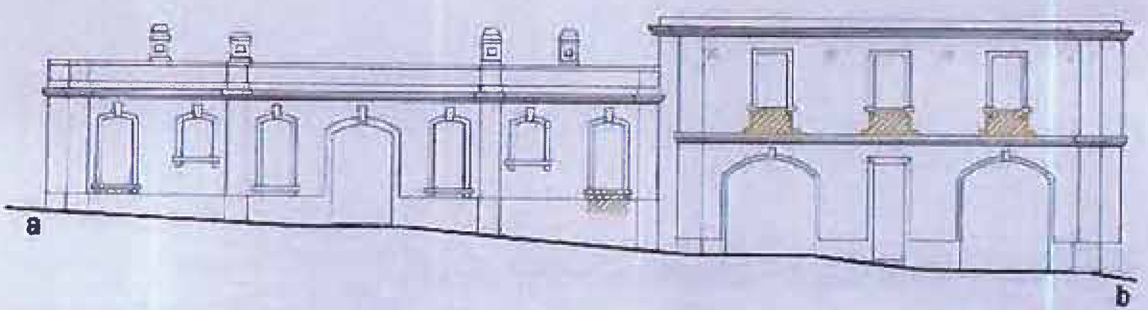
Since historic drawings were traced, the proposed intervention adapted these original designs and blended them in with other architectural features.





FRONT ELEVATION

Proposed



FRONT ELEVATION

Existing

Figure 9: Comparative study of Proposed/ Existing Elevations with Historic Elevations

The main changes in the front facade is the lowering of the window sills into doorways at ground floor level .The window sills had,already been altered within its history. The latter was decided upon because of the use of the room being hotel rooms and hence the necessity to give access to balconies. The photo below shows that unfortunately bad detailing when installing the window frames, led to the window moulding and their sills being altered and reduced in size. These mouldings will be reinstated in their totality.

Figure 10: Photo showing bad detailing of timber frame

The old vents in the upper floor will be reopened and used, ensuring proper ventilation within the habitable rooms. The latter was a very important design criteria in the original design hence giving it intrinsic heritage value.

The Stables

During 1880 and 1881 plans were drawn up to built a series of stabling buildings in St John ditch to contain as much as 142 stalls. All the buildings seem to have been built on a typical layout as seen below and scattered along the counterscarp and St John's counterguard. Initially, due to the previous construction of a public foot path in 1875, the building was to be located in the middle of

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the ditch. In Order to make the building in line with the Home for lost dogs, the pathway was redirected.

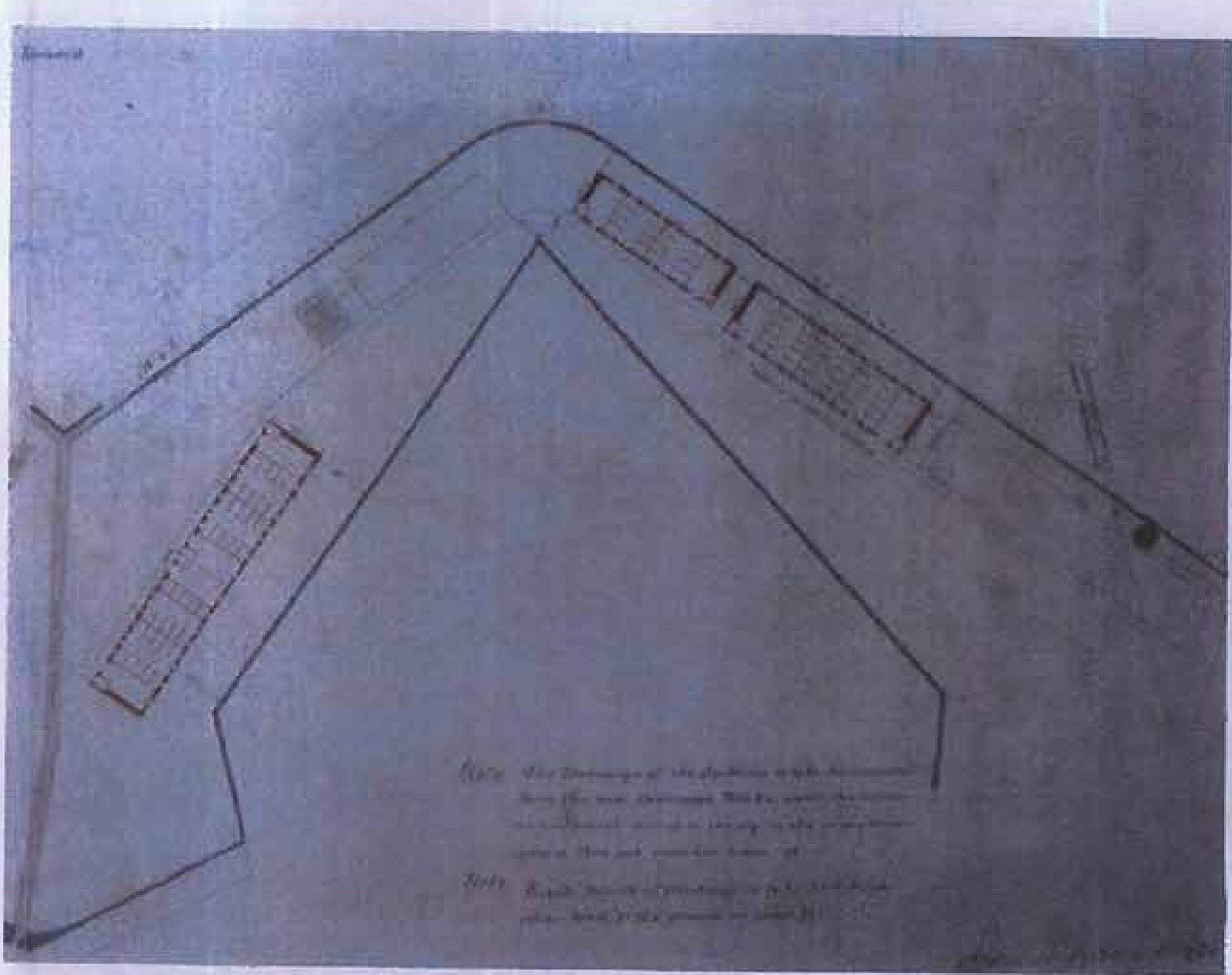

Figure 11: Historic plan showing proposed locations of stablings

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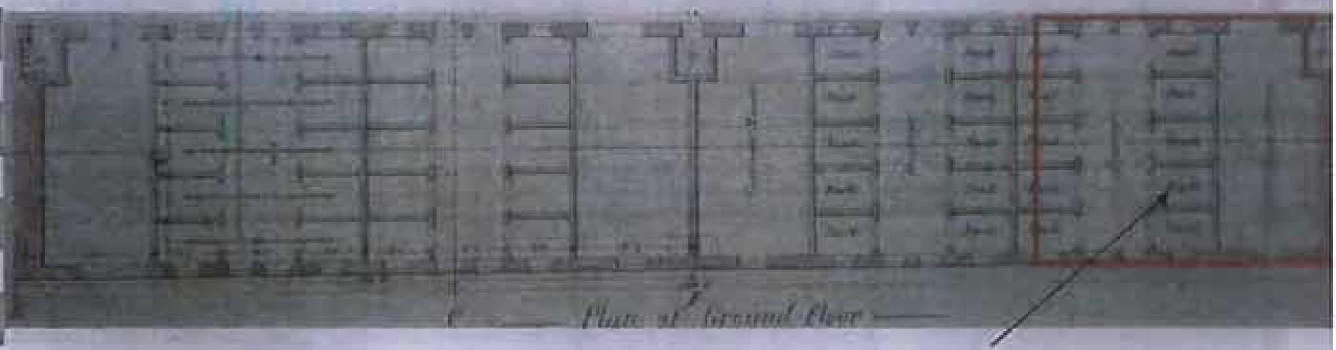
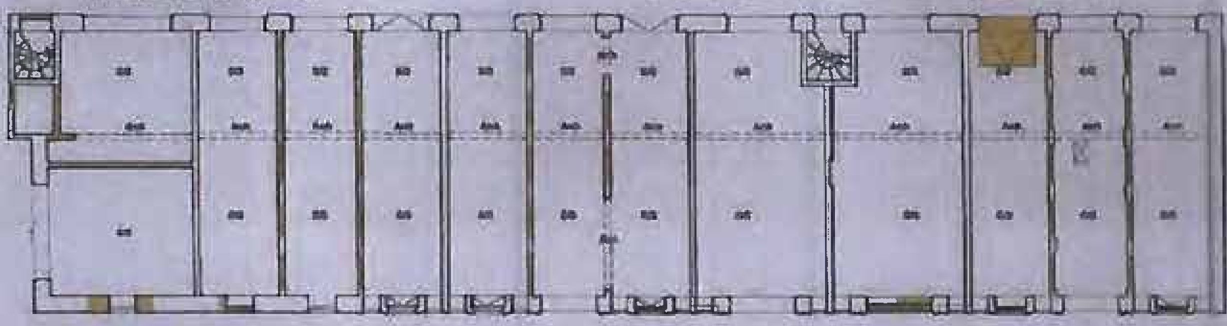
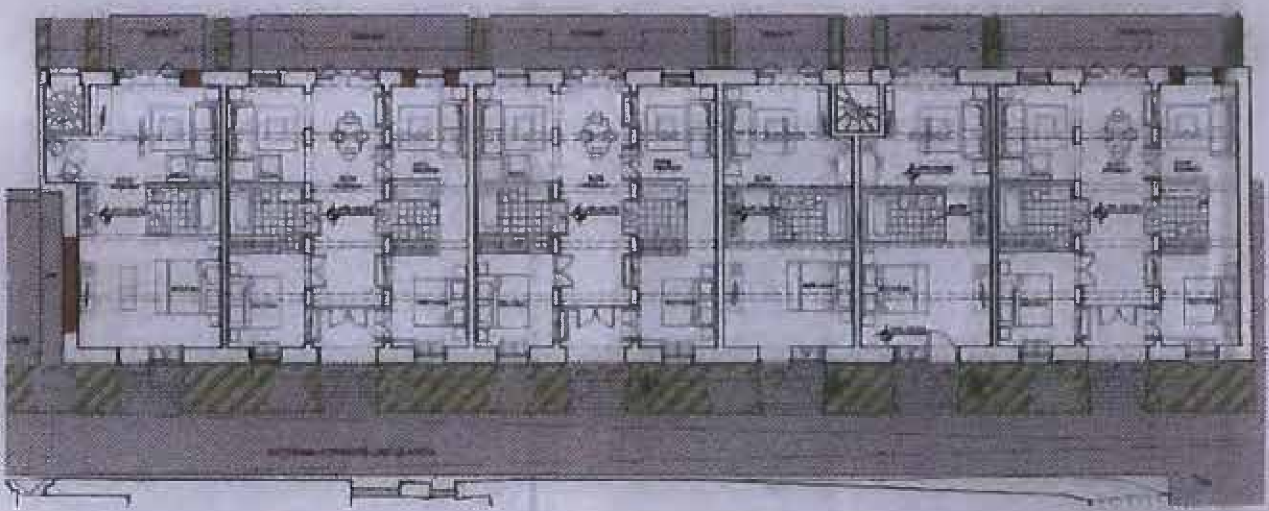


Historic Ground Floor Plan

Area demolished or buried due to redevelopment of Bus Terminus

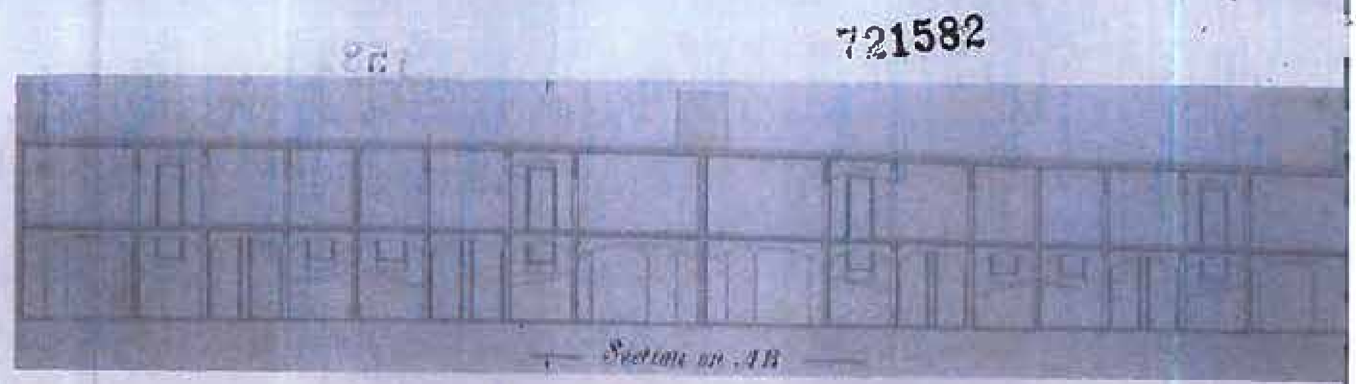


Existing Ground Floor Plan



Proposed Ground Floor Plan

Figure 12: Comparative study of Proposed/ Existing Ground Floor Plans with Historical Plans



Original longitudinal section which failed to reflect the actual sloping site

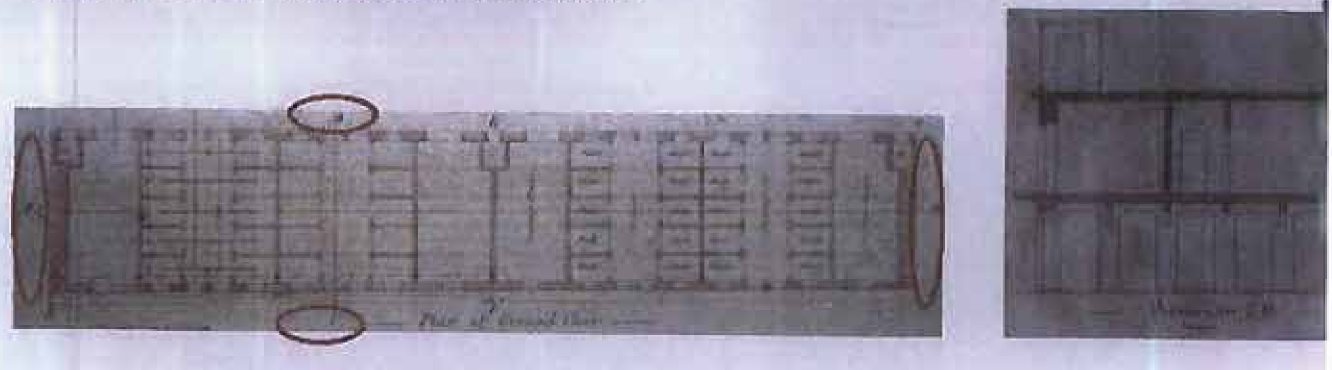


Figure 13: Sections through Stables Building

This building has definitely suffered war damage as can be seen in Fig 1 whereby the building was marked in yellow and red. Further evidence that proves this is that whereby historic plans indicate that the ground floor was built with a series of arches, the actual building standing today has, in its majority, a series of I beams with stone slabs spanning across.

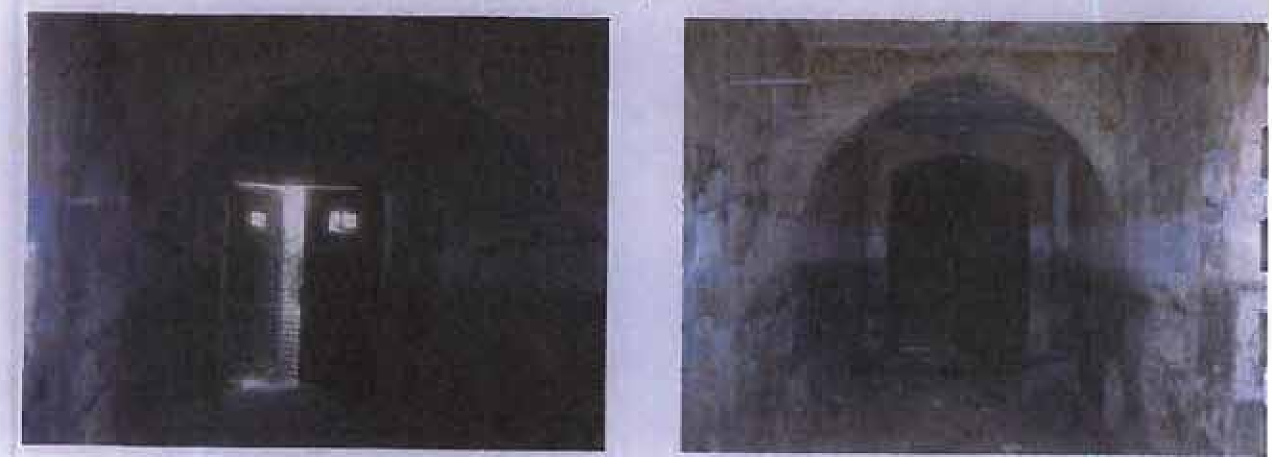


Figure 14: Ground Floor Photos - Stables Building

Blocked up arch in stable room

Figure 15: Photo taken in corridor flanked by stable rooms on either side (blocked up arches are clearly visible)

All the arches that are blocked up will be re-opened such that the original architecture can be read. Ground floor plans of historic drawings indicate a structure that could have been arches (indicted by a double dashed line) spaced at 2.4m centre line having steel I beam (indicated by a single dashed line) in between. This theory is based on the fact that the commonly used stone slabs (*xorok*) are 1.2m long and hence they would have spanned from the arch to the beam as this turns out to be spaced at precisely 1.2m. Whether the building was ever built this way is not known, but what exists today on site is not this scenario. The proposed design however will be reverting back to these original plans and where it is felt that a sound knowledge exists that the arches once existed these will be reconstructed.

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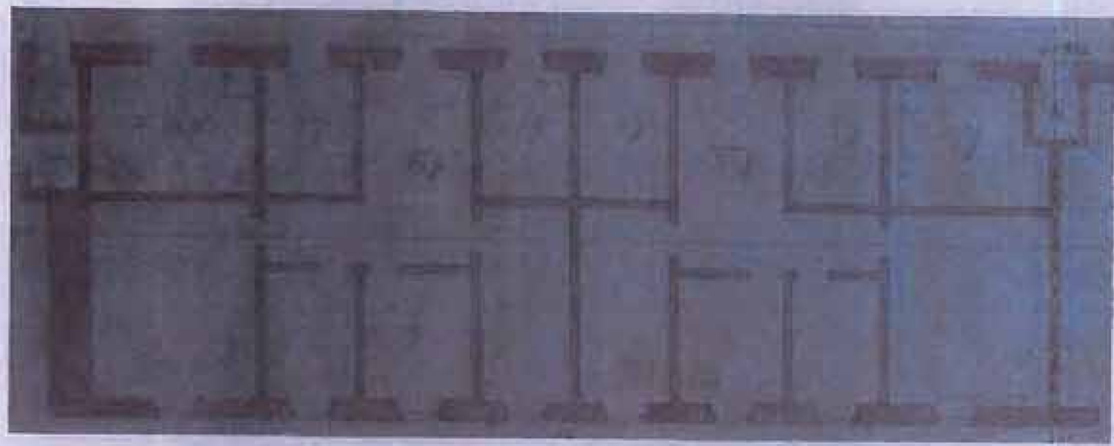
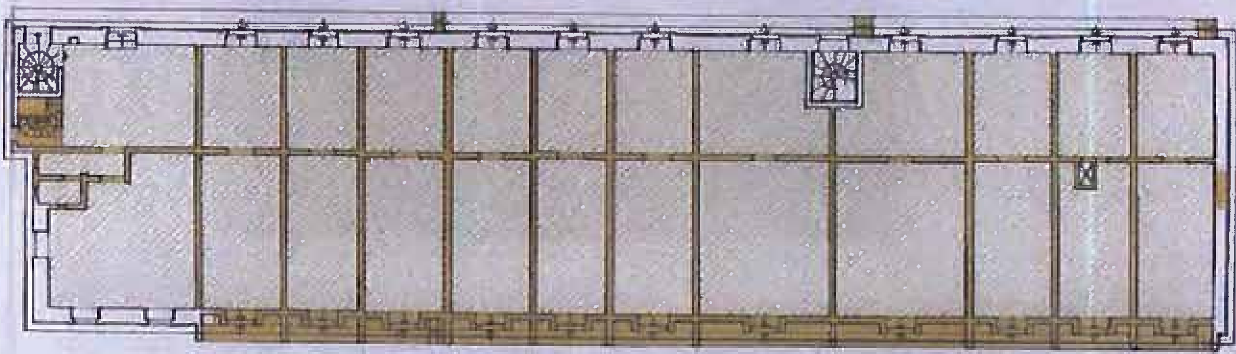
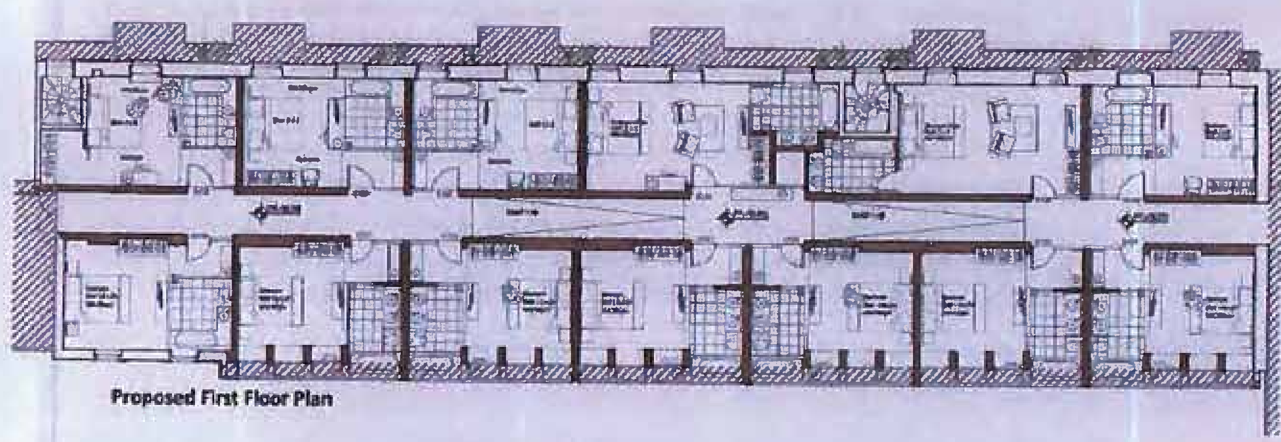


Part Historic First Floor Plan



Existing First Floor Plan



Proposed First Floor Plan

Figure 16: Comparative study of Proposed/ Existing First Floor Plans with Historical Plans

Figure 16 gives evidence that throughout the years the thick walls at the rear facade were altered to a smaller thickness most probably to make space to the enclosed timber balcony. This was eventually damaged and repaired with a reinforced structure. Evidence of this still exists on site. Due to its bad state of repair, the remaining concrete will all be replaced. The intention is to replace it with the original sloping stone corbels as shown in photo below.

Figure 17: Original sloping stone corbel

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Figure 18: Photos of remaining reinforced concrete structure

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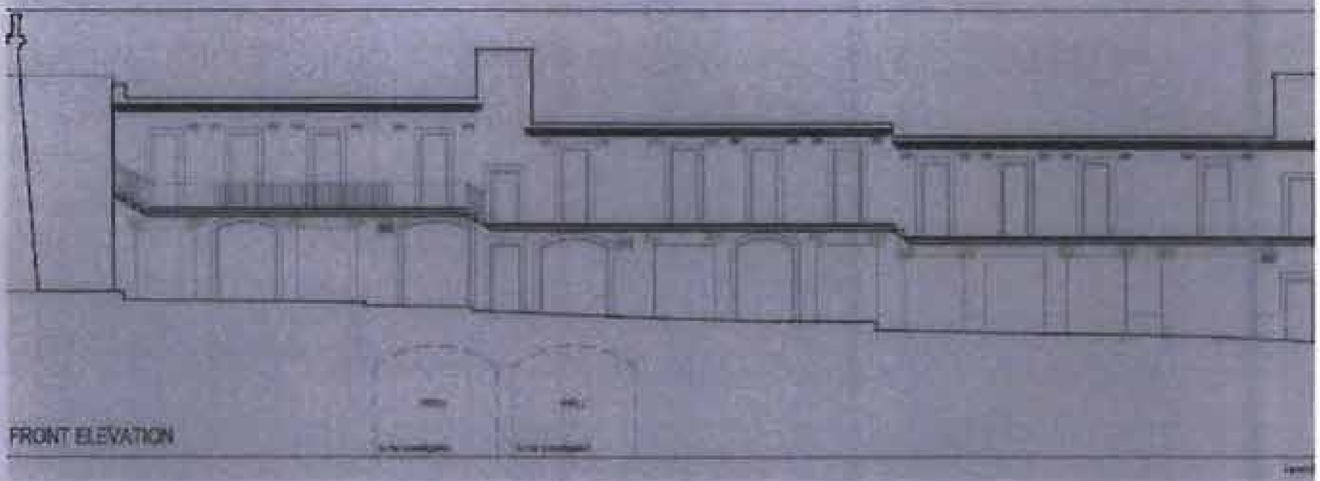
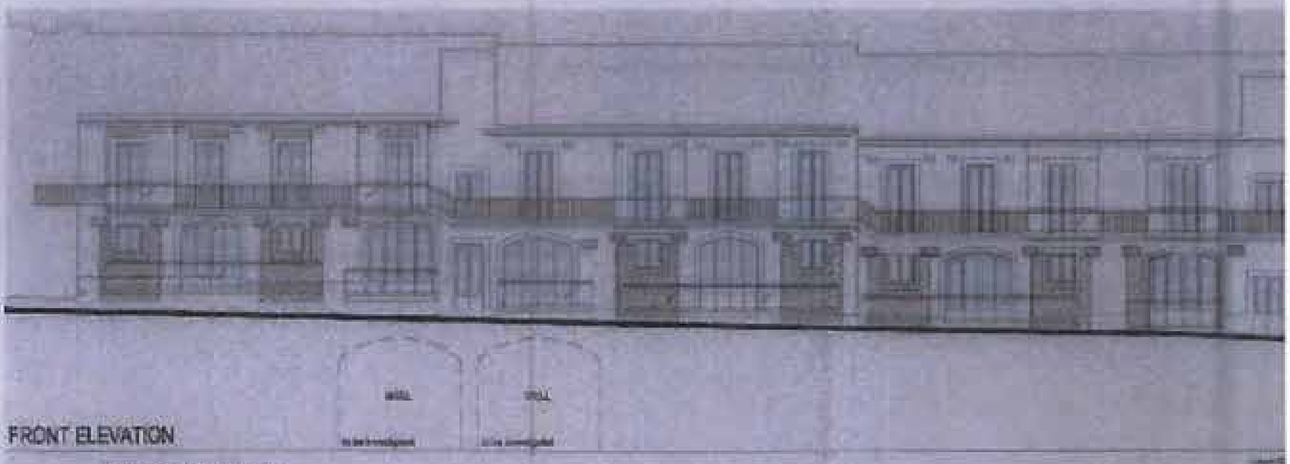
Historic Elevation

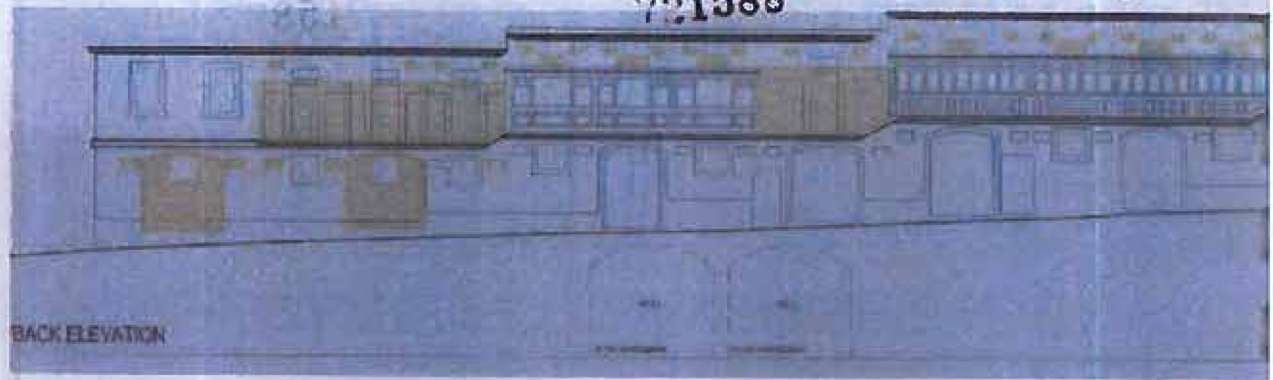


Existing Elevation

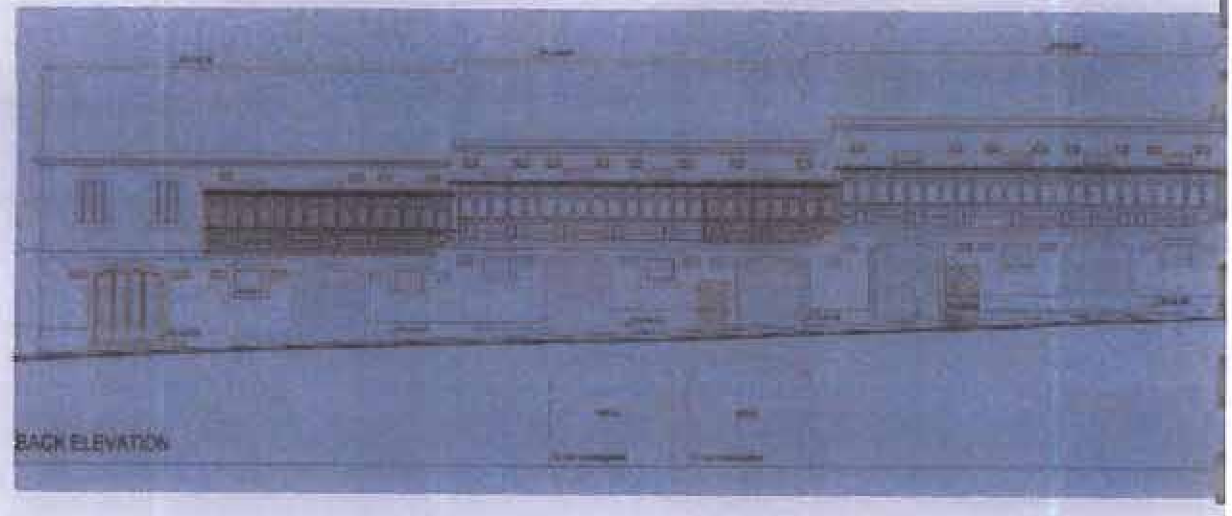


Proposed Elevation

Figure 19: Comparative study of Proposed/ Existing front Elevations with Historical Drawings



Existing Elevation



Proposed Elevation

Figure 20: Comparative study of Proposed/ Existing back Elevations

Unfortunately historic documents of the rear facade were not traced. However a visual site inspection as well as a study of the historic plans, give a good indication of the way the facade could have been constructed. Following this in depth study, the proposed rear facade will have it's timber balcony reinstated , vents unblocked on ground and first floor level and doorways which have been closed up reopened (fig 21)

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6. Proposed Interventions

The proposed interventions for the various zones mentioned in this document will be similar and mainly consist of:

- Removal of all accretions from the walls;
- Cleaning (dry) all the façade walls;
- Re-pointing;
- Cleaning (wet); and
- Lime-washing/*veloturo*.

Removal of accretions

The removal of all surface accretions should take place without causing damage to the underlying stone. These accretions include clips, brackets, hooks, metal inserts and other accretions from the walls, including biological growth. Care will be taken to remove all metallic inserts (especially iron and steel fixings) from the stonework. When rust forms, expansion occurs, creating cracks in the surrounding building fabric. Staining of the stonework is another rust-related problem. Such inserts will be carefully removed by hand, taking care to eliminate all of the rusted parts. The holes left behind will then be filled in using a suitable lime-based mortar when the break is small (refer to '*Re-pointing*').

When removing any biological growth, every attempt must be made to remove all parts of the plant, as any parts of the roots or stem left behind will result in re-growth. These can cause damage by growing into, and disrupting mortar joints, potentially loosening masonry blocks in the process. Plants / weeds shall be removed by carefully cutting the plant at the base of the stem and then by the introduction of a suitable biocide to kill off the remaining part of the plant. Ideally, the product to be used should result in the desiccation of the plant after it has been absorbed. The dead parts will then be easily removed by hand, without risking re-growth. This will then be followed by re-pointing.

Products, which can be safely used, are neutral products belonging to the chemical class of compounds methoxytriazine. These products act by being absorbed through both the roots and the leaves, and have a wide spectrum of action. They however have limited mobility and can therefore be used to treat well-defined areas. Other recommended products include quaternary-ammonium compounds (with or without organo-tin compounds) and sodium pentachlorophenate.

Cleaning (dry)

All loose material and dirt is to be brushed off the stone manually using vegetable fibre or nylon brushes. Loose surface material, including badly adhering black crusts and weathered superficial material, should be removed by light brushing with soft bristle brushes. No attempt shall be made to rub or scrape the surface, and no tipped metallic tools will be employed.

For the removal of paints and cement repairs, hand held manual tools are to be used. Hand tools (scrapers with soft, blunt edges or fine-gauge sand paper) must be used carefully, and under constant supervision, so as not to damage the stone surface. This method is slow but easily controlled, thus causing very little damage.

Where concrete repairs have occurred on the façade, these will be removed manually, using only hand-held tools. This method is slow but easily controlled, thus causing little damage to the underlying stone, which may already be very fragile. The areas covered by concrete repairs are limited and therefore the use of this method is extremely feasible. Electrical tools as well as tipped metallic instruments with sharp edges or corners, power tools (such as rotating disk cleaners) and sand blasting (dry or wet) must not be used since these damage the fabric surfaces.

Mechanical means, especially involving the use of electrically operated power tools (such as rotating-disc cleaners and dry or wet sand-blasters) or tipped metallic tools will be avoided, as these will scratch and damage the surface, removing the patina in the process.

Re-pointing

Where pointing is absent, water, often carrying soluble salts and pollutants, find it easy to penetrate the structure, ensuing stone deterioration and further loss or mortar. Re-pointing should be limited to wherever there is evidence of loss of mortar, or there is loose mortar.

Re-pointing of joints is to be carried out using a hydraulic lime mix with properties similar to that of the stone including colour. Portland Cement mixes will not be used due to the incompatibility of cement with Globigerina Limestone. Cement reacts with the surrounding stone, forming soluble salts that lead to accelerated deterioration.

The hydraulic lime-based mixes to be used must be compatible with the stonework in colour, strength and permeability. They will also be as close as possible in colour, composition and properties to the original mortars.

Prior to pointing, all open joint shall be cleaned from dust and loose materials, and the surrounding stone shall be adequately wetted by de-ionised water. All pointing shall be carried out in moist, warm conditions and in layers not exceeding 10mm thickness. Fresh pointing should be allowed to dry slowly and be adequately protected from excessive heat and direct sunshine by a tarpaulin, and should occasionally be wetted to avoid cracking. A minimum of 24 hours shall be permitted between the applications of each layer of pointing. When laying new stonework, all vertical and horizontal joints are to be adequately buttered with mortar.

Cleaning – Wet

The closing of open joints will necessarily take place before the use of water on the facades.
Where paint is present then a neutral paint-remover will be used so as not to damage the stone. Repeated applications in paste form may be necessary for persistent stains. In other cases, it may be necessary to set up test areas using different organic solvents to establish the best method of removal.

The façades are to be cleaned through repeated washes using deionised water (not under pressure) and manual brushing with vegetable fibre or nylon brushes. This is to contribute towards the cleaning of the stone as well as to its desalination. The aim of the cleaning works should primarily be that of cleaning the face of the stone and remove all accumulation of carbon, sulphurous compounds, and other contaminants, but should retain the patina of time. On completion of the works, the stone is to be brought to its natural colour, texture and profile. All discolouration is to be removed from the face of the stone. No original carved relief arises or surface textures are to be damaged or altered.

A controlled nebulous pulsating water spray system shall be used. The process must ensure that no over saturation and softening of the stone occurs. Salt-free, preferably distilled or de-ionised water must be only be used, and therefore the water must first be tested for the presence of salts. Tap water must not be used; well or cistern water is preferable; secondary water may also be used if salt-free.

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The nebulous water spray, or wet mist, should be tightly screened in order to avoid wetting the surroundings by draughts. Once the dirt softens, it should be removed by brushing or pressure jets as deemed necessary. Tougher dirt deposit can be removed using fine sprays of cold water. Low pressure cleaning will be controlled and will not exceed 3 Bar. The water used shall be free of salts and the whole process will be monitored.

This method is necessarily slow, as it takes time for the gypsum within the black crusts to dissolve, resulting in the removal of the bound black dirt. In the case of deteriorated areas, some of the underlying surface may be lost in the process, but this is not a serious problem in plain ashlar walling. However, special care must be taken to prevent loss of material in areas of carved stonework. An additional benefit in the use of this method is that it also results in desalination the underlying stone, which removes at least in part, one of the main causes of deterioration. Desalination is the removal of soluble salts, or at least the drastic reduction of salt levels, by dissolving them in water.

Cleaning methods, such as high pressure water cleaning, chemical or mechanical methods are not permitted as they damage the stone surface, and working with friable or deteriorated stone can lead to the loss of much material, as well as of mortar from the joints. Chemical cleaners are very harmful – if acid based, they attack and destroy the limestone surface whereas alkali-based solutions cause damage by depositing salts within the stone. This will eventually cause deterioration. Detergents should not be used, as some leave behind residues which can later cause problems.

Lime-washing (this will be limited to the Phoenicia Hotel only)

The solution, consisting of slaked lime and water, evaporates and hardens, then evaporates further by the carbonation of the lime. The lime wash should be applied cool, and in thin applications.

1. The scaffolding will be erected and covered with a tarpaulin. As much as possible the scaffolding must be erected to cover as much area of the facade as possible. Where this is physically impossible than at least there must be an overlap of 3m over the already restored areas of the façade. The erection of the scaffolding must be certified by the contractor's architect, and approved by Architect in Charge.

2. Using methods approved by Architect in Charge, all vegetation and redundant cables, rain water pipes and all other ferrous and non – ferrous objects nailed/fixed to structure will be removed. Such inserts will be carefully removed by hand, taking care to eliminate all of the rusted parts. In order to remove the rusted bits the hole would need to be enlarged using a drill with a small diameter bit. The holes left behind will then be filled –in using a suitable lime-based mortar when the break is small, or by piecing-in a piece of stone, if the gap is large. Surface soiling, by organic growth, shall be initially removed by simple dry brushing with vegetable fibre, nylon and /or phosphor bronze brushes. Knife blades and spatulas may also be used provided that the substrate is sound enough and no damaging or abrading of the surface will occur. If the surface below the growth is delicate or liable to be marked or scoured in any way, this preparation must be limited to removal of higher plants only, and approved by the Architect. The application of mild biocides that have a long-term inhibiting effect on re-colonisation shall follow the initial removal of organic growth. Products to be used shall be neutral products belonging to the chemical class of compounds methoxytriazine, acting by being absorbed both through the roots and the leaves and have a wide-spectrum of action; other products include quaternary-ammonium compounds, or as per the Architect's approval.

3. Loose pointing will be removed using hand held tools not power tools.

4. The cleaning process will progress from the mildest form to a more intrusive one. Sample test areas will be carried out before the cleaning procedure is started in order to identify that the original patina acquired by the stonework will be respected. Initially a dry method of cleaning will be adopted using a stiff bristle/nylon brush especially on the south-east façade wall as this has acquired a reddish patina that has to be preserved. The black crust on the facades will be cleaned with a poultice. This will be done with the MORA pack, as

bicarbonate, EDTA and carboxymethylcellulose in water, and consists of a creamy sticky paste applied by paintbrush in a thickness of ca. 3 to 4mm to the pre-wetted limestone surface. The layer is subsequently covered with a thin polythene film to prevent drying out, for a contact period of about 24 hours. When the covering film and pack are removed, residues will be removed by thorough rinsing with deionised water and brushed with a suitable nylon brush. Given the nature of the crust, the process shall be repeated for as many times as deemed necessary, until the black crust formation has been removed and a satisfactory level of cleaning is obtained.

5. Poultices used for iron stains will consist of sepiolite clay and/or paper pulp added to a solution of glycerine, generally sodium citrate. This will be applied to the stain surface and left to dry. The paste would then be removed using a wooden or other non- metallic spatula and shall then be rinsed thoroughly with clean water.

6. On completion of the cleaning and stone repair, re-pointing works will be taken in hand. The process will involve:

- Removal of existing mortar joints;
- Wash down;
- Re-pointing.

Weak or deteriorated pointing will be raked out to a suitable depth using adequately sized chisels and narrow screwdrivers. Special care shall be taken not to damage the stone, features, cornice bands etc.

Once raking is complete the joints will be flushed down with clean water to remove all loose material. Suggested mix to be used for pointing can be chosen from the following:

- 1 part hydraulic lime + 3 parts sand with stone dust as colour additive;
- 1 part slaked lime + 3 parts sand with addition of stone dust;
- 1 part slaked lime + 1 part pozzolana + 3 part sand with the addition of stone dust.

Which of the above mixes will be adopted will be at the discretion of Architect in Charge however factors such as workability, durability, reduced tendency to form plastic cracks, porosity, colour and hardness of the mortar will be considered.

Mortar will be introduced to the joints using a mason trowel. Joints should be filled to ensure that no voids are left within one section of the pointing works. Where joints are deeper than 20mm the mortar will be applied in two separate operations, one to back out the joint and the other to complete the point to a smooth stone finish.

Every effort should be taken such that pointing is carried out as neat as possible by keeping joint width to a minimum.

7. The extension of the building might be given a lime-wash in order to differ between the original fabric and the extension.

Historic Stables and Coach House

1. Following the same methodology of setting up the scaffolding, it will be erected and covered with a tarpaulin covering as much area of the facade as possible or having an overlap of at least 3m over the already restored areas of the facade. The erection of the scaffolding must be certified by the contractor's architect, and approved by the Architect in Charge.

2. Using methods approved by Architect in Charge, all vegetation and redundant cables, rain water pipes and all other ferrous and non – ferrous objects nailed/fixed to structure will be removed as explained in point (2) of the proposed interventions of the Phoenicia Hotel main building. Given the friable nature of the deteriorated stone in particular areas, the works will be carried out sensitively such as not to dislodge any of the delaminated stone.

3. Superficial layers of limewash as well as loose pointing will be removed using hand held tools and not power tools.

4. Cement based renders will be removed using hand held tools. This method is slow but easily controlled, in order to cause as little damage to the underlying stone which may already be very fragile. Electric tools as well as tipped metallic instruments with sharp edges, power tools (such as rotating disk cleaners) and sand blasting (dry or wet) will NOT be used since these damage the fabric surfaces.

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5. Prior to the cleaning process, testing should be carried out in various areas, particularly at different heights on the North West façade of the Coach house. This is being suggested because efflorescence/ salt staining seem to manifest itself as a whitish stain on this particular façade. However prior to intervening with desalination process verification of salts is vital.

6. The cleaning process will progress from the mildest form to a more intrusive one. Sample test areas will be carried out before the cleaning procedure is started to identify. Initially a dry method will be adopted using a stiff bristle/nylon brush. The black crust on this facade will be cleaned with a poultice. This will be done with the MORA pack, as specified by ICCROM, Rome (or AB57). The pack contains ammonium bicarbonate, sodium bicarbonate, EDTA and carboxymethylcellulose in water, and consists of a creamy sticky paste applied by paintbrush in a thickness of ca. 3 to 4mm to the pre-wetted limestone surface. The layer is subsequently covered with a thin polythene film to prevent drying out, for a contact period of about 24 hours. When the covering film and pack are removed, residues will be removed by thorough rinsing with deionised water and brushed with a suitable nylon brush. Given the nature of the crust, the process shall be repeated for as many times as deemed necessary, until the black crust formation has been removed and a satisfactory level of cleaning is obtained.

7. Poultices used for iron stains will consist of sepiolite clay and/or paper pulp added to a solution of glycerine, generally sodium citrate. This will be applied to the stain surface and left to dry. The paste would then be removed using a wooden or other non- metallic spatula and shall then be rinsed thoroughly with clean water.

8. Stone replacement will be limited solely to those areas which are indicated on the elevation of the proposed interventions .All deteriorated stonework must be carefully chiseled away to a depth of 230mm, taking care in the process not to damage surrounding sound old stonework to be retained. All re- instated masonry will be grouted to the original wall with an appropriate lime based grout. All newly reinstated masonry will be adequately hacked at the back and painted, at the back and sides, with a bituminous compound prior to grouting. All replaced stone will be similar in size and configuration to original, and will match with the existing course height. Most of the replaced stonework will be special sized stone. Where applicable, all new stonework will be worked to templates to match the original prepared as specified in this document, and all exposed surfaces shall be finished by traditional mason's hand tools.

9. In the case of the Coach house part of the South East façade as well as part of the front façade will have the full height of the parapet wall replaced with good quality new lower globigerina limestone. The chimney stacks will also be replaced.

10. The majority of the window sill projections have been cut into to accommodate over sized timber apertures. These apertures will be removed and the masonry sill re-instated. This will either be carried out by plastic repair methods (small joints) or by complete replacement (large joints). The decision will ultimately be taken by Architect in charge.

11. On completion of the cleaning and stone repair, re-pointing works will be taken in hand. The process will involve:

- Removal of existing mortar joints;
- Wash down;
- Re-point.

Weak or deteriorated pointing will be raked out to a suitable depth using adequately sized chisels and narrow screwdrivers. Special care shall be taken not to damage the stone, features, cornice bands etc.

Once raking is complete the joints will be flushed down with clean water to remove all loose material. Suggested mix to be used for pointing can be chosen from the following:

- 1 part hydraulic lime + 3 parts sand with stone dust as colour additive;
- 1 part slaked lime + 3 parts sand with addition of stone dust;
- 1 part slaked lime + 1 part pozzolana + 3 part sand with the addition of stone dust.

Which of the above mixes will be adopted will be at the discretion of Architect in Charge however factors such as workability, durability, reduced tendency to form plastic cracks, porosity, colour and hardness of the mortar will be considered.

Mortar will be introduced to the joints using a mason trowel. Joints should be filled to ensure that no voids are left within one section of the pointing works. Where joints are deeper than 20mm the mortar will be applied in two separate operations, one to back out the joint and the other to complete the point to a smooth stone finish.

721599

mortar will be applied in two separate operations, one to back out the joint and the other to complete the point to a smooth stone finish.

Every effort should be taken such that pointing is carried out as neat as possible by keeping joint width to a minimum.

12. Deteriorated and/or damaged stonework, which is not jeopardizing the structural stability of the fabric but is aesthetically not pleasing, will be rebuilt using plastic repair techniques. Two methods will be used. Where the area to be repaired is limited than good quality matured lime putty with pozzolanic additives will be used. The plastic repair will be built in layers, commencing with a coarse graded mix and finished off with a finer blend. Adequate curing time will be allowed between applications to prevent crack formation. Keying will be provided with carbon fibre anchors fixed to the structure with epoxy resin. Where the damage is extensive alkali-proof synthetic fibres will be added to the coarse graded mix to reduce the formation of plastic cracks.

13. All deteriorated areas of timber will be re-instated. Replacement timber will be in "kind" such that as far as is technically possible, new timber will match that existing as much as possible. All cracks, nail holes, open joints and any other defects will be filled with a suitable filler. All repairs will be sandpapered lightly by hand to obtain a neat homogenous finish. If considered necessary linseed oil will be applied to restore the original water repelling qualities of the timber. An adequate primer will then be applied followed with two coats of paint.

14. Surface soiling, by organic growth, shall be initially removed by simple dry bristle knife blades and spatulas, provided that the substrate is sound enough, without damaging or abrading the surface and as approved by the Architect and civil engineer in charge. If the surface below the growth is delicate or liable to be marked or scoured in any way, this preparation must be limited to removal of higher plants only, and approved by the Architect and civil engineer in charge.

The application of mild biocides that have a long-term inhibiting effect on re-colonisation shall follow the initial removal of organic growth.

Products to be used shall be neutral products belonging to the chemical class of compounds methoxytriazine, acting by being absorbed both through the roots and the leaves and have a wide spectrum of action; other products include quaternary-ammonium compounds, or as per Architect's in charge approval.

The biocides shall be applied in strict accordance with the manufacturer's recommendations for safety and protection of the workers and the environment.
The general removal of organic growth such as fungus, lichens and the like will be limited to places where these are possibly causing harm and as approved by the Architect and civil engineer in charge. In an exceptionally dry period, and in areas where it is recommended to remove the organic growth, dormant dry lichens shall be revived with light water spraying prior to the application of the biocide. Application of biocide treatments will not be undertaken during wet weather or when windy conditions lead to excessive drift of spray.

Counterscarp

1. Scaffolding will be erected and neatly covered with a tarpaulin. The exact dimensions and details of scaffolding will be given at a later stage however at all instances a 3m overlap with the already restored sections of the wall will be catered for. Using methods approved by the Architect in Charge, all vegetation and redundant cables, rain water pipes and all other ferrous and non – ferrous objects will be removed as previously explained in point (2) of the proposed intervention of the Phoenicia Hotel main building.

2. Removal of the higher forms of vegetation will be carefully carried out by cutting the plant at the base of the stem and then by the introduction of a suitable biocide to kill off the remaining part of the plant. Once desiccation of the plant occurs this is removed by hand.

3. Areas affected by biological growth will be treated with biocides. Treated areas will be brushed with a suitable nylon brush after a period of seven days or as recommended by the manufacturer, following the application of the biocide to remove the dead growth. Thick layers of biological growth will be carefully removed using manual methods and hand tools, primarily scalpels prior to the application of specified biocide.

4. Carefully and using only delicate manual methods and appropriate hand tools, primarily scalpels, layers of black crust will be removed from stone surface. Care will be taken to ensure that no damage is caused to friable delaminated stonework. If so deemed necessary such areas will be pre-consolidated.

721601

5. Stubborn black crust which still remains after the interventions explained above will be treated by poultices. Poultices will be applied to specification listed hereunder. The procedure is to be repeated as many times as necessary until the black crust formation has been removed and a satisfactory level of cleaning is obtained.

6. Using a stiff nylon brush, dirt from wall face will be removed. If deemed necessary pre-consolidation will be carried out.

7. Using only hand held tools (no manual tools) cement based mortars will be removed. This method is slow but easily controlled, in order to cause as little damage as possible to the underlying stone which may already be very fragile. Electric tools as well as tipped metallic instruments with sharp edges, power tools (such as rotating disk cleaners) and sand blasting (dry or wet) will NOT be used since these damage the fabric surfaces.

8. Once the manual hand cleaning is carried out the second cleaning phase will be adopted. The walls will be cleaned using an approved controlled nebulous pulsating water spray or microblasting system as specified below. Only clean, potable soft water free from salts and having conductivity inferior to 60µS will be used.

9. The minimum possible stone replacement will be undertaken. All new stonework will be worked from good quality globigerina limestone to respect the original course heights and bedding plane of the stonework replaced. .All newly re-instated masonry will be laid on a bed of lime mortar. The stone will be cut at the perimeter with a masonry saw. If the stone is to be retained, the cut will be made by a fine saw (for narrow joints) or with a chisel (wide joints). If on the other hand the stone has to be replaced then the stone can be chiselled starting from the centre and moving towards the edge. The pockets to be infilled will be of a depth not less than 180mm and will be neatly cut to a square profile. The pocket will then be cleaned thoroughly and the new replacement stone to be inserted will be dampened to prevent the risk of dewatering of the bedding mortar. The units will be laid on a full bed of mortar and all joints filled. The mortar used is to be non-hydraulic and the mortar bed is not to be less than 12mm thick.

10. In the case where piecing in will take place than this will be carried out with structural adhesives (such as epoxy or polyester adhesives)and in some cases this will also be reinforced with glass reinforced or epoxy resin dowels).

11. On completion of the stone replacement, re-pointing works will be taken in hand. The process will involve:

- Removal of existing mortar joints;
- Wash down;
- Re-point.

12. Weak or deteriorated pointing will be raked out to a suitable depth using adequately sized chisels and narrow screwdrivers. Special care shall be taken not to damage the stone, features, cornice bands etc. Once raking is complete the joints will be flushed down with clean water to remove all loose material. Suggested mix to be used for pointing can be chosen from the following:

- 1 part hydraulic lime + 3 parts sand with stone dust as colour additive;
- 1 part slaked lime + 3 parts sand with addition of stone dust;
- 1 part slaked lime + 1 part pozzolana + 3 part sand with the addition of stone dust.

13. Which of the above mixes will be adopted will be at the discretion of Architect in Charge however factors such as workability, durability, reduced tendency to form plastic cracks, porosity, colour and hardness of the mortar will be considered.

14. Mortar will be introduced to the joints using a mason trowel. Joints should be filled to ensure that no voids are left within one section of the pointing works. Where joints are deeper than 20mm the mortar will be applied in two separate operations, one to back out the joint and the other to complete the point to a smooth stone finish. Every effort should be taken such that pointing is carried out as neat as possible by keeping joint width to a minimum.

15. Deteriorated and/or damaged stonework, which is not jeopardizing the structural stability of the fabric but is aesthetically not pleasing, will be rebuilt using plastic repair techniques. Two methods will be used. Where the area to be repaired is limited than good quality matured lime putty with pozzolanic additives will be used. The plastic repair will be built in layers, commencing with a coarse graded mix and finished off with a finer blend. Adequate curing time will be allowed between applications to prevent crack formation. Keying will be provided with carbon fibre anchors fixed to the structure with epoxy resin. Where the damage is extensive alkali-proof synthetic fibres will be added to the coarse graded mix to reduce the formation of plastic cracks.

6. Project Impact

721603

The project will undeniably have an impact on the historical fabric and the setting of the hotel and ancillary buildings. However, during the design process, it was felt that this was a necessary compromise in view of the current situation of the ditch in particular and of the regeneration potential of the building stock.

The neglected buildings in the ditch area create a space which is unworthy of the World Heritage status label of the fortifications of Valletta. The rehabilitation of these buildings allows for the revitalisation of what is currently perceived as a negative space.

The design approach was sensitive to the heritage value of the buildings aimed at providing modern accommodation whilst keeping or re-establishing the coherence of the historical fabric in the ditch.

This privately-funded investment in Malta's national heritage will generate direct benefits for the local tourism industry as well as for the general public. By giving a most economically-viable and sustainable use to the buildings, the project ensures the preservation and maintenance of the historical structures.

DeMicoli & Associates
Architects

Appendix E:
Phoenicia Spa & Wellness

PHOENICIA
SPA WELLNESS

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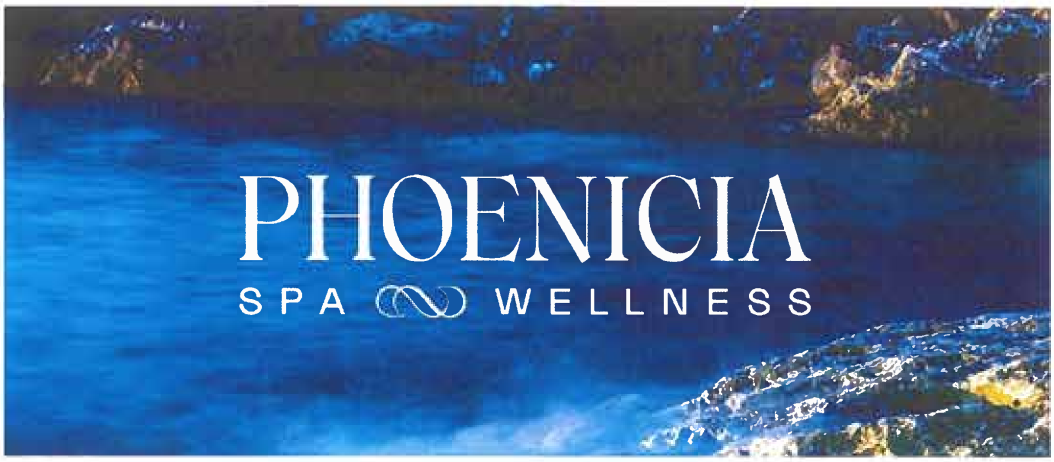

For the ultimate hotel experience, nothing beats a relaxing interlude to enjoy some time of pampering in the lap of luxury—which The Phoenicia Malta offers to both their hotel guests and local Malta residents with their Spa & Wellness facilities, which were expanded in July 2023.

The Spa itself was launched in late 2020, providing an added experience of first-class amenities, skilfully crafted within the hotel grounds by local architects, AP Valletta. The Phoenicia Malta continued to develop and upgrade its esteemed brand until this summer's extension of this serene space that is bathed in natural light and promotes an aura of meditation and peace.

The Spa's facilities measuring 1100SQM on two floors include a state-of-the-art fitness centre, together with a heated indoor pool measuring 80SQM, a Himalayan salt room, a sauna, a steam room, and bonus elements such as multi-jet showers. Moreover, the five-star Spa is the only one that offers a number of exclusive treatments, among which are the Himalayan Salt Stone Massage, as well as facial treatments which include JetPeel and Feather Touch technologies.

The Himalayan salt stone consists of 84 natural essential minerals, which pass through the skin into the muscles and joints when heated. This is ideal for detoxification of the body and to help reduce stress and insomnia.

The JetPeel treatment is a non-invasive treatment for rejuvenating the face, neck, and décolleté, which uses a fine but powerful aerosol jet to hydroporate the necessary active ingredients deep into the skin without the requirement for needles.

The Feather Touch treatment, on the other hand, has revolutionised the dermatological industry with its use of Nano Core Technology to renew the skin and stimulate elastin and collagen in the face, neck, and décolleté by placing the related active components directly onto the skin.

The Spa at The Phoenicia Malta is also the only spa offering products from the AROCELL™ and tHermoCEUTICAL® range, which can otherwise only be found locally at the brands' store in Tigné. AROCELL™ offers the first needle-free cosmetic experience when it comes to botulinum toxin systems, while the tHermoCEUTICAL® products address various skin conditions with medical formulas that improve skin health by dealing directly with the root causes.

PHOENICIA
SPA WELLNESS

The Mall, Floriana FRN 1478, Malta
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phoeniciamalta.com

The Phoenicia Spa is also proud to be the first in Malta to offer the revitalising KORRES range of products and treatments, which are inspired by the blue and white hues of the Aegean and the simplicity of essential life and natural beauty. The holistic treatments by KORRES use exclusively indigenous resources, pure extracts, and innovative products directly sourced from Greek organic ingredients.

This extensive portfolio is not the sole unique feature at the Phoenicia Spa & Wellness facility.

During the initial formation of this luxurious space, the discovery of 16th-century fortifications led to the Spa being built to incorporate these mediaeval details into its structure. This is a reflection of the long-standing historical aspects that exist within the walls of The Phoenicia Malta hotel and gardens. In fact, significant care is provided when it comes to protecting the precious history of this unique piece on the Maltese islands.

Moreover, the theme of relaxation and rejuvenation is further enhanced by the expanse of natural greenery surrounding the premises. In fact, the peaceful hotel gardens offer an authentic extension of the experiences guests and residents can indulge in while at the Spa & Wellness facility. What better way to benefit further from a restful respite from the stresses of everyday life by following up a session at the Spa with a gentle amble through the lush gardens at The Phoenicia Malta?

Speaking about the growth of this brand, General Manager, Robyn Pratt, stated: "One of our priorities as a team, together with our owner, is to keep finding new ways to enhance our product and experience for our guests. Expanding The Phoenicia Malta brand to our Spa was a natural next step, and we are very pleased about the initial reaction to the look and feel and the treatments being offered."

PHOENICIA
SPA WELLNESS

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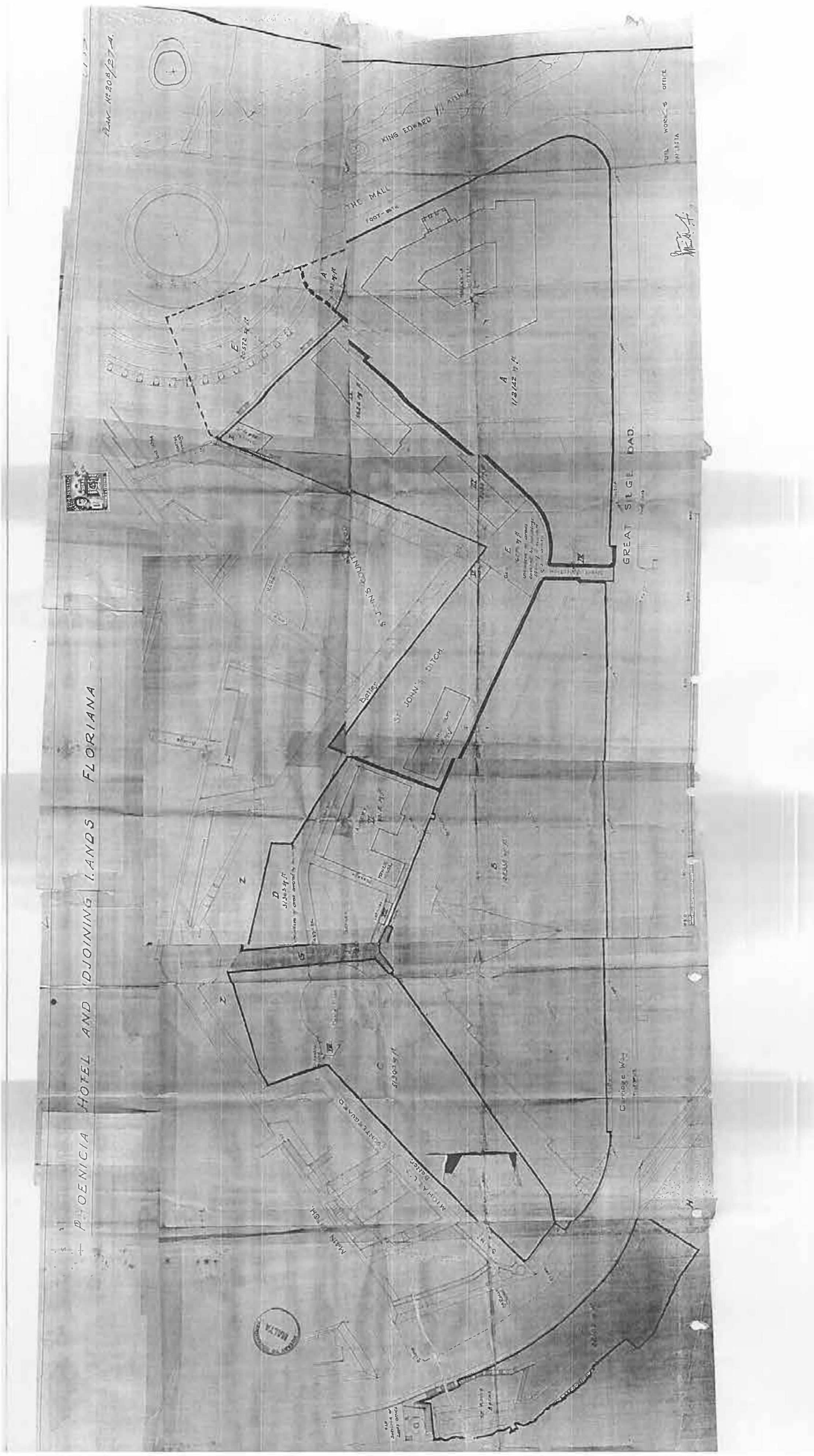
A MEMBER OF
THE LEADING HOTELS
OF THE WORLD

Phoenicia Hotel Company Ltd. Registered address: 2 New Bailey, 6 Stanley Street, Salford, Greater Manchester M3 5GS, United Kingdom / Company Reg. N°: 00305858

DeMicoli & Associates
Architects

**Appendix F:
Map**


PHOENICIA HOTEL AND ADJOINING LANDS FLORIANA
GREAT SIEGE ROAD
ST JOHN'S DITCH
THE MALL
KING EDWARD VII AVENUE
Carriage Way
MALTA

SECURITIES NOTE

DATED 8 FEBRUARY 2024

PHOENICIA FINANCE COMPANY P.L.C.

This document is a Securities Note issued in accordance with the provisions of Chapter 4 of the Capital Markets Rules published by the Malta Financial Services Authority and of the Prospectus Regulation. This Securities Note is issued pursuant to the requirements of Rule 4.14 of the Capital Markets Rules and contains information about the Bonds. Application has been made for the admission to listing of the Bonds on the Official List of the Malta Stock Exchange. This Securities Note should be read in conjunction with the most updated Registration Document issued from time to time containing information about the Issuer.

Issue of €50,000,000 5.75% Unsecured Bonds 2028–2033
of a nominal value of €100 per Bond issued at par
by

PHOENICIA FINANCE COMPANY P.L.C.

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

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

ISIN: MT0002081215

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

Legal Counsel	Sponsor	Manager & Registrar
ZammitPace	CURMI & PARTNERS	BOV Bank of Valletta

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APPROVED BY THE DIRECTORS

Jean Pierre Ellul Castaldi	**Mario P. Galea**

signing in their own capacity as directors of the Company and for and on behalf of each of Etienne Borg Cardona, Benjamin Muscat and Mark D. Shaw

CONTENTS

1. IMPORTANT INFORMATION

THIS SECURITIES NOTE CONSTITUTES PART OF THE PROSPECTUS DATED 8 FEBRUARY 2024 AND CONTAINS INFORMATION ON PHOENICIA FINANCE COMPANY P.L.C. IN ITS CAPACITY AS ISSUER, PHOENICIA MALTA LIMITED AND PHOENICIA HOTEL COMPANY LIMITED AS GUARANTORS, AND ABOUT THE BONDS IN ACCORDANCE WITH THE REQUIREMENTS OF THE CAPITAL MARKETS RULES, THE COMPANIES ACT (CHAPTER 386 OF THE LAWS OF MALTA) AND THE PROSPECTUS REGULATION, AND SHOULD BE READ IN CONJUNCTION WITH THE REGISTRATION DOCUMENT ISSUED BY THE ISSUER.

THIS SECURITIES NOTE SETS OUT THE CONTRACTUAL TERMS UNDER WHICH THE BONDS ARE ISSUED BY THE ISSUER AND ACQUIRED BY A BONDHOLDER, WHICH TERMS SHALL REMAIN BINDING UNTIL THE REDEMPTION DATE OF THE BONDS OR AN EARLY REDEMPTION DATE, AS APPLICABLE, UNLESS THEY ARE OTHERWISE CHANGED IN ACCORDANCE WITH SECTION 6.19 OF THIS SECURITIES NOTE.

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A PROSPECTIVE INVESTOR SHOULD ALWAYS SEEK FINANCIAL ADVICE BEFORE DECIDING TO INVEST IN ANY FINANCIAL INSTRUMENTS. A PROSPECTIVE INVESTOR SHOULD BE AWARE OF THE POTENTIAL RISKS OF INVESTING IN THE SECURITIES OF AN ISSUER AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION AND CONSULTATION WITH HIS OR HER OWN PROFESSIONAL ADVISERS AS TO LEGAL, TAX, INVESTMENT OR ANY OTHER RELATED MATTERS CONCERNING THE BONDS AND THE PROSPECTUS.

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SAVE FOR THE OFFERING IN THE REPUBLIC OF MALTA, NO ACTION HAS BEEN OR WILL BE TAKEN BY THE ISSUER THAT WOULD PERMIT A PUBLIC OFFERING OF THE SECURITIES DESCRIBED IN THIS SECURITIES NOTE OR THE DISTRIBUTION OF THE PROSPECTUS (OR ANY PART THEREOF) OR ANY OFFERING MATERIAL IN ANY COUNTRY OR JURISDICTION WHERE ACTION FOR THAT PURPOSE IS REQUIRED. ACCORDINGLY, NO SECURITIES MAY BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, AND NEITHER THE PROSPECTUS NOR ANY ADVERTISEMENT OR OTHER OFFERING MATERIAL MAY BE DISTRIBUTED OR PUBLISHED IN ANY JURISDICTION, EXCEPT UNDER CIRCUMSTANCES THAT WILL RESULT IN COMPLIANCE WITH ANY APPLICABLE LAWS AND REGULATIONS. PERSONS INTO WHOSE POSSESSION THE PROSPECTUS OR ANY SECURITIES MAY COME MUST INFORM THEMSELVES ABOUT, AND OBSERVE, ANY SUCH RESTRICTIONS ON THE DISTRIBUTION OF THE PROSPECTUS AND THE OFFERING AND SALE OF SECURITIES.

THE BONDS HAVE NOT BEEN, NOR WILL THEY BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT, 1933, AS AMENDED, OR UNDER ANY FEDERAL OR STATE SECURITIES LAW AND MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, IN THE UNITED STATES OF AMERICA, ITS TERRITORIES OR POSSESSIONS, OR ANY AREA SUBJECT TO ITS JURISDICTION (THE “U.S.”) OR TO OR FOR THE BENEFIT OF, DIRECTLY OR INDIRECTLY, ANY U.S. PERSON (AS DEFINED IN REGULATION “S” OF THE SAID ACT). FURTHERMORE, THE ISSUER WILL NOT BE REGISTERED UNDER THE UNITED STATES INVESTMENT COMPANY ACT, 1940 AS AMENDED AND INVESTORS WILL NOT BE ENTITLED TO THE BENEFITS SET OUT THEREIN.

A COPY OF THIS DOCUMENT HAS BEEN SUBMITTED TO THE MALTA FINANCIAL SERVICES AUTHORITY IN SATISFACTION OF THE CAPITAL MARKETS RULES, THE MALTA STOCK EXCHANGE IN SATISFACTION OF THE MALTA STOCK EXCHANGE BYE-LAWS AND HAS BEEN DULY FILED WITH THE MALTA BUSINESS REGISTRY, IN ACCORDANCE WITH THE ACT.

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

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THE VALUE OF INVESTMENTS CAN FALL AS WELL AS RISE, AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER ALL THE INFORMATION CONTAINED IN THE PROSPECTUS AS A WHOLE AND SHOULD CONSULT THEIR OWN FINANCIAL AND OTHER PROFESSIONAL ADVISERS.

2. DEFINITIONS

Capitalised words and expressions used in this Securities Note and which are defined in the Registration Document forming part of the Prospectus shall, except where the context otherwise requires and except where otherwise defined herein, bear the same meaning herein as the meaning given to such words and expressions in the Registration Document. Furthermore, in this Securities Note the following words and expressions shall bear the following meanings except where otherwise expressly stated or where the context otherwise requires:

Applicant/s	A person or persons applying for the issue and allotment of the Bonds in his/her/their favour;
Application/s	The application/s to subscribe for Bonds made by an Applicant/s through any of the Authorised Financial Intermediaries;
Application Form	The form of application of subscription for Bonds by Existing Bondholders, a specimen of which is contained in Annex I of this Securities Note;
Appropriateness Test	Shall have the meaning set out in Section 8.3.25 of this Securities Note;
Authorised Financial Intermediaries	The financial intermediaries whose details appear in Annex IV of this Securities Note;
Business Day	Any day between Monday and Friday (both days included) on which commercial banks in Malta settle payments and are open for normal banking business;
CET	Central European Time;
Civil Code	The Civil Code (Chapter 16 of the laws of Malta);
CSD	The Central Securities Depository of the Malta Stock Exchange having its address at Garrison Chapel, Castille Place, Valletta, VLT 1063, Malta;
Cut-Off Date	Close of business on 23 November 2023 (trading session of 21 November 2023);
DSCR	The Debt Service Cover Ratio ("DSCR"), equal to, or higher, than 120%; with such DSCR calculated as EBITDA for the relevant financial year, divided by the aggregate of the interest-bearing term loan borrowing amounts falling due in the relevant year, and the total interest expense in the relevant year;
Early Redemption Date	Any date falling between 30 December 2028 and 30 December 2033, at the sole option of the Issuer, on which the Issuer shall be entitled to redeem, in whole, all of the principal amount of the Bonds and all interests accrued up to the date of early redemption, by giving not less than 60 days' notice to the Bondholders. "Early Redemption" shall be construed accordingly;
Euro or €	The lawful currency of the Eurozone, being the region comprised of those member states of the European Union that have adopted, or will have adopted from time to time, the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25 March 1957), as amended by the Treaty on European Union (signed in Maastricht on 7 February 1992) and by the Treaty of Amsterdam (signed 2 October 1997), as further amended from time to time;
Existing Bondholders	The holders of Existing Bonds as at the Cut-Off Date;
Existing Bond Transfer	The subscription for Bonds by an Existing Bondholder settled, after submitting the preprinted Application Form (received by mail directly from the Issuer), by the transfer to the Issuer of all or part of the Existing Bonds held by such Existing Bondholder as at the Cut-off Date, which transfer shall be effected at the par value of the Existing Bonds;
External Gearing Ratio	Equal to Financial Indebtedness as a proportion of total equity;
Financial Indebtedness	Shall have the meaning ascribed to the term in Section 6.12 of this Securities Note;

Interest Payment Date	30 December of each year between and including each of the years 2024 and the year 2033 (or in the event of early redemption at the option of the Issuer, 30 December of each year between and including each of the years 2024 and the relevant Early Redemption Date), provided that if any such day is not a Business Day such Interest Payment Date will be carried over to the next following day that is a Business Day;
Issue Date	11 March 2024;
MIFID II	Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (recast);
MSE Bye-Laws	The MSE bye-laws issued by the authority of the board of directors of Malta Stock Exchange plc, as may be amended from time to time;
Offer Period	The period between 12 February 2024 and 23 February 2024, during which the Bonds are available for subscription by Exisiting Bondholders
Official List	The list prepared and published by the Malta Stock Exchange as its official list in accordance with the Malta Stock Exchange Bye-Laws;
Placement Agreement/s	The conditional placement agreements to be entered into between the Issuer and a number of Authorised Financial Intermediaries, as further detailed in Section 6.2 of this Securities Note;
Placement Date	16 February 2024;
Redemption Date	30 December 2033, or in the event of early redemption at the Issuer's sole discretion on the relevant Early Redemption Date;
Redemption Value	The nominal value of each Bond (€100 per Bond);
Suitability Test	Shall have the meaning set out in Section 8.3.25 of this Securities Note;
Terms and Conditions	The terms and conditions of issue of the Bonds, set out in Section 5.3, Section 6 and Section 8 of this Securities Note.

All references in the Prospectus to "Malta" are to the "Republic of Malta".

Unless it appears otherwise from the context:

a. words importing the singular shall include the plural and *vice-versa*;
b. words importing the masculine gender shall include also the feminine gender and *vice-versa*;
c. the word "may" shall be construed as permissive and the word "shall" shall be construed as imperative;
d. any references to a person include natural persons, firms, partnerships, companies, corporations, associations, organizations, governments, states, foundations or trusts;
e. any phrase introduced by the term "including", "include", "in particular" or any similar expression is illustrative only and does not limit the sense of the words preceding the term; and
f. any references to a law, legislative act and/or other legislation shall mean that particular law, legislative act and/or legislation as in force at the time of issue of these Securities.

3. RISK FACTORS

THE VALUE OF INVESTMENTS CAN GO UP OR DOWN AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE.

AN INVESTMENT IN THE BONDS INVOLVES CERTAIN RISKS INCLUDING THOSE DESCRIBED BELOW. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER, WITH THEIR OWN FINANCIAL AND OTHER PROFESSIONAL ADVISERS, THE FOLLOWING RISK FACTORS AND OTHER INVESTMENT CONSIDERATIONS AS WELL AS ALL THE OTHER INFORMATION CONTAINED IN THE PROSPECTUS BEFORE DECIDING TO MAKE AN INVESTMENT IN THE BONDS. THE RISK FACTOR FIRST APPEARING UNDER EACH CATEGORY CONSTITUTES THAT RISK FACTOR THAT THE DIRECTORS OF THE ISSUER HAVE ASSESSED TO BE, AT THE DATE OF THIS SECURITIES NOTE, THE MOST MATERIAL RISK FACTOR UNDER SUCH CATEGORY. IN MAKING THIS ASSESSMENT OF MATERIALITY, THE DIRECTORS OF THE ISSUER HAVE EVALUATED THE COMBINATION OF: (I) THE PROBABILITY THAT A RISK FACTOR OCCURS; AND (II) THE EXPECTED MAGNITUDE OF THE ADVERSE EFFECT ON THE FINANCIAL CONDITION AND PERFORMANCE OF THE ISSUER AND ITS SECURITIES IF SUCH RISK FACTOR WERE TO MATERIALISE.

WHILE THE SEQUENCE IN WHICH THE RISKS BELOW ARE LISTED IS INTENDED TO BE INDICATIVE OF THE ORDER OF PRIORITY AND OF THE EXTENT OF THEIR CONSEQUENCES, PROSPECTIVE INVESTORS ARE HEREBY CAUTIONED THAT THE OCCURRENCE OF ANY ONE OR MORE OF THE RISKS SET OUT BELOW COULD HAVE A MATERIAL ADVERSE EFFECT ON THE PHOENICIA GROUP BUSINESS, RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

NEITHER THE PROSPECTUS NOR ANY OTHER INFORMATION SUPPLIED HEREIN IN CONNECTION WITH SECURITIES ISSUED BY THE ISSUER:

(I) IS INTENDED TO PROVIDE THE BASIS OF ANY CREDIT OR OTHER EVALUATION, NOR
(II) SHOULD BE CONSIDERED AS A RECOMMENDATION BY THE ISSUER OR THE SPONSOR OR AUTHORISED FINANCIAL INTERMEDIARIES THAT ANY RECIPIENT OF THIS PROSPECTUS OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION THEREWITH, SHOULD PURCHASE ANY SECURITIES ISSUED BY THE ISSUER.

PROSPECTIVE INVESTORS SHOULD MAKE THEIR OWN EVALUATION OF ALL RISK FACTORS AND SHOULD CONSIDER ALL OTHER SECTIONS IN THIS DOCUMENT.

3.1. FORWARD-LOOKING STATEMENTS

This Securities Note contains statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, such as the terms "believes", "estimates", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology. Forward-looking statements relate to matters that are not historical facts. They appear in a number of places throughout the Prospectus, and documents incorporated therein by reference, and include statements regarding the intentions, beliefs or current expectations of the Issuer and, or the Directors concerning, amongst other things, the Issuer's and, or the Guarantors' strategy and business plans, capital requirements, results of operations, financial condition, liquidity, prospects, the markets in which it operates and general market conditions.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance and should therefore not be construed as such. The Issuer's and, or the Guarantors' actual results of operations, financial condition and performance, and trading prospects may differ materially from the impression created by the forward-looking statements contained in the Prospectus. In addition, even if the results of operations, financial condition and performance, and trading results, of the Issuer and, or the Guarantors are consistent with the forward-looking statements contained in the Prospectus, those results or developments may not be indicative of results or developments in subsequent periods.

Potential investors are advised to read the Prospectus in its entirety and, in particular, all the risks set out in this section and in the section entitled "Risk Factors" in the Registration Document, for a review of the factors that could affect the Issuer's performance and an investment in the Bonds. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this document may not occur.

All forward-looking statements contained in this document are made only as at the date hereof. Subject to applicable legal and regulatory obligations, the Issuer and its Directors expressly disclaim any obligations to update or revise any forward-looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

3.2. RISKS RELATING TO THE BONDS

Complex financial instrument and suitability assessment

Debt instruments which may be redeemed by an issuer prior to their maturity date are considered as having an embedded call option, with the price of the bonds taking these components into account. The Bonds may be redeemed at the option of the Issuer on an Early Redemption Date. In view of this early redemption component, the Bonds are complex financial instruments for the purposes of MIFID II. Investors should consult with an investment advisor before investing in the Bonds. In particular, investors should consult with an investment advisor with a view to ascertaining that each prospective investor: (a) has sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in the Prospectus or any applicable supplement; (b) has sufficient financial resources and liquidity to bear all the risks of an investment in the Bonds, including where the currency for principal or interest payments is different from the prospective investor's currency and that the Bonds meet the investment objectives of the prospective investor; (c) understands thoroughly the terms of the Bonds; and (d) is able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks. An informed investment decision can only be made by investors after they have read and fully understood the risk factors associated with an investment in the Bonds and the inherent risks associated with the Phoenicia Group's business.

The Bonds are redeemable at the option of the Issuer

The Bonds may be redeemed by the Issuer on an Early Redemption Date. Once the Bonds are redeemed, the relevant Bondholders shall no longer be entitled to any interest or other rights in relation to those Bonds. If the Bonds are redeemed on an Early Redemption Date, a Bondholder would not receive the same return on investment that it would have received if the Bonds were redeemed on the Redemption Date. In addition, Bondholders may not be able to re-invest the proceeds from an early redemption at yields that would have been received had they not been redeemed. This optional redemption feature may also have a negative impact on the market value of the Bonds.

Subsequent changes in interest rates and potential impact on inflation

The Bonds shall carry a fixed interest rate. Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds. The price of fixed rate bonds should, theoretically, be adversely impacted if interest rates increase. In an economic scenario where prevailing market interest rates are rising, the prices of fixed rate bonds decline and conversely, if market interest rates are declining, the prices of fixed rate bonds tend to rise. This is part of the market risk inherent in financial instruments but it is only crystallised if a Bondholder decides to sell the Bonds before maturity on the secondary market, since on Redemption Date, a Bondholder will still be entitled to receive the face value of the Bonds.

The coupon payable on the Bonds is a nominal interest rate. The real interest rate is computed by subtracting inflation from the nominal interest rate, the result of which indicates the real return on the Bond coupons. In a period of high inflation, an investor's real return on the Bonds will be lower than the Bonds' nominal interest rate and thus undermine an investor's expected return. Furthermore, an increase in inflation may result in a decrease in the traded price of the Bonds on the secondary market.

No prior market

Prior to the Bond Issue, there has been no public market nor trading record of the Bonds within or outside Malta. Due to the absence of any prior market for the Bonds, there can be no assurance that the Bond Issue price will correspond to the price at which the Bonds will trade in the market subsequent to the Bond Issue. The market price of the Bonds could be subject to significant fluctuations in response to numerous factors, including the occurrence of any of the risk factors identified in Section 3 of the Registration Document.

Orderly and liquid market

The existence of an orderly and liquid market for the Bonds depends on a number of factors, including but not limited to, the presence of willing buyers and sellers of the Issuer's Bonds at any given time and the general economic conditions in the market in which the Bonds are traded. Such factors are dependent upon the individual decisions of investors and the general economic conditions of the market, over which the Issuer has no control. Accordingly, there can be no assurance that an active secondary market for the Bonds will develop, or, if it develops, that it will continue. Accordingly, there can be no assurance that an investor will be able to sell or otherwise trade in the Bonds at, or above, the Bond Issue price or at all.

Future public offers

No prediction can be made about the effect which any future public offerings of the Issuer's securities (including, but not limited to, the effects arising out of a change in the cash flow requirements of the Issuer or other commitments of the Issuer vis-à-vis the new security holders), or any takeover or merger activity involving the Issuer (including, but not limited to, a delisting, in full or in part, of the Bonds) will have on the market price of the Bonds prevailing from time to time.

Currency risk

A Bondholder shall bear the risk of any adverse fluctuations in exchange rates between the currency of denomination of the Bonds (Euro) and the Bondholder's currency of reference, if different. Such adverse fluctuations may impair the return of investment of the Bondholder in real terms after taking into account the relevant exchange rate.

Changes in law

The Terms and Conditions of the Bonds are based on Maltese law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in Maltese law or administrative practice after the date of this Prospectus.

Changes to Terms and Conditions

In the event that the Issuer wishes to amend any of the Terms and Conditions of the Bonds it may call a meeting of Bondholders in accordance with the provisions of Section 8 of this Securities Note. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

Additional indebtedness and security

Both the Issuer and the Guarantors may incur additional borrowings or indebtedness and may create or permit to subsist other security interests upon the whole or any part of its present or further undertakings, assets or revenues.

Continuing compliance obligations

Even after the Bonds are admitted to trading on the Official List of the MSE, the Issuer is required to remain in compliance with certain requirements relating, *inter alia*, to the free transferability, clearance and settlement of the Bonds in order to remain a listed company in good standing. Moreover, the MFSA has the authority to suspend trading or listing of the Bonds if, *inter alia*, it comes to believe that such a suspension is required for the protection of investors or the integrity or reputation of the market. The MFSA may discontinue the listing of the Bonds on the Official List. Any such trading suspensions or listing revocations / discontinuations could have a material adverse effect on the liquidity and value of the Bonds.

3.3. RISKS RELATING TO RANKING

The Bonds, as and when issued and allotted, shall constitute the general, direct, unsecured and unconditional obligations of the Issuer and shall be guaranteed in respect of both the interest due and the principal amount under said Bonds by the Guarantors jointly and severally. The Bonds shall at all times rank *pari passu* without any priority or preference among themselves and, in respect of the Guarantors, they shall rank without any priority or preference over all their respective unsecured indebtedness, if any.

3.4. RISKS RELATING TO THE GUARANTEE

The joint and several Guarantee entitles the Bondholders to take action against the Guarantors without having to first take action against the Issuer to pay both the interest due and the principal amount under said Bonds if the Issuer fails to meet any amount, when due in terms of the Prospectus. The strength of this undertaking on the part of the Guarantors and therefore, the level of recoverability by the Bondholders from the Guarantors of any amounts due under any of the Bonds, is dependent upon and directly linked to the financial position and solvency of the Guarantors.

4. PERSONS RESPONSIBLE AND STATEMENT OF APPROVAL

This document includes information given in compliance with the Prospectus Regulation for the purpose of providing prospective investors with information with regards to the Bonds. All of the Directors, whose names appear in Section 5.1.1 of the Registration Document entitled "Directors of the Issuer" accept responsibility for the information contained in this Securities Note.

To the best of the knowledge and belief of the Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this Securities Note is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

All representations and other statements made in the Prospectus are made by the Issuer, and the Directors take sole responsibility for all such representations and statements. The Sponsor, Manager and Registrar, and the Issuer's advisers have advised and assisted the Issuer in the preparation of this document, but none make any representation or statement, unless otherwise expressly stated in the Prospectus, and each of them disclaims any responsibility for any representations and other statements made in the Prospectus.

4.1. CONSENT FOR USE OF THE PROSPECTUS

Consent required in connection with the use of the Prospectus by the Authorised Financial Intermediaries

For the purposes of any subscription for Bonds through any of the Authorised Financial Intermediaries in terms of this Securities Note and any subsequent resale, placement or other offering of the Bonds by such Authorised Financial Intermediaries in circumstances where there is no exemption from the requirement to publish a prospectus under the Prospectus Regulation, the Issuer consents to the use of this Prospectus (and accepts responsibility for the information contained therein) with respect to any such subsequent resale or placement or other offering of Bonds, provided this is limited only:

(i) in respect of Bonds subscribed for through the Authorised Financial Intermediaries pursuant to the Placement Agreements (as detailed in Section 6.2) and the Intermediaries' Offer (as detailed in Section 6.4);
(ii) to any resale or placement of Bonds subscribed for as aforesaid, taking place in Malta; and
(iii) to any resale or placement of Bonds subscribed for as aforesaid, taking place within the period of 60 days from the date of the Prospectus.

None of the Issuer, the Sponsor, Manager & Registrar or any of their respective advisers take any responsibility for any of the actions of any Authorised Financial Intermediary, including their compliance with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to a resale or placement of the Bonds.

Other than as set out above, neither the Issuer nor the Sponsor, Manager & Registrar has authorised (nor do they authorise or consent to the use of this Prospectus in connection with) the making of any public offer of the Bonds by any person in any circumstance. Any such unauthorised offers are not made on behalf of the Issuer or the Sponsor, Manager & Registrar and neither the Issuer nor the Sponsor, Manager & Registrar has any responsibility or liability for the actions of any person making such offers.

No person has been authorised to give any information or to make any representation not contained in or inconsistent with this Prospectus. If given or made, it must not be relied upon as having been authorised by the Issuer or Sponsor, Manager & Registrar. The Issuer does not accept responsibility for any information not contained in this Prospectus.

Investors should enquire whether an intermediary is considered to be an Authorised Financial Intermediary in terms of the Prospectus. If the investor is in doubt as to whether it can rely on the Prospectus and, or who is responsible for its contents, it should obtain legal advice.

In the event of a resale, placement or other offering of Bonds by an Authorised Financial Intermediary, the Authorised Financial Intermediary shall provide investors with information on the terms and conditions of the resale, placement, or other offering at the time such is made.

Any resale, placement, or other offering of Bonds to an investor by an Authorised Financial Intermediary shall be made in accordance with any terms and other arrangements in place between such Authorised Financial Intermediary and such investor including as to price, allocations, and settlement arrangements. Where such information is not contained in the Prospectus, it shall be the responsibility of the respective Authorised Financial Intermediary at the time of such resale, placement, or other offering to provide the investor with that information.

Any Authorised Financial Intermediary using this Prospectus in connection with a resale, placement, or other offering of Bonds subsequent to the Bond Issue shall, limitedly for the period of 60 days from the date of the Prospectus, publish on its website a notice to the effect that it is using this Prospectus for such resale, placement, or other offering in accordance with the consent of the Issuer and the conditions attached thereto. The consent provided herein shall no longer apply following the lapse of such period.

Any new information with respect to Authorised Financial Intermediaries unknown at the time of approval of this Securities Note shall be made available through a company announcement which shall also be made available on the Issuer's website: www.phoeniciafinance.com.

4.2. STATEMENT OF AUTHORISATION

This Securities Note has been drawn up as part of a simplified prospectus in accordance with Article 14 of the Prospectus Regulation. This Securities Note has been approved by the MFSA as the competent authority under the Prospectus Regulation. The MFSA only approves this Securities Note as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the quality of the securities that are the subject of this Securities Note. Investors should make their own assessment as to the suitability of investing in the Bonds.

5. KEY INFORMATION

5.1. REASONS FOR THE ISSUE AND USE OF PROCEEDS

The proceeds from the Bond Issue, which net of Bond Issue expenses are expected to amount to approximately €49,050,000, will be used for the following purposes, in the amounts and order of priority set out below:

i. an amount of up to €25,000,000 in Existing Bonds which will be acquired via transfer to the Issuer by Existing Bondholders in consideration for the subscription of Bonds, will result in the cancellation of such Existing Bonds by the Issuer and shall give rise to obligations on the part of the Issuer under the Bonds.

ii. an amount of up to €24,050,000 will be advanced by the Issuer to PML pursuant to the Loan Agreement (as defined in Section 6.1.1 of the Registration Document). Under the Loan Agreement, PML has delegated the Issuer to pay such amount to APS Bank p.l.c. to re-pay (in whole or in part) the APS Loan I (details of which are set out in Section 14.2 of the Registration Document). As a result, the hypothecary and privileged rights granted by PML and PHCL to APS Bank p.l.c. in security of the APS Loan I will be cancelled or reduced in proportion to the amount of the APS Loan I repaid (as the case may be).

In the event that the Bond Issue is fully subscribed and less than €25,000,000 in the form of Existing Bonds are purchased and cancelled by the Issuer by way of an Existing Bond Transfer in terms of paragraph 5.1 (i) above, any balance of proceeds that may result following the repayment of the APS Loan I shall be held by the Issuer in a segregated bank account to be known as the "Existing Bondholder Account" as described below, until the eventual redemption of the Existing Bonds in accordance with the 2018 Bond Prospectus.

In the event that the Bond Issue is not fully subscribed and less than €25,000,000 in Existing Bonds are purchased by the Issuer by way of the Existing Bond Transfer in terms of paragraph 5.1 (i) above, the proceeds from the Bond Issue (other than by way of Existing Bond Transfer) shall be applied as follows, in the following order of priority: (a) the repayment of the APS Loan I; and (ii) any balance of proceeds shall be held by the Issuer in the Existing Bondholder Account as described below, until the eventual redemption of their Existing Bonds in accordance with the 2018 Bond Prospectus).

The Existing Bondholder Account shall be a bank account set up by the Issuer, segregated from any other bank account held by the Issuer. Cash deposits from the Issuer into the Existing Bondholder Account shall only be applied for redeeming any amount of outstanding Existing Bonds, provided that prior to such redemption such monies may also be applied by the Issuer: (i) for the purpose of buying back Existing Bonds for cancellation in terms of the 2018 Bond Prospectus; or (ii) for investing in liquid and marketable securities as reasonably considered practicable by the Issuer.

In the event that the Bond Issue is not fully subscribed, however the full €25,000,000 in the form of Existing Bonds are purchased by the Issuer by way of Existing Bond Transfer in terms of paragraph 5.1 (i) above, the proceeds from the Bond Issue shall be applied exclusively towards the refinancing in part of the APS Loan I.

5.2. EXPENSES

Professional fees, and costs related to publicity, advertising, printing, listing, registration, sponsor, management, registrar, selling commission, and other miscellaneous expenses in connection with this Bond Issue are estimated not to exceed €950,000 and will be deducted from the proceeds of the Issue. There is no particular order of priority with respect to such expenses.

5.3. ISSUE STATISTICS

Amount	€50,000,000;
Form	the Bonds will be issued in a fully registered and dematerialised form and will be represented in an uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the CSD;
Denomination	Euro (€);
ISIN	MT0002081215;
Minimum amount per subscription	(i) in respect of underlying Applications submitted pursuant to the Placement Agreements and the Intermediaries' Offer: minimum of €2,000 and multiples of €100 thereafter; and (ii) in respect of Existing Bondholders subscribing for Bonds through an Existing Bond Transfer: no minimum amount per subscription shall be applicable subject to subscriptions in multiples of €100;
Redemption Date	30 December 2033 or on the Early Redemption Date;

Early Redemption Dates	Any date falling between 30 December 2028 and 30 December 2033, at the sole option of the Issuer, on which the Issuer shall be entitled to redeem, in whole, all of the principal amount of the Bonds and all interests accrued up to the date of early redemption, by giving not less than 60 days' notice to the Bondholders. "Early Redemption" shall be construed accordingly;
Redemption Value	at par (€100 per Bond);
Application Forms mailed to Existing Bondholders	9 February 2024;
Closing date for Applications to be received from Existing Bondholders	14:00 hours on 23 February 2024
Plan of distribution	the Bonds are open for subscription by: (i) Authorised Financial Intermediaries in terms of the Placement Agreements; (ii) Existing Bondholders; and (iii) Authorised Financial Intermediaries pursuant to the Intermediaries' Offer in respect of any balance of the Bonds not subscribed to by Existing Bondholders as aforesaid;
Preferred Allocations	Existing Bondholders applying for Bonds may elect to settle all or part of the amount due on the Bonds applied for by the transfer to the Issuer of all or part of the Existing Bonds held by them as at the Cut-off Date at par value ("Existing Bond Transfer"). No minimum amount per subscription shall be applicable to Existing Bondholders subscribing for Bonds by way of Existing Bond Transfer subject to subscriptions in multiples of €100 Existing Bondholders electing to subscribe for Bonds through an Existing Bond Transfer shall be allocated Bonds for the corresponding nominal value of Existing Bonds transferred to the Issuer. The transfer of Existing Bonds to the Issuer in consideration for the subscription for Bonds shall cause the obligations of the Issuer with respect to such Existing Bonds to be extinguished and shall give rise to obligations on the part of the Issuer under the Bonds. Bonds applied for by Existing Bondholders by way of Existing Bond Transfer as described above shall be allocated prior to any other allocation of Bonds. The balance of the Bonds not subscribed for by Existing Bondholders limitedly by means of an Existing Bond Transfer together with; i) an additional amount of €5,000,000 in Bonds; and ii) any amount remaining unallocated pursuant to Placement Agreements; shall be made available for subscription to Existing Bondholders in respect of any number of additional Bonds applied for other than by Existing Bond Transfer exceeding in value the aggregate nominal value of Existing Bonds held by them as at the Cut-Off Date ("Excess");
Placement Agreements	the agreements to be entered into by and between the Issuer and a number of Authorised Financial Intermediaries in respect of a maximum amount of €20,000,000 in nominal value of Bonds being reserved for subscription by a number of Authorised Financial Intermediaries for their own account or on behalf of their clients, as further described in Section 6.2 of this Securities Note;
Intermediaries' Offer	in the event that following the subscription of Bonds by Existing Bondholders there are Bonds which remain unallocated, such Bonds shall form part of an Intermediaries' Offer as set out in Section 6.4 of this Securities Note;
Offer Period	08:30 hours on 12 February 2024 to 14:00 hours on 23 February 2024, both days included;
Bond Issue Price	at par (€100 per Bond);
Status of the Bonds	the Bonds, as and when issued and allotted, shall constitute the general, direct, unsecured and unconditional obligations of the Issuer and shall be guaranteed in respect of both the interest due and the principal amount under said Bonds by the Guarantors jointly and severally. The Bonds shall at all times rank *pari passu* without any priority or preference among themselves and, in respect of the Guarantors, they shall rank without any priority or preference over all their unsecured indebtedness, if any;

Listing	the MFSA has approved the Bonds for admissibility to listing and subsequent trading on the Official List of the MSE. Application has been made to the MSE for the Bonds to be listed and traded on its Official List;
Interest	5.75% per annum;
Interest Payment Date(s)	annually, on 30 December as from 30 December 2024 (the first interest payment date);
Governing law of Bonds	the Bonds are governed by and shall be construed in accordance with Maltese law;
Jurisdiction	the Maltese Courts shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Prospectus and, or the Bonds.

5.4. INTEREST OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

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

6. INFORMATION CONCERNING THE SECURITIES TO BE ISSUED AND ADMITTED TO TRADING

Each Bond shall be issued on the terms and conditions set out in this Securities Note and, by subscribing to or otherwise acquiring the Bonds, the Bondholders are deemed to have knowledge of all the terms and conditions of the Bonds hereafter described and to accept and be bound by the said terms and conditions.

6.1. GENERAL

6.1.1. Each Bond forms part of a duly authorised issue of 5.75% Unsecured Bonds 2028–2033 of a nominal value of €100 per Bond issued by the Issuer at par up to the principal amount of €50,000,000 (except as otherwise provided under Section 6.18 ("Further Issues"). The Issue Date of the Bonds is expected on 11 March 2024. The Bond Issue is guaranteed by PML and PHCL.

6.1.2. The currency of the Bonds is Euro (€).

6.1.3. Subject to admission to listing of the Bonds to the Official List of the MSE, the Bonds are expected to be assigned ISIN MT0002081215.

6.1.4. Unless previously purchased and cancelled or redeemed on the Early Redemption Date, the Bonds shall be redeemable at par on the Redemption Date.

6.1.5. The issue of the Bonds is made in accordance with the requirements of the Capital Markets Rules, the Act, and the Prospectus Regulation.

6.1.6. The minimum subscription amount of Bonds that can be subscribed for by Applicants pursuant to Placement Agreements and the Intermediaries' Offer (who are not Existing Bondholders subscribing for Bonds through an Existing Bond Transfer) is €2,000, and in multiples of €100 thereafter. No minimum amount per subscription shall be applicable in respect of Existing Bondholders subscribing for Bonds through an Existing Bond Transfer, subject to subscriptions in multiples of €100.

6.1.7. The Bond Issue is not underwritten. In the event that the Bond Issue is not fully subscribed, the Issuer will proceed with the listing of the amount of Bonds subscribed for as further detailed in Section 5.1 above.

6.1.8. There are no special rights attached to the Bonds other than the right of the Bondholders to the payment of capital and interest and in accordance with the ranking specified in Section 6.7 hereunder.

6.1.9. In view of the early redemption component referred to in Section 6.1.4 above, the Bonds are complex financial instruments for the purposes of MIFID II. Accordingly, the Bonds may only be suitable for investors who have the knowledge and experience to understand the risk related to this type of financial instrument. Potential investors should consult an investment advisor before investing in the Bonds.

6.2. PLACEMENT AGREEMENTS

The Issuer shall enter into Placement Agreements with a number of Authorised Financial Intermediaries whereby the Issuer shall bind itself to allocate a maximum aggregate amount of €20,000,000 in nominal value of Bonds to such Authorised Financial Intermediaries, which, in turn, shall bind themselves to subscribe to, for their own account or for the account of their underlying clients, a specified number of Bonds, subject to the Bonds being admitted to trading on the Official List. The subscription obligations of the Authorised Financial Intermediaries under the Placement Agreements will become unconditional on the Authorised Financial Intermediaries upon such condition being fulfilled, and the Issuer's obligations thereunder shall be subject to the Issuer having received all subscription proceeds in cleared funds.

In terms of the Placement Agreements, the Authorised Financial Intermediaries may subscribe for the Bonds either for their own account or for the account of underlying customers, including retail customers and shall in addition be entitled to either: (i) distribute to the underlying customers any portion of the Bonds subscribed for upon commencement of trading, or (ii) complete a data file representing the amount being allocated in terms of the respective Placement Agreement as provided by the Registrar by latest 14:00 hours on 22 February 2024.

The minimum amount applicable for Placement Agreements and the respective underlying Applications is of €2,000 in Bonds and in multiples of €100 thereafter.

Authorised Financial Intermediaries must effect payment to the Issuer for the Bonds subscribed to by not later than the Placement Date.

6.3. APPLICATIONS BY EXISTING BONDHOLDERS

6.3.1. Existing Bondholders applying for Bonds may elect to settle all or part of the amount due on the Bonds applied for by completing a pre-printed Application Form being mailed by the Issuer, indicating that the consideration for the Bonds applied for shall be settled by way of transfer to the Issuer of all or part of the Existing Bonds held as at the Cut-Off Date in an amount equivalent to the par value of the Bonds applied for (this being, the Existing Bond Transfer). Any Existing Bondholders wishing to apply for any Excess, may do so by completing the appropriate section of the Application Form. Existing Bondholders may lodge their Application Form with any Authorised Financial Intermediary by not later than 14:00 hours on 23 February 2024.

The Application Form can only be used by Existing Bondholders electing to subscribe for the Bonds by way of an Existing Bond Transfer and the Excess if applied for, provided that such Existing Bondholders applying for any Excess, have opted to transfer their entire holding in Existing Bonds by Existing Bond Transfer.

6.3.2. By submitting a signed pre-printed Application Form indicating that the option of the Existing Bond Transfer is being selected (whether in whole or in part consideration for the Bonds being applied for), the Applicant is thereby confirming:

i) that all or part (as the case may be) of the Existing Bonds held by the Applicant as at the Cut-Off Date are being transferred to the Issuer, together with the payment due in respect of any Excess, if applicable;

ii) that the pre-printed Application Form constitutes the Applicant's irrevocable mandate to the Issuer to: (a) cause the transfer of the said Existing Bonds in the Issuer's name in consideration of the issue of Bonds; and (b) engage, at the Issuer's cost, the services of such brokers or intermediaries as may be necessary to fully and effectively vest title in the said Existing Bonds in the Issuer and fully and effectively vest title in the appropriate number of Bonds in the Applicant;

iii) that the obligations of the Issuer with respect to the Existing Bonds being transferred to the Issuer are extinguished, replaced by obligations on the part of the Issuer under the Bonds to be issued upon acceptance by the Issuer of the Application in question; and

iv) the matter specified in Section 8.3.2 below.

6.3.3. In the event that an Existing Bondholder applying for a number of Bonds exceeding in value the aggregate nominal value of Existing Bonds held by them as at the Cut-Off Date has been allocated a number of Bonds which is less than the Excess applied for, then such Existing Bondholder shall receive a refund of the price of the Bonds applied for but not allocated. Such refund shall be without interest and shall be made by credit transfer to such account indicated in the Application Form, at the Existing Bondholder's sole risk by not later than 11 March 2024. The Issuer shall not be responsible for any charges, loss or delay arising in connection with such direct credit transfer.

6.4. INTERMEDIARIES' OFFER

6.4.1. Any balance of the Bonds not subscribed to by Existing Bondholders shall be offered for subscription by Authorised Financial Intermediaries participating in the Intermediaries' Offer. Any subscriptions received during the Intermediaries' Offer shall be subject to the same terms and conditions as those applicable to Applications by Existing Bondholders, but limited to any remaining balance of Bonds after fully allocating the Bonds applied for by Existing Bondholders and under the Placement Agreements as aforesaid. In this regard, the Issuer shall enter into conditional subscription agreements with Authorised Intermediaries for the subscription of the resultant balance of Bonds, whereby it will bind itself to allocate Bonds thereto up to any such amount as may not be taken up by Existing Bondholders as aforesaid.

6.4.2. In terms of each subscription agreement entered into with an Authorised Financial Intermediary, the Issuer will be conditionally bound to issue, and each Authorised Financial Intermediary will bind itself to subscribe for, up to the total amount of Bonds as indicated therein, subject to the Bonds being admitted to trading on the Official List. The subscription agreements, which will be subject to the Terms and Conditions of the Prospectus, will become binding on each of the Issuer and the respective Authorised Financial Intermediaries upon delivery, provided that these intermediaries would have paid to the Registrar all subscription proceeds in cleared funds on delivery of the subscription agreement.

6.4.3. In terms of the subscription agreements, Authorised Financial Intermediaries may subscribe for the Bonds either for their own account or for the account of underlying customers, including retail customers and shall in addition be entitled to distribute to the underlying customers any portion of the Bonds subscribed for upon commencement of trading. The minimum amount which each Authorised Financial Intermediary may apply for in terms of the applicable subscription agreement is €2,000 and in multiples of €100 thereafter and such minimum and multiples shall also apply to each underlying Applicant.

6.4.4. Completed subscription agreements, together with evidence of payment, are to reach the Registrar by 12:00 hours CET on 28 February 2024. The Issuer, acting through the Registrar, shall communicate the amount allocated under each subscription agreement by close of business on 1 March 2024. Any amounts unallocated in terms of the subscription agreements shall be returned to the respective Authorised Financial Intermediary by direct credit to the account indicated in the respective subscription agreement by latest close of business on 1 March 2024.

6.5. PLAN OF DISTRIBUTION AND ALLOTMENT

The Bonds are open for subscription as follows:

i) An amount of €20,000,000 in nominal value of Bonds has been reserved for subscription by Authorised Financial Intermediaries pursuant to Placement Agreements to be entered into with the Issuer (as further detailed in Section 6.2);

ii) An amount of €30,000,000 in nominal value of Bonds together with any remaining Bonds not subscribed to pursuant to (i) above, have been reserved for Existing Bondholders during the Offer Period, namely, and with the following priority: (a) up to an amount of €25,000,000 in nominal value of Bonds by Existing Bondholders in respect of any Bonds applied for by way of an Existing Bond Transfer; and (b) up to an additional amount of €5,000,000 in nominal value of Bonds together with any remaining Bonds not subscribed to pursuant to (i) above, by Existing Bondholders in respect of any Excess applied for by such Existing Bondholders without priority or preference between them; and

iii) Following the allocation in terms of (i) and (ii) above, any remaining balance of Bonds shall be made available for subscription by Authorised Financial Intermediaries through an Intermediaries' Offer.

Applications for subscriptions to the Bonds may be made through the Authorised Financial Intermediaries (which include the Sponsor and the Manager & Registrar), subject to a minimum of €2,000 in Bonds and in multiples of €100 thereafter for Applications submitted pursuant to the Placement Agreements and the Intermediaries' Offer (other than in the case of Existing Bondholders subscribing for Bonds through an Existing Bond Transfer, in which case no minimum amount per subscription shall be applicable, subject to subscriptions in multiples of €100).

Applications shall not be accepted by Authorised Financial Intermediaries unless, based on the results of such Appropriateness Test, the Authorised Financial Intermediary is satisfied that an investment in the Bonds may be considered appropriate for the Applicant. To the extent that an Authorised Financial Intermediary is providing advice in respect of a purchase of the Bonds by an Applicant, such Authorised Financial Intermediary shall also be required to conduct a Suitability Test in respect of the Applicant and based on the results of such test, be satisfied that an investment in the Bonds may be considered suitable for the Applicant. The allocation of the Bonds is subject to the allocation policy of the Issuer set out in Section 6.6 of this Securities Note.

The Bonds are open for subscription during the Offer Period exclusively by Existing Bondholders applying for Bonds by Existing Bond Transfer, by submitting an Application Form to an Authorised Financial Intermediary, up to the number of Existing Bonds held by them as at the Cut-Off Date and Excess where applicable. Existing Bondholders applying for Bonds through an Existing Bond Transfer are to settle all or part of the amount due on the Bonds applied for by the transfer to the Issuer of Existing Bonds held by them as at the Cut-Off Date, subject to subscriptions in multiple of €100.

Interest on the Existing Bonds subject to the Existing Bond Transfer which has accrued up to and including the 11 March 2024 shall be settled by the Issuer within 30 calendar days from admission to listing of the Bonds. The settlement of accrued interest shall be made by the Issuer by direct credit transfer to the bank account corresponding to the Existing Bondholder in the register of Existing Bondholders. The Issuer shall not be responsible for any charges, loss or delay in transmission.

It is expected that an allotment letter will be issued by the Issuer to Applicants by 11 March 2024. The registration advice and other documents and any monies returnable to Applicants may be retained pending clearance of the remittance or surrender of the Existing Bonds, as the case may be, and any verification of identity as required by the Prevention of Money Laundering Act (Chapter 373 of the laws of Malta) and regulations made thereunder. Such monies will not bear interest while retained as aforesaid.

Dealings in the Bonds shall not commence prior to the Bonds being admitted to the Official List.

6.6. ALLOCATION POLICY

The Issuer shall allocate the Bonds to Applicants on the basis of the following policy and in the following order of priority:

i) an amount of €20,000,000 in nominal value of Bonds has been reserved for subscription by a number of Authorised Financial Intermediaries pursuant to Placement Agreements to be entered into with the Issuer (as further detailed in Section 6.2);

ii) an amount of €30,000,000 in nominal value of Bonds together with any remaining Bonds not subscribed for pursuant to (i) above, have been reserved for Existing Bondholders during the Offer Period, namely and with the following priority: (a) up to an amount of €25,000,000 in nominal value of Bonds for Existing Bondholders applying for Bonds by way of Existing Bond Transfer, in accordance with Section 6.3 above, and subject to subscriptions in multiples of €100. Thereafter, up to an additional amount of €5,000,000 in nominal value of Bonds together with any remaining Bonds not subscribed for pursuant to (i) above by Existing Bondholders in respect of any Excess applied for by such Existing Bondholders without priority or preference between them and in accordance with the allocation policy as determined by the Issuer; and

iii) in the event that following the allocations made pursuant to paragraph (i) and (ii) above there shall still remain unallocated Bonds, the Issuer shall offer such remaining Bonds to Authorised Financial Intermediaries through an Intermediaries' Offer as detailed in Section 6.4 above. Subscription agreements received from Authorised Financial Intermediaries through an Intermediaries' Offer, if any, shall be allocated in accordance with the allocation policy as determined by the Issuer, acting through the Registrar, which will be communicated by latest close of business on 1 March 2024. Any amounts unallocated in terms of the subscription agreements shall be returned to the respective Authorised Financial Intermediary by direct credit to the account indicated in the respective subscription agreement by latest close of business on 1 March 2024.

Should Applications submitted by Existing Bondholders exceed the reserved portion indicated in paragraph (ii) above, the unsatisfied excess amounts will be returned by direct credit transfer to the account number indicated in the relative Application, within 5 Business Days following the announcement of basis of acceptance.

In the event that following closing of the Offer Period the Bond Issue is subscribed for in full, the Intermediaries' Offer shall not take place.

Existing Bondholders will share the same allocation policy without priority or preference between themselves should the need for scaling down arise in case of over-subscription, in accordance with the allocation policy as determined by the Issuer acting through the Registrar.

The Issuer shall announce the result of the Bond Issue and the basis of acceptance of all Applications and the allocation policy to be adopted through a company announcement by latest 4 March 2024.

6.7. RANKING OF THE BONDS

The Bonds constitute the general, direct, unconditional and unsecured obligations of the Issuer, guaranteed jointly and severally by the Guarantors, and shall at all times rank *pari passu*, without any priority or preference among themselves and with other unsecured debt of each of the Issuer and the Guarantors, if any. Furthermore, subject to the negative pledge clause (Section 6.12 of this Securities Note), third party security interests may be registered which will rank in priority to the Bonds against the assets of the Issuer and of the Guarantors, as the case may be, for so long as such security interests remain in effect. As at the date of this Securities Note, the Issuer does not have any indebtedness which is subordinated to the Bonds.

The following table sets out a summary of the Group's indebtedness as at 31 December 2023, which amounted in aggregate to €69.42 million (including accrued interest as at that date). The borrowings listed below are secured by privileges and hypothecs (as further described below).

Up to €25 million from the proceeds of the Bond Issue (net of Existing Bonds transferred to the Issuer by Existing Bondholders by way of Existing Bond Transfer) will be used to re-pay (in whole or in part) the APS Loan I (as set out in Section 5.1 above). As a result, the hypothecary and privileged rights granted by PML and PHCL to APS in security of the APS Loan I will be cancelled or reduced accordingly (as the case may be). The indebtedness being created by the Bonds, together with other unsecured debt, shall rank after all outstanding borrowings secured by such privileges and hypothecs. In addition, the Bonds would also rank after any future debts that may be secured by a cause of preference such as a privilege and/or a hypothec.

Facility	Purpose	Counterparty	Date taken	Term (years)	Principal Balance	Interest Balance	Secured by
€25,000,000 4.15% Unsecured Bonds	Bond issue for the purpose of refinancing outstanding Secured loans	Bond Issue	06 December 2018	10	€25,000,000	€45,355	Unsecured
APS Loan I	Loan granted to PML to refinance Bank of Valletta plc facilities, including Malta Development Bank Covid-19 Guaranteed Loan mainly relating to the renovation of the Phoenicia Hotel and for business purposes and secured by PML	APS Bank p.l.c.	10 November 2022	3	€24,424,145	€0	General hypothec granted by PML and special hypothec and special privilege over the Premises granted by PML; General hypothecary guarantee granted by PHCL
APS Loan II	Loan to finance the purchase of historic share options by Mark D Shaw over the shares of Phoenicia (Hotel) Lux S.a r.l.	APS Bank p.l.c.	10 November 2022	20	€18,916,671	€0	General hypothec granted by PML and special hypothec over the Premises granted by PML; General hypothecary guarantee granted by PHCL
Overdraft	Overdraft for business purposes in connection with the operation of the Phoenicia Hotel	APS Bank p.l.c.	10 November 2022	Repayable on demand	€0	€0	General hypothec granted by PHCL; General hypothecary guarantee granted by PML and special hypothecary guarantee over the Premises granted by PML.

6.8. RIGHTS ATTACHING TO THE BONDS

This Securities Note in its entirety contains the terms and conditions of issue of the Bonds and creates the contract between the Issuer and a Bondholder. Any and all references to the terms and conditions of the Bonds shall be construed as a reference to all and each section of this Securities Note. A Bondholder shall have such rights as are, pursuant to this Securities Note, attached to the Bonds, including:

i. the repayment of capital;
ii. the payment of interest;
iii. ranking with respect to other unsecured indebtedness of the Issuer and the Guarantors in accordance with the provisions of Section 6.7 above;
iv. seeking recourse from the Guarantors pursuant to the Guarantee, in case of failure by the Issuer to pay any sum payable by it to Bondholders pursuant to the terms of the Bonds detailed in this Securities Note;
v. the right to attend, participate in and vote at meetings of Bondholders in accordance with the Terms and Conditions of the Bond Issue; and
vi. the enjoyment of all such other rights attached to the Bonds emanating from the Prospectus.

6.9. INTEREST

The Bonds shall bear interest from and including 12 March 2024 at the rate of 5.75% per annum on the nominal value thereof, payable annually in arrears on each Interest Payment Date. The first interest payment will be effected on 30 December 2024 (covering the period 12 March 2024 to 29 December 2024) with the last interest payment being effected on the Redemption Date. Any Interest Payment Date which falls on a day other than a Business Day will be carried over to the next following day that is a Business Day.

In terms of article 2156 of the Civil Code (Cap. 16 of the Laws of Malta), the right of Bondholders to bring claims for payment of interest and repayment of the principal on the Bonds is barred by the lapse of five years.

When interest is required to be calculated for any period of less than a full year, it shall be calculated on the basis of a 360-day year consisting of 12 months of 30 days each, and in the case of an incomplete month, the number of days elapsed.

6.10. YIELD

The gross yield calculated on the basis of the Interest, the Bond Issue Price, and the Redemption Value of the Bonds is 5.75%.

6.11. REGISTRATION, FORM, DENOMINATION, AND TITLE

Certificates will not be delivered to Bondholders in respect of the Bonds. The entitlement to Bonds will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer by the CSD. There will be entered in such electronic register the names, addresses, identity card numbers (in the case of natural persons), registration numbers (in the case of companies) and MSE account numbers of the Bondholders and particulars of the Bonds held by them respectively, and the Bondholders shall have, at all reasonable times during business hours, access to the register of bondholders held at the CSD for the purpose of inspecting information held on their respective account.

The CSD will issue, upon a request by a Bondholder, a statement of holdings to such Bondholder evidencing his/her/its entitlement to Bonds held in the register kept by the CSD.

Upon submission of an Application Form, Bondholders who opt to subscribe for the online e-portfolio account with the CSD, by marking the appropriate box on the Application Form, will be registered by the CSD for the online e-portfolio facility and will receive by mail at their registered address a handle code to activate the new e-portfolio login. The Bondholder's statement of holdings evidencing entitlement to Bonds held in the register kept by the CSD and registration advices evidencing movements in such register will be available through the said e-portfolio facility on https://eportfolio.borzamalta.com.mt/. Further details on the e-portfolio may be found on https://eportfolio.borzamalta.com.mt/Help.

The Bonds will be issued in fully registered form, without interest coupons, in denominations of any integral multiple of €100 provided that on subscription the Bonds will be issued for a minimum of €2,000 per individual Bondholder (other than in the case of Applicants who are Existing Bondholders subscribing for Bonds through an Existing Bond Transfer, subject to subscriptions in multiples of €100). Authorised Financial Intermediaries subscribing to the Bonds through nominee accounts for and on behalf of clients shall apply the minimum subscription amount of €2,000 to each underlying client.

Any person in whose name a Bond is registered may (to the fullest extent permitted by applicable law) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute owner of such Bond. Title to the Bonds may be transferred as provided in Section 6.17 below under the heading "Transferability of the Bonds".

6.12. NEGATIVE PLEDGE

The Issuer and the Guarantors undertake, for as long as any principal or interest under the Bonds or any of the Bonds remains outstanding, not to create or permit to subsist any Security Interest (as defined below), other than a Permitted Security Interest (as defined below), upon the whole or any part of their respective present or future assets or revenues, to secure any Financial Indebtedness (as defined below) of the Issuer and/or the Guarantors, unless the instrument creating any such Security Interest shall provide that the Issuer's and Guarantors' indebtedness under the Bonds, shares in and is secured equally and rateably with such Security Interest.

"**Financial Indebtedness**" means any indebtedness in respect of: (a) monies borrowed; (b) any debenture, bond, note, loan stock or other security; (c) any acceptance credit; (d) the acquisition cost of any asset to the extent payable before or after the time of acquisition or possession by the party liable where the advance or deferred payment is arranged primarily as a method of raising finance for the acquisition of that asset; (e) leases entered into primarily as a method of raising finance for the acquisition of the asset leased; (f) amounts raised under any other transaction having the commercial effect of borrowing or raising of money; (g) any guarantee, indemnity or similar assurance against financial loss of any person;

"**Security Interest**" means any privilege, hypothec, pledge, lien, charge or other encumbrance or real right which grants rights of preference to a creditor over the assets of the Issuer or the Guarantors;

“Permitted Security Interest” means:

i. any Security Interest arising by operation of law;
ii. any Security Interest securing temporary bank loans or overdrafts or guarantees in the ordinary course of business;
iii. any Security Interest securing any indebtedness of the Issuer created for the sole purpose of financing or raising finance for the redemption of all Bonds;
iv. any other Security Interest (in addition to (i), (ii), and (iii) above) securing Financial Indebtedness of the Issuer or Guarantors (as the case may be), in an aggregate outstanding amount not exceeding 80% of the difference between the value of Unencumbered Assets of the Issuer and Guarantors and the aggregate principal amount of Bonds outstanding at the time;

Provided that the aggregate Security Interests referred to in (ii), (iii), and (iv) above do not result in the Unencumbered Assets of the Issuer being less than the aggregate principal amount of the Bonds still outstanding together with one year’s interest thereon;

“Unencumbered Assets” means assets which are not subject to a Security Interest.

6.13. RESTRICTED PAYMENTS COVENANT

None of the Guarantors shall, whether directly or indirectly:

i. declare or pay any dividend or make any other distribution of a dividend nature to its immediate or ultimate shareholders; and/or

ii. purchase, redeem or acquire (including in the course of a reduction of share capital) any of its own shares except out of the proceeds of a fresh issue of shares made for such purpose,

(any such payment as set forth in (i) and (ii) above is referred to herein as a “Restricted Payment”) until, and including, the financial year ending 31 December 2024.

In the financial years ending 31 December 2025 and 31 December 2026, none of the Guarantors shall make any Restricted Payment unless:

- an amount equal to at least 50% of such proposed Restricted Payment is utilised to offset the outstanding balance on the Parent Company Loan (as defined in Section 14.3 of the Registration Document) by an equivalent amount;

- the DSCR is equal to, or higher, than 120%;

- the External Gearing Ratio is lower, or equal to 200%.

In the financial years following the financial year ending 31 December 2026, none of the Guarantors shall make any Restricted Payment unless:

- the DSCR is equal to, or higher, than 120%;

- the External Gearing Ratio is lower, or equal to 200%.

6.14. PAYMENTS

Payment of the principal amount of Bonds will be made in Euro by the Issuer to the person in whose name such Bonds are registered, with interest accrued up to the Redemption Date, by means of direct credit transfer into such bank account as the Bondholder may designate from time to time, provided such bank account is denominated in Euro. Such payment shall be effected within seven days of the Redemption Date. The Issuer shall not be responsible for any charges, loss or delay in transmission. Upon payment of the Redemption Value, the Bonds shall be redeemed and the appropriate entry made in the electronic register of the Bonds at the CSD.

In the case of Bonds held subject to usufruct, payment will be made against the joint instructions of all bare owners and usufructuaries. Before effecting payment, the Issuer and/or the CSD shall be entitled to request any legal documents deemed necessary concerning the entitlement of the bare owner/s and the usufructuary/ies to payment of the Bonds.

Payment of interest on a Bond will be made to the person in whose name such Bond is registered at the close of business 15 days prior to the Interest Payment Date, by means of a direct credit transfer into such bank account as the Bondholder may designate, from time to time, which is denominated in Euro. Such payment shall be effected within seven days of the Interest Payment Date. The Issuer shall not be responsible for any charges, loss or delay in transmission.

All payments with respect to the Bonds are subject in all cases to any applicable fiscal or other laws and regulations prevailing in Malta. In particular, but without limitation, all payments of principal and interest by or on behalf of the Issuer in respect of the Bonds shall be made net of any amount which the Issuer is or may become compelled by law to deduct or withhold for or on account of any present or future taxes, duties, assessments or other government charges of whatsoever nature imposed, levied, collected, withheld or assessed by or within the Republic of Malta or any authority thereof or therein having power to tax.

No commissions or expenses shall be charged by the Issuer to Bondholders in respect of such payments. The Issuer shall not be liable for charges, expenses and commissions levied by parties other than the Issuer.

6.15. REDEMPTION AND PURCHASE

Unless previously purchased and cancelled, the Bonds will be redeemed at their nominal value (together with interest accrued to the date fixed for redemption) on 30 December 2033 provided that the Issuer reserves the right to redeem all the Bonds on the Early Redemption Date. The Issuer shall give at least 60 days' notice in writing to all Bondholders of its intention to effect such earlier redemption. Such notice may be revoked by the Issuer at its sole discretion by notice in writing, at any time, before the appointed Early Redemption Date.

The Issuer shall be discharged of any and all payment obligations under the Bonds upon payment made net of any withholding or other taxes due or which may be due under Maltese law and which is payable by the Bondholders.

Subject to the provisions of this Section 6.15, the Issuer may at any time purchase Bonds in the open market or otherwise at any price. Any purchase by tender shall be made available to all Bondholders alike.

All Bonds repurchased by the Issuer shall be cancelled forthwith and may not be re-issued or re-sold.

6.16. EVENTS OF DEFAULT

The Bonds shall become immediately due and repayable at their principal amount together with any accrued interest, if any of the following events ("Events of Default") shall occur:

i. the Issuer shall fail to pay any interest on any Bond when due and such failure shall continue for 60 days after written notice thereof shall have been given to the Issuer by any Bondholder; or
ii. the Issuer shall fail duly to perform or shall otherwise be in breach of any other material obligation contained in the Terms and Conditions of the Bonds and such failure shall continue for 60 days after written notice thereof shall have been given to the Issuer by any Bondholder; or
iii. an order is made or resolution passed or other action taken for the dissolution, termination of existence, liquidation, winding-up or bankruptcy of the Issuer and, or the Guarantors; or
iv. the Issuer stops or suspends payments (whether of principal or interest) with respect to all or any class of its debts or announces an intention to do so or cease to carry on its business or a substantial part of its business; or
v. the Issuer is unable, or admits in writing, its inability to pay its debts as they fall due or otherwise becomes insolvent; or
vi. there shall have been entered against the Issuer and/or the Guarantors a final judgment by a court of competent jurisdiction from which no appeal may be or is made for the payment of money in excess of €7,075,000 or its equivalent and 90 days shall have passed since the date of entry of such judgment without it having been satisfied or stayed; or
vii. any default occurs and continues for 90 days under any contract or document relating to any Financial Indebtedness (as defined in Section 6.12 of this Securities Note) of the Issuer and, or the Guarantors in excess of €7,075,000 or its equivalent at any time.

6.17. TRANSFERABILITY OF THE BONDS

The Bonds are freely transferable and, once admitted to the Official List of the MSE, shall be transferable only in whole (that is, in multiples of €100) in accordance with the rules and regulations of the MSE applicable from time to time.

Any person becoming entitled to a Bond in consequence of the death or bankruptcy of a Bondholder may, upon such evidence being produced as may from time to time be properly required by the Issuer or the CSD, elect either to be registered himself as holder of the Bond or to have some person nominated by him registered as the transferee thereof. If the person so becoming entitled shall elect to be registered himself, he shall deliver or send to the CSD a notice in writing signed by him stating that he so elects. If he shall elect to have another person registered he shall testify his election by transferring the Bond, or procuring the transfer of the Bond, in favour of that person. Provided always that if a Bond is transmitted in furtherance of this paragraph, a person will not be registered as a Bondholder unless such transmission is made in multiples of €100.

All transfers and transmissions are subject in all cases to any pledge (duly constituted) of the Bonds and to any applicable laws and regulations.

The cost and expenses of effecting any registration of transfer or transmission, except for the expenses of delivery by any means other than regular mail (if any) and except, if the Issuer shall so require, the payment of a sum sufficient to cover any tax, duty, or other governmental charge or insurance charges that may be imposed in relation thereto, will be borne by the person to whom the transfer/transmission has been made.

The Issuer will not register the transfer or transmission of Bonds for a period of 15 days preceding the due date for any payment of interest on the Bonds.

The minimum subscription amount of €2,000 for Applicants other than Existing Bondholders shall only apply for subscriptions pursuant to Placement Agreements and the Intermediaries' Offer if it takes place. As such, no minimum holding requirement shall be applicable once the Bonds are admitted to listing on the Official List of the MSE and commence trading thereafter subject to trading in multiples of €100.

6.18. FURTHER ISSUES

Subject to the negative pledge clause (Section 6.12 of this Securities Note), the Issuer may, from time to time, without the consent of the Bondholders, create and issue further debentures, debenture stock, bonds, loan notes, or any other debt securities, either having the same terms and conditions as any outstanding debt securities of any series (including the Bonds) and so that such further issue shall be consolidated and form a single series with the outstanding debt securities of the relevant series (including the Bonds), or upon such terms as the Issuer may determine at the time of their issue.

6.19. MEETINGS OF BONDHOLDERS

The Issuer may from time-to-time call meetings of Bondholders for the purpose of consultation with Bondholders or for the purpose of obtaining the consent of Bondholders on matters which in terms of the Prospectus require the approval of a Bondholders' meeting and to effect any change to the applicable Terms and Conditions of the Bonds.

A meeting of Bondholders shall be called by the Directors by giving all Bondholders listed on the register of Bondholders as at a date being not more than 30 days preceding the date scheduled for the meeting and not less than 14 days' notice in writing. Such notice shall set out the time, place, and date set for the meeting and the matters to be discussed or decided thereat, including, if applicable, sufficient information on any amendment of the Prospectus that is proposed to be voted upon at the meeting and seeking the approval of the Bondholders. Following a meeting of Bondholders held in accordance with the provisions contained hereunder, the Issuer shall, acting in accordance with the resolution(s) taken at the meeting, communicate to the Bondholders whether the necessary consent to the proposal made by the Issuer has been granted or withheld. Subject to having obtained the necessary approval by the Bondholders in accordance with the provisions of this Section 6.19 at a meeting called for that purpose as aforesaid, any such decision shall subsequently be given effect to by the Issuer.

The amendment or waiver of any of the provisions of and, or conditions contained in this Securities Note, or in any other part of the Prospectus, may only be made with the approval of Bondholders at a meeting called and held for that purpose in accordance with the terms hereof.

A meeting of Bondholders shall only validly and properly proceed to business if there is a quorum present at the commencement of the meeting. For this purpose, at least two Bondholders present, in person or by proxy, representing not less than 50% in nominal value of the Bonds then outstanding, shall constitute a quorum. If a quorum is not present within 30 minutes from the time scheduled for the commencement of the meeting as indicated on the notice convening same, the meeting shall stand adjourned to a place, date, and time as shall be communicated by the Directors to the Bondholders present at that meeting. The Issuer shall within two days from the date of the original meeting publish by way of company announcement that date, time, and place where the adjourned meeting is to be held. An adjourned meeting shall be held not earlier than seven days, and not later than 15 days, following the original meeting. At an adjourned meeting, the number of Bondholder present, in person or by proxy, shall constitute a quorum, and only the matters specified in the notice calling the original meeting shall be placed on the agenda of, and shall be discussed at, the adjourned meeting.

Any person who in accordance with the Memorandum and Articles of Association of the Issuer is to chair the annual general meetings of the shareholders shall also chair meetings of Bondholders.

Once a quorum is declared present by the chairman of the meeting, the meeting may then proceed to business and address the matters set out in the notice convening the meeting. In the event of decisions being required at the meeting, the Directors or their representative shall present to the Bondholders the reasons why it is deemed necessary or desirable and appropriate that a particular decision is taken. The meeting shall allow reasonable and adequate time to Bondholders to present their views to the Issuer and the other Bondholders present at the meeting. The meeting shall then put the matter as proposed by the Issuer to a vote of the Bondholders present at the time which the vote is being taken, and any Bondholders considered for the purpose of constituting a quorum who are no longer present for the taking of the vote shall not be considered for the purpose of such vote.

The voting process shall be managed by the company secretary of the Issuer under the supervision and scrutiny of the auditors of the Issuer.

The proposal placed before a meeting of Bondholders shall only be considered approved if at least 75% in nominal value of the Bondholders present at the meeting, or at any adjourned meeting, as the case may be, at the time when the vote is being taken, in person or by proxy, shall have voted in favour of the proposal.

Save for the above, the rules generally applicable to proceedings at general meetings of shareholders of the Issuer shall *mutatis mutandis* apply to meetings of Bondholders.

6.20. AUTHORISATIONS AND APPROVALS

The Board of Directors of the Issuer authorised the Bond Issue pursuant to a Board of Directors' resolution passed on 15 November 2023. The Guarantee being given by the Guarantors in respect of the Bonds has been authorised by resolution of the boards of directors of each of the Guarantors, both dated 16 November 2023.

6.21. RESPRESENTATIONS AND WARRANTIES

The Issuer represents and warrants to the Bondholders, who shall be entitled to rely on such representations and warranties, that:

i. it is duly incorporated and validly existing under the laws of Malta and has the power to carry on its business as it is now being conducted and to hold its property and other assets under legal title; and

ii. it has the power to execute, deliver and perform its obligations under the Prospectus and that all necessary corporate, shareholder, and other actions have been duly taken to authorise the execution, delivery and performance of the same, and further that no limitation on its power to borrow or guarantee shall be exceeded as a result of the Terms and Conditions or the Prospectus.

The Prospectus contains all relevant material information with respect to the Issuer and the Guarantors and all information contained in the Prospectus is in every material respect true and accurate and not misleading, and there are no other facts in relation to the Issuer and, or the Guarantors, their respective businesses and financial position, the omission of which would, in the context of issue of the Bonds, make any statement in the Prospectus misleading or inaccurate in any material respect.

6.22. NOTICES

Notices will be mailed to Bondholders at their registered addresses and shall be deemed to have been served at the expiration of 24 hours after the letter containing the notice is posted, and in proving such service it shall be sufficient to prove that a prepaid letter containing such notice was properly addressed to such Bondholder at his registered address and posted.

6.23. GOVERNING LAW AND JURISDICTION

The Bonds are governed by and shall be construed in accordance with Maltese law.

Any legal action, suit, or proceedings against the Issuer and, or the Guarantors arising out of or in connection with the Bonds and, or the Prospectus shall be brought exclusively before the Maltese courts.

7. TAXATION

7.1. GENERAL

Investors and prospective investors are urged to seek professional advice as regards both Maltese and any foreign tax legislation which may be applicable to them in respect of the Bonds, including their acquisition, holding and transfer as well as on any income derived therefrom or on any gains derived on the transfer of such Bonds. The tax legislation of the investor's country of nationality, residence or domicile and of the Issuer's country of incorporation (Malta) may have an impact on the income received from the Bonds. The following is a summary of the anticipated tax treatment applicable to Bondholders in so far as taxation in Malta is concerned. This information does not constitute legal or tax advice and does not purport to be exhaustive.

The information below is based on an interpretation of tax law and practice relative to the applicable legislation, as known to the Issuer at the date of the Prospectus, in respect of a subject on which no official guidelines exist. Investors are reminded that tax law and practice and their interpretation as well as the levels of tax on the subject matter referred to in the preceding paragraph, may change from time to time.

This information is being given solely for the general information of investors. The precise implications for investors will depend, among other things, on their particular circumstances and on the classification of the Bonds from a Maltese tax perspective, and professional advice in this respect should be sought accordingly.

7.2. MALTA TAX ON INTEREST

Since interest is payable in respect of a Bond which is the subject of a public issue and such interest should constitute "investment income" in terms of article 41(a)(iv)(1) of the Income Tax Act, Chapter 123 of the laws of Malta (the "Income Tax Act"), unless the Bondholder elects, by means of an instruction in writing sent to the Issuer in terms of article 35 of the Income Tax Act, to receive the interest gross of any withholding tax, or if the Bondholder does not fall within the definition of "recipient" in terms of article 41(c) of the Income Tax Act, interest shall be paid to such Bondholder net of a final withholding tax, currently at the rate of fifteen percent (15%) (ten percent (10%) in the case of certain types of collective investment schemes) of the gross amount of the interest, pursuant to article 33 of the Income Tax Act. Bondholders who do not fall within the definition of a "recipient" do not qualify for the abovementioned "investment income" final withholding tax and should seek advice on the taxation of such income as special rules may apply.

Article 41(c) of the Income Tax Act defines the term “recipient” for the purposes of the provisions applicable to “investment income”, and includes, *inter alia*, a person (or a receiver, guardian, tutor, curator, judicial sequestrator, trustee, foundation or other fiduciary acting on behalf of a person) who is resident in Malta during the year in which “investment income” is payable to him/her, and EU/EEA nationals (and their spouse where applicable) who are not resident in Malta for Maltese tax purposes but who apply the tax rates applicable to Maltese residents on the basis that the income that arises in Malta is at least 90% of their worldwide income.

The aforementioned withholding tax is considered a final tax and a Maltese resident individual Bondholder is not obliged to declare the interest so received in his or her income tax return (to the extent that the interest is paid net of tax). No person shall be charged to further tax in respect of such income (to the extent that the income has been subjected to the aforementioned withholding tax). Furthermore, such tax should not be available as a credit against the recipient’s tax liability or for a refund, as the case may be, for the relevant year of assessment in Malta. The Issuer is required to submit to the Malta Commissioner for Tax and Customs, the tax withheld by the fourteenth day following the end of the month in which the payment is made. The Issuer will also render an account to the Malta Commissioner for Tax and Customs of all payments of qualifying “investment income” as well as an account of the amounts so deducted, including the identity of the recipient.

In the case of a valid election in terms of article 35 of the Income Tax Act made by an eligible Bondholder resident in Malta to receive the interest due without the deduction of final tax, interest will be paid gross and such person will be obliged to declare the interest so received in his or her Maltese income tax return and be subject to tax on such interest at the standard rates applicable to such Bondholder at that time. Additionally, in this latter case the Issuer will advise the Malta Commissioner for Tax and Customs on an annual basis in respect of all interest paid gross and of the identity of all such recipients. Any such election made by a resident Bondholder at the time of subscription may be subsequently changed by giving notice in writing to the Issuer. Such election or revocation will be effective within the time limit set out in the Income Tax Act.

In terms of article 12(1)(c)(i) of the Income Tax Act, Bondholders who are not resident in Malta and who satisfy the applicable conditions set out in the Income Tax Act should be exempt from tax in Malta on the interest received, and they will receive interest gross, subject to the requisite declaration/evidence being provided to the Issuer in terms of law.

7.3. EXCHANGE OF INFORMATION

In terms of applicable Maltese legislation, the Issuer and, or its agent may be required to collect and forward certain information (including, but not limited to, information regarding payments made to certain Bondholders) to the Malta Commissioner for Tax and Customs. The Malta Commissioner for Tax and Customs will or may, in turn, automatically or on request, forward the information to other relevant tax authorities subject to certain conditions.

The Common Reporting Standard and the Directive on Administrative Cooperation

The Organisation for Economic Co-operation and Development (‘OECD’) has developed a global framework, commonly known as the Common Reporting Standard (‘CRS’) for the identification and timely reporting of certain financial information on individuals, and controlling persons of certain entities, who hold financial accounts with financial institutions of participating jurisdictions in order to increase tax transparency and cooperation between tax administrations. Numerous jurisdictions, including Malta, have signed the OECD Multilateral Competent Authority Agreement, which is a multilateral agreement outlining the framework to automatically exchange certain financial and personal information as set out within CRS.

So as to introduce an extended automatic exchange of information regime in accordance with the global standard released by the OECD, CRS has also been adopted in the EU through the implementation of Council Directive 2014/107/EU of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of tax information in the field of taxation. This has been transposed in Malta by means of Legal Notice 384 of 2015 amending the Cooperation with Other Jurisdictions on Tax Matters Regulations, Subsidiary Legislation 123.127 (“Cooperation Legislation”), and has been applicable since 1 January 2016. In terms of this legal notice, the automatic exchange of information obligations shall extend to jurisdictions that are not EU Member States with which there is a relevant arrangement in place.

Malta based financial institutions (defined as such for the purposes of CRS) are obliged to identify and annually report to the Malta Commissioner for Tax and Customs financial accounts held by a reportable person, as defined under the Cooperation Legislation, including certain entities with one or more controlling persons, as defined under the Cooperation Legislation. Financial information relating to the Bonds and the holders thereof may fall within the purview of CRS and may be subject to reporting and information exchange provisions.

Under CRS, financial institutions resident in a CRS participating jurisdiction (such as Malta) would be required to apply onerous due-diligence procedures for the identification of reportable accounts. Bondholders may be required to provide certain information and certifications to financial institutions, such as qualifying custodians or any intermediaries, in order to satisfy their obligations under CRS. Certain confidential information in relation to the Bondholders and, or other reportable persons may be reported to the Malta Commissioner for Tax and Customs or other relevant overseas tax authorities and automatically exchanged pursuant to these arrangements with the tax administrations of other participating jurisdictions.

Investors are also advised to assess any reporting obligations in terms of Council Directive (EU) 2018/822 of 25 May 2018 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation in relation to reportable cross-border arrangements (‘DAC 6’), as transposed into Maltese domestic law by way of Legal Notice 342 of 2019 amending the Cooperation Legislation.

Investors are advised to seek professional advice in relation to the Cooperation Legislation and EU Council Directive 2011/16/EU, as amended. Not complying with the CRS and DAC 6 rules may give rise to certain fines or closure of financial accounts.

The Exchange of Information (United States of America) (FATCA) Order

The United States of America ('U.S.') has enacted rules, commonly referred to as 'FATCA', that generally impose a reporting regime and, in some cases withholding requirements, with respect to certain U.S. source payments (including dividends and interest), gross proceeds from the disposition of property that can produce U.S. source interest and dividends as well as certain payments made by, and financial accounts held with, entities that are classified as financial institutions under FATCA. The U.S. has entered into an intergovernmental agreement with Malta dated 6 December 2013 regarding the implementation of FATCA in Malta which has been implemented into Maltese law through the Exchange of Information (United States of America) (FATCA) Order, Subsidiary Legislation 123.156 ("FATCA Legislation").

Under the FATCA Legislation, financial institutions in Malta (defined as such for the purposes of FATCA) are required to satisfy applicable due diligence requirements to identify and report financial accounts held by specified U.S. persons, as defined under the FATCA Legislation, and certain non-U.S. entities, which are controlled by U.S. Controlling Persons, as defined under the FATCA Legislation, to the Malta Commissioner for Tax and Customs. The Maltese Government and the Government of the U.S. shall annually exchange the information obtained pursuant to the FATCA Legislation on an automatic basis.

Financial account information in respect of holders of the Bonds could fall within the scope of FATCA and they may therefore be subject to reporting obligations. In order to comply with its FATCA obligations, if any, the Issuer and, or its agent may be required to obtain certain information, forms and other documentation on the Bondholders to report information on reportable accounts to the Malta Commissioner for Tax and Customs, in accordance with applicable laws and regulations, which will in turn report this information to the Internal Revenue Service in the U.S. Bondholders should note that a specified U.S. person in terms of FATCA may include a wider range of investors than the current U.S. Person definition referred to in the Terms And Conditions of Application.

Financial institutions reserve the right to request any information and, or documentation required, in respect of any financial account, in order to comply with the obligations imposed under FATCA and any referring legislation. In the case of failure to provide satisfactory documentation and, or information, financial institutions may take such action as it thinks fit, including without limitation, the closure of the financial account.

7.4. MALTESE TAXATION ON CAPITAL GAINS ON TRANSFER OF THE BONDS

On the basis that the Bonds should not fall within the definition of "securities" in terms of article 5(1)(b) of the Income Tax Act, that is, "shares and stocks and such like instrument that participate in any way in the profits of the company and whose return is not limited to a fixed rate of return", and to the extent that the Bonds are held as capital assets by the Bondholder and not as stock-in-trade, no income tax or capital gains should be chargeable in respect of a transfer of the Bonds.

7.5. DUTY ON DOCUMENTS AND TRANSFERS

In terms of the Duty on Documents and Transfers Act (Chapter 364 of the laws of Malta), (the "Duty on Documents and Transfers Act"), duty of 2% on the consideration or the real value (whichever is higher) is chargeable *inter alia* on the transfer inter vivos or transmission causa mortis of a "marketable security". However, on the basis that the Bonds should not fall within the definition of a "marketable security", defined in article 2 of the Duty on Documents and Transfers Act as "a holding of share capital in any company and any document representing the same", the transfer/transmission of the Bonds should not be chargeable to duty.

Furthermore, in terms of article 50 of the Financial Markets Act, as the Bonds should constitute qualifying financial instruments of a company quoted on a regulated market (that is, the MSE) any transfers or transmissions of the Bonds should, in any case, be exempt from duty.

THE ABOVE INFORMATION IS BASED ON TAX LAW AND PRACTICE APPLICABLE AS AT THE DATE OF THIS PROSPECTUS. INVESTORS AND PROSPECTIVE INVESTORS ARE URGED TO SEEK PROFESSIONAL ADVICE AS REGARDS BOTH MALTESE AND ANY FOREIGN TAX LEGISLATION APPLICABLE TO THE ACQUISITION, HOLDING AND DISPOSAL OF BONDS AS WELL AS INTEREST PAYMENTS MADE BY THE ISSUER. THE ABOVE IS A SUMMARY OF THE ANTICIPATED TAX TREATMENT APPLICABLE TO THE BONDS AND TO BONDHOLDERS. THIS INFORMATION, WHICH DOES NOT CONSTITUTE LEGAL OR TAX ADVICE, REFERS ONLY TO BONDHOLDERS IN MALTA WHO DO NOT DEAL IN SECURITIES IN THE COURSE OF THEIR NORMAL TRADING ACTIVITY AND DEPENDS, AMONG OTHER THINGS, ON THE PARTICULAR INDIVIDUAL CIRCUMSTANCES OF THE INVESTORS AND OF THE CLASSIFICATION OF THE BONDS FROM A MALTESE TAX PERSPECTIVE.

8. TERMS AND CONDITIONS OF THE BOND ISSUE

8.1. EXPECTED TIMETABLE OF THE BOND ISSUE

1. Application Forms mailed to Existing Bondholders	9 February 2024
2. Placement Date	16 February 2024
3. Closing date for Applications to be received from Existing Bondholders	23 February 2024
4. Intermediaries' Offer*	28 February 2024
5. Expected date of announcement of basis of acceptance	4 March 2024
6. Refunds of unallocated monies (if any)	11 March 2024
7. Expected date of admission of the securities to listing	11 March 2024
8. Expected dispatch of allotment advices	11 March 2024
9. Commencement of interest	12 March 2024
10. Expected date of commencement of trading in the securities	12 March 2024

** In the event that, following closing of the Offer Period, the total value of Bonds subscribed for pursuant to Placement Agreements and Applications received from Existing Bondholders reaches €50,000,000, the Intermediaries' Offer will not take place.*

8.2. EARLY REDEMPTION OPTION

At the sole option of the Issuer, the Issuer shall be entitled to prepay all of the principal amount of the Bonds and all interests accrued up to the date of prepayment on any date falling between 30 December 2028 and 30 December 2033, by giving not less than 60 days' notice to the Bondholders. Such notice may be revoked by the Issuer at its sole discretion by notice in writing, at any time, before the appointed Early Redemption Date.

8.3. TERMS AND CONDITIONS OF APPLICATION

The following terms and conditions shall be read in conjunction with all the other terms and conditions relative to and regulating the contractual relationship created between the Issuer and the Guarantors on the one hand and the Applicant on the other.

8.3.1. The issue and allotment of the Bonds is conditional upon the Bonds being admitted to the Official List of the MSE. In the event that the said condition is not satisfied within 30 Business Days of the closing of the Offer Period, any monies received by the Issuer will be returned without interest by direct credit into the Applicant's bank account.

8.3.2. An Applicant applying for the Bonds is thereby confirming to the Issuer and the Authorised Financial Intermediary through whom the Application is made, that the Applicant's remittance will be honoured on first presentation and agrees that, if such remittance is not so honoured on its first presentation, the Authorised Financial Intermediary reserves the right to invalidate the relative Application. Furthermore, the Applicant will not be entitled to receive a registration advice or to be registered in the register of Bondholders, unless the Applicant makes payment in cleared funds and such consideration is accepted by the respective Authorised Financial Intermediary (which acceptance shall be made in the Authorised Financial Intermediary's absolute discretion and may be on the basis that the Applicant indemnifies the Authorised Financial Intermediary against all costs, damages, losses, expenses, and liabilities arising out of or in connection with the failure of the Applicant's remittance to be honoured on first presentation).

8.3.3. The contract created by the Issuer's acceptance of an Application filed by an applicant shall be subject to all the terms and conditions set out in this Securities Note and the Memorandum and Articles of Association of the Issuer. It is the responsibility of investors wishing to apply for the Bonds to inform themselves as to the legal requirements of so applying including any requirements relating to external transaction requirements in Malta and any exchange control in the countries of their nationality, residence or domicile.

8.3.4. If an Application is submitted on behalf of another person, whether legal or natural, the person submitting the Application will be deemed to have duly bound such other person on whose behalf the Application has been submitted. The person submitting such Application shall be deemed also to have given the confirmations, warranties and undertakings contained in these terms and conditions on their behalf. Such representative may be requested to submit the relative power of attorney, or resolution or a copy thereof duly certified by a lawyer or notary public if so required by the Issuer and the Registrar, but it shall not be the duty or responsibility of the Registrar or Issuer to ascertain that such representative is duly authorised to sign the Application. Furthermore, in cases where the decision to invest is taken by a third party authorised to transact on behalf of the Applicant (a "decision maker") such as an individual that holds a power of attorney to trade on the Applicant's account or applications under a discretionary account, details of the decision maker need to be included in the relative panel of the Application Form.

8.3.5. In the case of joint Applications, reference to the Applicant in these Terms and Conditions is a reference to each of the joint Applicants, and liability therefor is joint and several. The person whose name shall be inserted in the field entitled "Applicant" on the Application Form, or first-named in the register of Bondholders shall, for all intents and purposes, be deemed to be such nominated person by all those joint holders whose names appear in the field entitled "Additional (Joint) Applicants" in the Application Form or joint holders in the register, as the case may be. Such person shall, for all intents and purposes, be deemed to be the registered holder of the Bond/s so held.

8.3.6. In the case of corporate Applicants or Applicants having separate legal personality, the Application must be signed by a person authorised to sign and bind such Applicant. It shall not be incumbent on the Issuer or Registrar to verify whether the person or persons purporting to bind such Applicant is or are in fact authorised. Applications by corporate Applicants have to include a valid legal entity identifier ("LEI") which must be unexpired. Applications without such information or without a valid LEI will not be accepted.

8.3.7. In respect of a Bond held subject to usufruct, the name of the bare owner and the usufructuary shall be entered in the register. The usufructuary shall, for all intents and purposes, be deemed *vis-à-vis* the Issuer to be the holder of the Bond/s so held and shall have the right to receive interest on the Bond/s and to vote at meetings of the Bondholders but shall not, during the continuance of the Bond/s, have the right to dispose of the Bond/s so held without the consent of the bare owner, and shall not be entitled to the repayment of principal on the Bond (which shall be due to the bare owner). Furthermore, the signatures of both the bare owner and the usufructuary will be required in the respective Application.

8.3.8. Applications in the name and for the benefit of minors shall be allowed provided that the Applicant already holds an account with the MSE. Any Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest and redemption monies payable to the parents / legal guardian/s signing the Application Form until such time as the minor attains the age of 18 years, following which all interest and redemption monies shall be paid directly to the registered holder, provided that the Issuer has been duly notified in writing of the fact that the minor has attained the age of 18 years.

8.3.9. The Bonds have not been and will not be registered under the Securities Act of 1933 of the United States of America, and accordingly may not be offered or sold within the United States or to or for the account or benefit of a U.S. person.

8.3.10. No person receiving a copy of the Prospectus or an Application Form in any territory other than Malta may treat the same as constituting an invitation or offer to such person nor should such person in any event use such Application Form, unless, in the relevant territory, such an invitation or offer could lawfully be made to such person or such Application Form could lawfully be used without contravention of any registration or other legal requirements. In light of the aforesaid, including but not limited to the onerous requirements involved in the registration of the Prospectus in any territory other than Malta and, or compliance with the relevant legal or regulatory requirements, the Issuer has elected not to send Applications to Existing Bondholders having their address as included in the respective register of bondholders outside Malta, except where, *inter alia*, in the absolute discretion of the Issuer, it is satisfied that such action would not result in a contravention of any applicable legal or regulatory requirement in the relevant jurisdiction.

8.3.11. It is the responsibility of any person outside Malta wishing to make any Application to satisfy himself/herself to fully observe the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other formalities required to be observed in such territory and paying any issue, transfer, or other taxes required to be paid in such territory.

8.3.12. Subject to all other terms and conditions set out in the Prospectus, the Issuer acting through the Registrar reserves the right to reject, in whole or in part, or to scale down, any Application, including multiple or suspected multiple Applications, and to present any cheques and/or drafts for payment upon receipt. The right is also reserved to refuse any Application which in the opinion of the Issuer acting through the Registrar is not properly completed in all respects in accordance with the instructions or is not accompanied by the required documents. Only original Application Forms will be accepted and photocopies/facsimile copies will not be accepted.

8.3.13. The Bonds will be issued in multiples of €100. The minimum subscription amount of the Bonds that can be subscribed for by Applicants (who are not Existing Bondholders subscribing for Bonds through an Existing Bond Transfer) is €2,000. No minimum amount per subscription shall be applicable in respect of Existing Bondholders subscribing for Bonds through an Existing Bond Transfer. All Applications are to be lodged with any of the Authorised Financial Intermediaries listed in Annex IV of this Securities Note together with payment of the full price of the Bonds applied for, in Euro with the exception of Applications submitted by Existing Bondholders, where payment needs to correspond to the amount applied for less the aggregate value of the bonds forming the subject of the Existing Bond Transfer, where applicable. Payments in Euro may be made through any method of payment as accepted by the respective Authorised Financial Intermediary.

8.3.14. In the event that an Applicant fails to submit full information and, or documentation required with respect to an Application, the Applicant shall receive a full refund without interest, by credit transfer to such account indicated in the Application Form at any time before the Bonds are admitted to listing on the Official List of the MSE. The Issuer shall not be responsible for any charges, loss, or delay arising in connection with such credit transfer.

8.3.15. By not later than 4 March 2024, the Issuer shall announce the results of the Bond Issue through a company announcement.

8.3.16. The Issuer has not sought assessment of the Bonds by any independent credit rating agency.

8.3.17. For the purposes of the Prevention of Money Laundering and Funding of Terrorism Regulations (Subsidiary Legislation 373.01 of the laws of Malta), as amended from time to time, the Authorised Financial Intermediaries are under a duty to communicate, upon request, all information about clients as is mentioned in articles 1.2(d) and 2.4 of the "Members' Code of Conduct" appended as Appendix 3.6 to Chapter 3 of the MSE Bye-Laws, irrespective of whether the said appointed Authorised Financial Intermediaries are MSE Members or not. Such information shall be held and controlled by the MSE in terms of the Data Protection Act (Chapter 586 of the laws of Malta) (the "Data Protection Act") and the General Data Protection Regulation (GDPR) (EU) 2016/679 ("GDPR"), as may be amended from time to time, for the purposes and within the terms of the MSE Data Protection Policy as published from time to time.

8.3.18. It shall be incumbent on the respective Authorised Financial Intermediary to ascertain that all other applicable regulatory requirements relating to subscription of Bonds by an Applicant are complied with, including without limitation the obligation to comply with all applicable requirements set out in Regulation (EU) No. 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No. 648/2012 ("MiFIR"), as well as applicable MFSA Rules for investment services providers.

8.3.19. No person receiving a copy of the Prospectus or an Application Form in any territory other than Malta may treat the same as constituting an invitation or offer to such person nor should such person in any event use such Application Form, unless, in the relevant territory, such an invitation or offer could lawfully be made to such person, or such Application Form could lawfully be used without contravention of any registration or other legal requirements.

8.3.20. Subscription for Bonds by persons resident in, or who are citizens of, or who are domiciled in, or who have a registered address in, a jurisdiction other than Malta, may be affected by the law of the relevant jurisdiction. Those persons should consult their professional advisers (including tax and legal advisers) as to whether they require any governmental or other consents, or need to observe any other formalities, to enable them to subscribe for the Bonds. It is the responsibility of any person (including, without limitation, nominees, custodians, depositaries and trustees) outside Malta wishing to participate in the Bond Issue, to satisfy himself / herself / itself as to full observance of the applicable laws of any relevant jurisdiction, including, but not limited to, obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any transfer or other taxes (of any nature whatsoever) due in such territories. The Issuer shall not accept any responsibility for the non-compliance by any person of any applicable laws or regulations of foreign jurisdictions.

8.3.21. The Bonds have not been and will not be registered under the Securities Act of 1933 of the United States of America and accordingly may not be offered or sold within the United States or to or for the account or benefit of a U.S. person.

8.3.22. Subject to all other terms and conditions set out in the Prospectus, the Issuer reserves the right to reject, in whole or in part, or to scale down, any Application, which in the opinion of the Issuer is not properly completed in all respects in accordance with the instructions or is not accompanied by the required documents. Only original Application Forms will be accepted, and photocopies / facsimile copies will not be accepted.

8.3.23. The Bonds will be issued in multiples of one hundred Euro (€100). The minimum subscription amount of Bonds that can be subscribed for by Applicants (who are not Existing Bondholders subscribing for Bonds through an Existing Bond Transfer) is two thousand Euro (€2,000).

8.3.24. On the completion of an Application, the Applicant:

(i) agrees and acknowledges to have had the opportunity to read the Prospectus and to be deemed to have had notice of all information and representations concerning the Issuer and the issue of the Bonds contained therein;

(ii) warrants that the information submitted by the Applicant in the form of Application is true and correct in all respects. All Applications need to include a valid MSE account number in the name of the Applicant/s. Failure to include an MSE account number will result in the Application being cancelled by the Issuer (acting through the Registrar) and subscription monies will be returned to the Applicant in accordance with Section 8.3.1 above. In the event of a discrepancy between the personal details (including name and surname and the Applicant's address) appearing on the form of Application and those held by the MSE in relation to the MSE account number indicated on the form of Application, the details held by the MSE shall be deemed to be the correct details of the Applicant;

(iii) acknowledges the processing of any personal data for the purposes specified in the privacy notice published by the Issuer, which is available on the Issuer's website at www.phoeniciafinance.com. The Applicant hereby acknowledges that the processing of personal data may validly take place, even without the Applicant's consent, in the circumstances set out in the GDPR and the Data Protection Act and any applicable subsidiary legislation, as may be amended from time to time. The Applicant hereby confirms that he/she/it has been provided with and read the privacy notice;

(iv) authorises the Issuer (or its service providers, including the CSD and, or the Sponsor, Manager and Registrar) and, or the relevant Authorised Financial Intermediary, as applicable, to process the personal data that the Applicant provides in the form of Application, for all purposes necessary and subsequent to the Bond Issue applied for, in accordance with the Data Protection Act and the GDPR. The Applicant has the right to request access to and rectification of the personal data relating to him/her in relation to the Bond Issue. Any such requests must be made in writing and sent to the Issuer and sent to the CSD at the Malta Stock Exchange. The requests must be signed by the Applicant to whom the personal data relates;

(v) confirms that in making such Application and, or subscribing for the Bonds, no reliance was placed on any information or representation in relation to the Issuer or the issue of the Bonds other than what is contained in the Prospectus and accordingly agree/s that no person responsible solely or jointly for the Prospectus or any part thereof will have any liability for any such other information or representation;

(vi) agrees that any refund of unallocated Application monies, without interest, will be paid by direct credit, at the Applicant's own risk, to the bank account as indicated in the form of Application. The Issuer shall not be responsible for any loss or delay in transmission or any charges in connection therewith;

(vii) warrants that the remittance will be honoured on first presentation and agrees that, if such remittance is not so honoured: (i) the Applicant will not be entitled to receive a registration advice or to be registered in respect of such Bonds, unless and until a payment is made in cleared funds for such Bonds and such payment is accepted by the respective Authorised Financial Intermediary (which acceptance shall be made in its absolute discretion and may be on the basis that the Authorised Financial Intermediary is indemnified for all costs, damages, losses, expenses and liabilities arising out of, or in connection with, the failure of the Applicant's remittance to be honoured on first presentation at any time prior to unconditional acceptance by the Issuer acting through the Registrar of such late payment in respect of the Bonds); or (ii) the Issuer may, without prejudice to other rights, treat the agreement to allocate such Bonds as void and may allocate such Bonds to another person, in which case the Applicant will not be entitled to a refund or payment in respect of such Bonds (other than return of such late payment);

(viii) agrees that the registration advice and other documents and any monies returnable to the Applicant may be retained pending clearance of his / her remittance and any verification of identity as required by the Prevention of Money Laundering Act (Cap. 373 of the laws of Malta) and regulations made thereunder, and that such monies will not bear interest;

(ix) warrants, in connection with the subscription of the Bonds, to have observed all applicable laws, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with the subscription of Bonds in any territory, and that the Applicant has not taken any action which will or may result in the Issuer or the Sponsor, Manager and Registrar acting in breach of the regulatory or legal requirements of any territory in connection with the issue of the Bonds;

(x) agrees to provide the Registrar and, or the Issuer, as the case may be, with any information which may be requested in connection with the Application;

(xi) warrants that all applicable exchange control or other such regulations (including those relating to external transactions) have been duly and fully complied with;

(xii) agrees that all Applications, forms of Application, acceptances of Applications and contracts resulting therefrom will be governed, and construed, in accordance with Maltese law, and to submit to the jurisdiction of the Maltese courts, and agrees that nothing shall limit the right of the Issuer to bring any action, suit or proceedings arising out of or in connection with any such Applications, forms of Application, acceptance of Applications and contracts resulting therefrom in any manner permitted by law in any court of competent jurisdiction;

(xiii) represents that the Applicant is not a U.S. person (as such term is defined in Regulation S under the Securities Act of 1933 of the United States of America, as amended) as well as not to be accepting the invitation set out in the Prospectus from within the United States of America, its territories or its possessions, or any area subject to its jurisdiction (the "United States") or on behalf or for the account of anyone within the United States or anyone who is a U.S. person;

(xiv) agrees that the Advisers to the Bond Issue (listed in Section 5.3 of the Registration Document) will owe the Applicant no duties or responsibilities concerning the Bonds or the suitability of the Applicant;

(xv) warrants that, where an Applicant submits a form of Application on behalf of another person or on behalf of a corporation or corporate entity or association of persons, the Applicant is duly authorised to do so and such person, corporation, corporate entity, or association of persons will also be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained in the terms and conditions and accordingly will be deemed also to have given the confirmations, warranties and undertakings contained in the terms and conditions and undertake to submit your power of attorney or a copy thereto duly certified by a lawyer or notary public if so required by the Issuer or the Registrar;

(xvi) warrants that where the Applicant is under the age of 18 years, or where an Application is being lodged in the name and for the benefit of a minor, the Applicant is the parent/s or legal guardian/s of the minor;

(xvii) agrees that all documents in connection with the issue of the Bonds will be sent at the Applicant's own risk and may be sent by post at the address (or, in the case of joint Applicants, the address of the first named Applicant) as designated in the respective MSE account quoted by the Applicant; and

(xviii) renounces to any rights the Applicant may have to set off any amounts the Applicant may at any time owe the Issuer against any amount due under the terms of the Bonds.

8.3.25. The completed Application Forms are to be lodged with any of the Authorised Financial Intermediaries. The Bonds are deemed to be complex instruments in accordance with the provisions of conduct of business rulebook issued by the MFSA (the "COBR"). Authorised Financial Intermediaries shall, prior to accepting an Application, conduct an Appropriateness Test in respect of the Applicant and based on the results of such test, be satisfied that an investment in the Bonds may be considered appropriate for the Applicant.

To the extent that an Authorised Financial Intermediary is providing advice in respect of a purchase of the Bonds by an Applicant, such Authorised Financial Intermediary shall also be required to conduct a Suitability Test in respect of the Applicant and based on the results of such test, be satisfied that an investment in the Bonds may be considered suitable for the Applicant.

For the purpose of this Securities Note, the term "Appropriateness Test" means the test conducted by any licensed financial intermediary, when providing an investment service (other than investment advice or portfolio management) in relation to the subscription for and the trading of Bonds, for the purpose of such licensed financial intermediary determining (after collecting the necessary information) whether the investment service or the Bonds are appropriate for the prospective Applicant or prospective transferee. In carrying out this assessment, the licensed financial intermediary shall ask the Applicant or the prospective transferee to provide information regarding the Applicant or transferee's knowledge and experience so as to determine that the Applicant or transferee has the necessary experience and knowledge in order to understand the risks involved in relation to the Bond or investment service offered or demanded, in accordance with the COBR. In the event that the licensed financial intermediary considers, on the basis of the test conducted, that the transfer of Bonds is not appropriate for the Applicant or prospective transferee, the licensed financial intermediary shall reject the prospective Applicant's request to subscribe for or acquire Bonds, irrespective of whether the Applicant or transferee is warned that the investment in the Bonds is not appropriate for the Applicant or transferee;

For the purpose of this Securities Note, the term "Suitability Test" means the process through which a licensed financial intermediary providing investment advice or portfolio management services in relation to the subscription for and trading of Bonds obtains such information from the Applicant or prospective transferee as is necessary to enable the licensed financial intermediary to recommend to or, in the case of portfolio management, to effect for, the Applicant or prospective transferee, the investment service and trading in Bonds that are considered suitable for him/her, in accordance with the COBR. The information obtained pursuant to this test must be such as to enable the licensed financial intermediary to understand the essential facts about the Applicant or prospective transferee and to have a reasonable basis for believing, giving due consideration to the nature and extent of the service provided, that the specific transaction to be recommended, or to be entered into in the course of providing a portfolio management service, satisfies the following criteria: a) it meets the investment objectives of the Applicant or prospective transferee in question; b) it is such that the Applicant or prospective transferee is able financially to bear any related investment risks consistent with investment objectives of such Applicant or prospective transferee; and c) it is such that the Applicant or prospective transferee has the necessary experience and knowledge in order to understand.

8.4. PRICING

The Bonds are being issued at par, that is, at €100 per Bond, with the full amount payable upon subscription.

8.5. ADMISSION TO TRADING

The MFSA has authorised the Bonds as admissible to listing pursuant to the Capital Markets Rules by virtue of a letter dated 8 February 2024.

Application has been made to the MSE for the Bonds being issued pursuant to the Prospectus to be listed and traded on the Official List of the MSE.

The Bonds are expected to be admitted to the MSE with effect from 11 March 2024 and trading is expected to commence on 12 March 2024.

8.6. ADDITIONAL INFORMATION

Save for the Financial Analysis Summary set out in Annex III, this Securities Note does not contain any statement or report attributed to any person as an expert.

The Financial Analysis Summary has been included in the form and context in which it appears with the authorisation of the Sponsor, which has given and has not withdrawn its consent to the inclusion of such report herein.

The Sponsor does not have any material interest in the Issuer or the Guarantors. The Issuer confirms that the Financial Analysis Summary has been accurately reproduced in this Securities Note and that there are no facts of which the Issuer is aware that have been omitted and which would render the reproduced information inaccurate or misleading.

The business address of the Sponsor is at Finance House, Princess Elizabeth Street, Ta' Xbiex XBX 1102, Malta.

PHOENICIA FINANCE COMPANY P.L.C.

ANNEX

PHOENICIA FINANCE COMPANY P.L.C.

ANNEX I

Application Form

PHOENICIA FINANCE COMPANY p.l.c.

PHOENICIA FINANCE COMPANY P.L.C.
€50,000,000 5.75% UNSECURED BONDS 2028-2033
APPLICATION FORM - EXISTING BONDHOLDERS

This Application Form is not transferable and entitles you to subscribe for the Phoenicia Finance Company p.l.c. 5.75% Unsecured Bonds 2028-2033 as an Existing Bondholder (as defined in the Prospectus dated 8 February 2024).

A APPLICANT *(see notes 2 to 8)*

	I.D. CARD / PASSPORT	MSE A/C NO.

DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH	NATIONALITY
LEI (Legal Entity Identifier) *(If applicant is NOT an Individual)*		PLEASE REGISTER ME FOR E-PORTFOLIO ☐	MOBILE NO. *(mandatory for e-portfolio)*

B ADDITIONAL (JOINT) APPLICANTS *(see note 3)* *(please use Addendum to Application Form if space is not sufficient)*

TITLE (Mr/Mrs/Ms/...)	FULL NAME AND SURNAME		I.D. CARD/PASSPORT NO.
DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH	NATIONALITY

C DECISION MAKER/MINOR'S PARENTS / LEGAL GUARDIAN(S) / USUFRUCTUARY/IES *(see notes 4 ,7 & 8) (to be completed **ONLY** if applicable)*

TITLE (Mr/Mrs/Ms/...)	FULL NAME AND SURNAME		I.D. CARD/PASSPORT NO.
DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH	NATIONALITY
TITLE (Mr/Mrs/Ms/...)	FULL NAME AND SURNAME		I.D. CARD/PASSPORT NO.
DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH	NATIONALITY

D I/WE APPLY TO PURCHASE AND ACQUIRE

BOX 1 - Nominal Value of Existing Bonds

BOX 2 - Amount of Bonds applied for in addition to the nominal holding in the Existing Bonds payable in full upon application under the Terms and Conditions of the Bonds set out in the Prospectus.

BOX 3 - I/We wish to purchase and acquire the amount set out in Box 3 in Bonds at the Bond Issue price (at par) pursuant to the Prospectus dated 8 February 2024 (the **"Prospectus"**).

AMOUNT IN WORDS

AMOUNT IN FIGURES **Box 1** €

AMOUNT ADDED IN FIGURES **Box 2** €

TOTAL AMOUNT IN FIGURES **Box 3** €

E RESIDENT - FINAL WITHHOLDING TAX ("FWT") DECLARATION *(see notes 9)* *(to be completed ONLY if the Applicant is a resident of Malta)*

☐ I/We elect to receive interest NET of FWT ☐ I/We elect to receive interest GROSS (i.e. without FWT)

F NON-RESIDENT - DECLARATION FOR TAX PURPOSES *(see notes 2 & 10)* *(to be completed ONLY if the Applicant is a non-resident)*

TAX COUNTRY	CITY OF BIRTH
T.I.N. (Tax Identification Number)	COUNTRY OF BIRTH

☐ **NOT** resident in Malta but resident in the European Union ☐ **NOT** resident in Malta and **NOT** resident in the European Union

G INTEREST, REFUND AND REDEMPTION MANDATE *(see notes 11 & 12)* *(completion of this panel is **MANDATORY**)*

BANK	IBAN

I/We have fully understood the instructions for completing this Application Form, and am/are making this Application solely on the basis of the Prospectus, and subject to its Terms and Conditions of the Bonds as contained therein which I/we fully accept.

I/We hereby authorise the Company to forward the details to the Malta Stock Exchange for the purposes of registering the Bonds in my/our MSE account, to register for the e-portfolio (where applicable) and to enable the reporting of all necessary transaction and personal information provided in this Application Form in compliance with Article 26 of MiFIR (Markets in Financial Instruments Regulation) to the Malta Financial Services Authority as competent authority ("**Transaction Reporting**"). Furthermore, I/we understand and acknowledge that the Company may require additional information for Transaction Reporting purposes and agree that such information will be provided.

Signature/s of Applicant/s

(Parent/s or legal guardian/s are/is to sign if Applicant is a minor)
(All parties are to sign in the case of a joint Application)
(Bare owner/s and usufructuary/ies to sign in the case of holdings of Bonds that are subject to usufruct)

Date

AUTHORISED FINANCIAL INTERMEDIARY'S STAMP	AUTHORISED FINANCIAL INTERMEDIARY'S CODE	APPLICATION NUMBER

Notes on how to complete this Application Form and other information

The following notes are to be read in conjunction with the Prospectus dated 8 February 2024 regulating the Bond Issue

This Application Form is not transferable and entitles you to a preferential treatment as holder of the 4.15% Phoenicia Finance Company p.l.c. unsecured bonds 2023-2028 (the "**Existing Bonds**") and is to be submitted as a method of payment where the Applicant selects to apply for the 5.75% Phoenicia Finance Company p.l.c. Unsecured Bonds 2028-2033 (the "**Bond/s**") so as to transfer to the Issuer all or part of the holding in the Existing Bonds held by the Applicant as at the Cut-Off Date, the nominal value of which is set out in Box 1 of Panel D. By submitting this signed Application Form, Existing Bondholders shall be deemed to:

i. cause the transfer of the said Existing Bonds in the Issuer's name in consideration of the issue of Bonds; and
ii. engage, at the Issuer's cost, the services of such brokers or intermediaries as may be necessary to fully and effectively vest title in the said Existing Bonds in the Issuer and fully and effectively vest title in the appropriate number of Bonds in the Applicant.

1. This Application is governed by the Terms and Conditions of the Bonds contained in Section 8 of the Securities Note dated 8 February 2024 forming part of the Prospectus. Capitalised terms not defined herein shall, unless the context otherwise requires, have the meaning ascribed to them in the Prospectus.

2. The Application Form is to be completed in BLOCK LETTERS. For applicants who are non-residents In Malta for tax purposes, the relative box in Panel F must be completed.

3. The MSE account number pertaining to the Existing Bondholders, has been preprinted in Panel A and reflects the MSE account number on the bond register of the Existing Bonds held at the CSD as at 23 November 2023 (trading session of the 21 November 2023). If an MSE account pertains to more than one person (including husband and wife), the full details of all individuals must be given in Panels A and B but the first named bondholder shall, for all intents and purposes, be deemed to be the registered holder of the Bonds (vide note 6 below). Applications by more than two persons are to use the Addendum to the Application Form.

   Upon submission of an Application Form, Bondholders who opt to have an online e-portfolio facility (by marking the relative box in Panel A), will receive by mail at their registered address a handle code to activate the new e-portfolio login. Registration for the e-Portfolio facility requires a mobile number to be provided on the Application Form. The Bondholder's statement of holdings evidencing entitlement to Bonds held in the register kept by the CSD and registration advices evidencing movements in such register will be available through the said e-portfolio facility on *https://eportfolio.borzamalta.com.mt/*. Further details on the e-portfolio may be found on *https://eportfolio.borzamalta.com.mt/Help*.

4. Applications in the name and for the benefit of minors shall be allowed provided that the applicant already holds an account with the MSE. Any Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest and redemption proceeds payable to the parents or legal guardian/s signing the Application Form until such time as the minor attains the age of eighteen (18) years, following which all interest and redemption proceeds shall be payable directly to the registered holder, provided that the Company has been duly notified in writing of the fact that the minor has attained the age of eighteen (18) years. Panel C must be inserted with full details of the parents/legal guardians.

5. In the case of a body corporate, a valid Legal Entity Identifier ("**LEI**") needs to be inserted in Panel A. **Failure to include a valid LEI code, will result in the Application being cancelled by the Registrar**. Applications must be signed by duly authorised representatives indicating the capacity in which they are signing.

6. **EXISTING BONDHOLDERS ARE TO NOTE THAT ANY SECURITIES ALLOTTED TO THEM WILL BE RECORDED BY THE MALTA STOCK EXCHANGE IN THE MSE ACCOUNT QUOTED ON THIS APPLICATION FORM EVEN IF THE DETAILS OF SUCH MSE ACCOUNT NUMBER, AS HELD BY THE CSD OF THE MALTA STOCK EXCHANGE, DIFFER FROM ANY OR ALL OF THE DETAILS APPEARING OVERLEAF. A SEPARATE REQUEST BY THE APPLICANT TO CHANGE THESE DETAILS AS RECORDED AT THE MSE, WILL HAVE TO BE EFFECTED.**

7. Where a decision to invest is taken by a third party authorised to transact on behalf of the Applicant (a "**decision maker**") such as an individual that holds a power of attorney to trade on the Applicant's account or applications under a discretionary account, details of the decision maker need to be included in Panel C.

8. Where an MSE account number is held subject to usufruct, Panel C needs to be completed and both the bare owner/s and the usufructuary/ies are to sign this Application Form.

9. Only Applicants who hold a valid official Maltese Identity Card or companies registered in Malta will be treated as resident in Malta. In such a case the Applicant may elect to have final withholding tax, currently 15%, deducted from interest payments in which case such interest need not be declared in the Applicant's income tax return. The Applicant may elect to receive the interest gross (i.e. without deduction of final withholding tax), but will be obliged to declare interest so received in the tax return. The Company will render an account to the Maltese Commissioner for Revenue of all interest paid, all amounts of tax deducted by the payor in respect of the interest paid and of the identity of all such recipients. Interest received by non-resident Applicants is not taxable in Malta and non-residents will receive interest gross. Authorised entities applying in the name of a prescribed fund will have final withholding tax (currently 10%), deducted from interest payments.

   In terms of Section 7.2 of the Securities Note, unless the Company is otherwise instructed by a Bondholder, or if the Bondholder does not fall within the definition of "recipient" in terms of article 41(c) of the Income Tax Act (Cap. 123 of the laws of Malta), interest shall be paid to such person net of final withholding tax, (currently 15%) of the gross amount of interest, pursuant to article 33 of the Income Tax Act (Cap. 123 of the laws of Malta).

10. Non-residents of Malta should note that payment of interest to individuals and certain residual entities residing in another EU Member State is reported on an annual basis to the Director General Inland Revenue, Malta, who will in turn exchange the information with the competent tax authority of the Member State where the recipient of interest is resident. This exchange of information takes place in terms of the Council Directive 2014/107/EU, of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation.

    The contents of Notes 9 and 10 above do not constitute tax advice by the Company and Applicants are to consult their own independent tax advisors in case of doubt.

11. Interest, refund and redemption proceeds will be credited to the account indicated in Panel G or as otherwise amended by the Bondholder/s during the term of the Bond.

12. The Offer Period will open at 08:30 hours on 12 February 2024 and will close at 14:00 hours on 23 February 2024. Application for Bonds may be lodged with any Authorised Financial Intermediary listed in Annex IV of the Securities Note and must be accompanied by the relevant subscription amount in Euro. Remittances by post are made at the risk of the Applicant and the Company disclaims all responsibility for any such remittances not being received by the date of closing of the subscription lists. If any Application is not accepted after the closure of the Offer Period or is accepted for fewer Bonds than those applied for, the monies equivalent to the number of Bonds not being accepted will be returned by direct credit into the IBAN specified in panel G.

13. By completing and delivering an Application Form you (as the Applicant(s)) acknowledge that:
    a. the Company or its duly appointed agents including the CSD and the Registrar, may process the personal data that you provide in the Application Form in accordance with the Data Protection Act (Cap. 586 of the laws of Malta) and the General Data Protection Regulation (GDPR) (EU) 2016/679 as amended from time to time;
    b. the Company may process such personal data for all purposes necessary for and related to the Bonds applied for; and
    c. you, as the Applicant, have the right to request access to and rectification of the personal data relating to you, as processed by the Company.

    Any such requests must be made in writing and addressed to the Company. The request must be signed by yourself as the Applicant to whom the personal data relates.

The value of investments can go up or down and past performance is not necessarily indicative of future performance. The nominal value of the Bonds on offer will be repayable in full upon redemption. An investor should consult an independent financial advisor, licensed under the Investment Services Act (Cap. 370 of the laws of Malta), for advice.

PHOENICIA FINANCE COMPANY P.L.C.

ANNEX II

The Guarantee

To all Bondholders:

Reference is made to the issue of €50,000,000 5.75% Unsecured Bonds to be redeemed and finally repaid on 30 December 2033, subject to early redemption at the option of the Issuer on any date falling between 29 December 2028 and 29 December 2033 (the **"Bonds"**) by Phoenicia Finance Company p.l.c., a company registered in Malta bearing company registration number C 88958 (the **"Issuer"**), pursuant to and subject to the Terms and Conditions contained in a prospectus to be dated 8 February 2024 (the **"Prospectus"**).

Now therefore, by virtue of this Guarantee, Phoenicia Malta Limited (C-41576) and Phoenicia Hotel Company Limited (OC1) (hereinafter together referred to as the **"Guarantors"**), hereby stand, jointly and severally between them, as surety with the Issuer and irrevocably and unconditionally undertake to effect the due and punctual performance of all the payment obligations undertaken by the Issuer under the Bonds if the Issuer fails to do so and, without prejudice to the generality of the foregoing, undertake to pay on an on-going basis, interest which may become due and payable during the term of the Bonds and the principal amount of the Bonds on the Redemption Date should the Issuer default in paying the Bondholders under the Bonds, within 60 days from the date when such amounts fall due and remain unpaid by the Issuer.

Signed and executed on this 8 February 2024, after approval of the board of directors of Phoenicia Malta Limited and Phoenicia Hotel Company Limited.

1. INTERPRETATION

In this Guarantee, unless the context otherwise requires:

a. terms and expressions defined in or construed for the purposes of the Prospectus shall have the same meanings or be construed in the same manner when used in this Guarantee, unless defined otherwise in this Guarantee;

b. **"Indebtedness"** means any and all moneys, obligations, and liabilities now and hereafter due, owing or incurred by the Issuer under the Bonds to the Bondholders (whether alone and, or with others) in terms of the Prospectus and in any and all cases whether for principal, interests, capitalised interests, charges, disbursements, or otherwise and whether for actual or contingent liability; and

c. **"writing"** or **"in writing"** means any method of visual representation and shall include e-mails and other such electronic methods.

2. NATURE AND SCOPE OF THE GUARANTEE

2.1 The offering of Bonds that will be made by the Issuer pursuant to the Prospectus will be made with the benefit of the joint and several corporate guarantee of the Guarantors, the full terms of which are set out in clause 4 below.

2.2 The Guarantee is unconditional and shall cover all payments that may be due to Bondholders pursuant to the Prospectus.

3. INFORMATION ABOUT THE GUARANTORS

The information about the Guarantors required pursuant to the Capital Markets Rules and the Prospectus Regulation may be found in the Registration Document forming part of the Prospectus.

4. TERMS OF THE GUARANTEE

4.1 Undertaking to Pay

For the purposes of the Guarantee, the Guarantors, as primary obligors, jointly and severally between them and with the Issuer, hereby irrevocably and unconditionally guarantee to each Bondholder that if for any reason the Issuer fails to pay any sum payable by it to such Bondholder pursuant to the terms and conditions of the Bonds detailed in the Securities Note as and when the same shall become due under any of the foregoing, the Guarantors will pay to such Bondholder on written demand the amount payable by the Issuer to such Bondholder. All demands shall be sent to the addresses stated below in clause 4.12 as the same may be changed by company announcement issued by the Issuer from time to time.

Such payment shall be made in the currency in force in Malta at the time the payment falls due.

All payments shall be made to Bondholders without any withholding for taxes and, in so far as this obligation exists under any law, the payment shall be grossed up by the amount of withholding, and without set-off for any amounts which may be then owing to the Guarantors by the Issuer.

This Guarantee shall apply to all Bonds issued on or about 8 February 2024 in accordance with the terms of the Securities Note.

4.2 Maximum Liability

This is a continuing Guarantee for the whole amount due or owing under the Bonds or which may hereafter at any time become due or owing under the Bonds by the Issuer, but the amount due by the Guarantors to the Bondholders under this Guarantee shall be up to and shall not be in excess of €50,000,000 (fifty million Euro), apart from interest due up to the date of payment and costs and expenses relating to the protection, preservation, collection or enforcement of the Bondholders' rights against the Issuer and, or the Guarantors, which shall be additional to the maximum sum herein stated.

4.3 Guarantors as Joint and Several Surety

Each Guarantor will be liable under this Guarantee as joint and several surety with the Issuer.

4.4 Continuing Obligations

The liability of each Guarantor under this Guarantee shall be continuing until such time as the Indebtedness is fully repaid and shall in no way be prejudiced or affected, nor shall it in any way be discharged or reduced, by reason of:

a. the insolvency, liquidation or winding-up of the Issuer; or
b. the incapacity or disability of the Issuer or any other person liable for any reason whatsoever; or
c. any change in the name, style, constitution, any amalgamation or reconstruction of either the Issuer or any of the Guarantors;
d. a Bondholder conceding any time or indulgence or renewing the term for payment or omitting to claim or enforce or extract payment from the Issuer or any other person liable; or
e. any event, act, or omission that might, were it not for this clause operate to exonerate any Guarantor without settlement in full of the Indebtedness towards the relevant Bondholder.

4.5 Indemnity

As a separate and alternative stipulation, each Guarantor unconditionally and irrevocably agrees that any Indebtedness to be payable by the Issuer but which is for any reason (whether or not now known or becoming known to the Issuer, any Guarantor or any Bondholder) not recoverable from any Guarantor, will nevertheless be recoverable from it as if it were the sole principal debtor and will be paid by it to the Bondholder on demand. This indemnity constitutes a separate and independent obligation from the other obligations in this Guarantee and gives rise to a separate and independent cause of action.

4.6 Status of Guarantee

The obligations of the Guarantors under this Guarantee constitute a general, direct, unconditional and unsecured obligation of the Guarantors and rank equally with all other existing and future unsecured obligations of the Guarantors, if any, except for any debts for the time being preferred by law.

4.7 Representations and Warranties

4.7.1 Each Guarantor hereby warrants and represents that:

a. it is duly incorporated and validly existing under the laws of Malta and has the power to carry on business;
b. it has all corporate power, and has taken all necessary corporate or other action in accordance with its deed of constitution and the laws of its incorporation and regulation, to enable it to execute, deliver, and perform this Guarantee, and that this Guarantee constitutes the legal, valid, and binding obligations of each Guarantor;
c. it is not in breach of or in default under any agreement relating to indebtedness to which it is a party or by which it may be bound nor has any default occurred in its regard;
d. all the information, verbal or otherwise tendered in connection with the negotiation and preparation of this Guarantee is accurate and true and there has been no omission of any material facts; and
e. the granting of this Guarantee is in the commercial interest of each Guarantor and that each Guarantor acknowledges that it is deriving commercial benefit therefrom.

4.7.2 As from the date of this Guarantee, until such time as the Indebtedness is paid in full to the Bondholders, and for as long as this Guarantee shall remain in force, the Guarantors shall hold true, good and valid all the representations and warranties given under this clause.

4.8 Deposit and Production of the Guarantee

The original instrument creating this Guarantee shall be deposited with and held by the Issuer at its registered address until all obligations of the Guarantors have been discharged in full, and until such time, the Guarantors acknowledge the right of every Bondholder to obtain a copy of the instrument creating the Guarantee.

4.9 Subrogation

Until all amounts which may be payable under the terms of the Bonds have been irrevocably paid in full, the Guarantors shall not by virtue of this Guarantee be subrogated to any rights of any Bondholder or claim in competition with the Bondholders against the Issuer.

4.10 Benefit of the Guarantee and No Assignment

This Guarantee is to be immediately binding upon the Guarantors for the benefit of the Bondholders. The Guarantors shall not be entitled to assign or transfer any of their respective obligations under this same Guarantee.

4.11 Amendments

The Guarantors have the power to veto any changes to the terms and conditions of the Bonds which are issued with the benefit of its Guarantee.

4.12 Notices

4.12.1 Any notice required to be given by any party hereto to the other party shall be deemed to have been validly served if delivered by hand or sent by pre-paid registered letter through the post to such other party at his address given herein or such other address as may from time to time be notified to the other party for this purpose and any notice so served shall be deemed to have been served, if delivered by hand, at the time of delivery, or if by post, seven days after posting, provided that in the case of a change in the details of specified below, a company announcement by the Issuer to this effect shall constitute sufficient and proper notice to the Bondholders for the purposes of this clause.

4.12.2 For the purposes of this Guarantee, the proper addresses and telephone numbers of the Guarantors are:

Phoenicia Malta Limited	
Address:	The Phoenicia Hotel, The Mall, Floriana, Malta
Telephone number:	+356 2122 5241
Contact person:	Mr Jean Pierre Ellul Castaldi

Phoenicia Hotel Company Limited	
Address:	The Phoenicia Hotel, The Mall, Floriana, Malta
Telephone number:	+356 2122 5241
Contact person:	Mr Jean Pierre Ellul Castaldi

4.13 Governing Laws and Jurisdiction

4.13.1 This Guarantee is governed by and shall be construed in accordance with Maltese law.

4.13.2 Any dispute, controversy or claim arising out of or relating to this Guarantee or as to the interpretation, validity, performance, or breach thereof shall be brought exclusively before the Maltese courts.

Signed:

Mark Shaw
Director
(Phoenicia Malta Limited)

Jean Pierre Ellul Castaldi
Director
(Phoenicia Malta Limited)

Mark Shaw
Director
(Phoenicia Hotel Company Limited)

Jean Pierre Ellul Castaldi
Director
(Phoenicia Hotel Company Limited)

ANNEX III

Financial Analysis Summary

PHOENICIA FINANCE COMPANY P.L.C.

FINANCIAL ANALYSIS SUMMARY

8 February 2024

CURMI & PARTNERS

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1 February 2024

The Directors
The Phoenicia Malta
The Mall
Floriana, FRN1478
Malta

Dear Sirs,

Phoenicia Finance Company p.l.c. – Financial Analysis Summary

In accordance with your instructions, and in line with the requirements of the MFSA Listing Policies, we have compiled the Financial Analysis Summary ("the Analysis") set out in 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 Phoenicia Finance Company p.l.c. ("the Issuer" or "PFC"), in addition to Phoenicia Hotel Company Limited ("PHCL") and Phoenicia Malta Limited ("PML") (collectively, "the Guarantors"). The Issuer and the Guarantors are collectively referred to as "the Group". The data is derived from various sources, as disclosed, or is based on our own computations as follows:

1. Historical financial data for the three years ended 31st December 2020, 31st December 2021 and 31st December 2022 have been extracted from the Group's audited Combined Financial Statements and the Issuer's audited financial statements.
2. The forecast data for the financial year ending 31st December 2023 and 31st December 2024 have been extracted from the Issuer and Group's financial projections as prepared and provided by management.
3. Our commentary on the financial results and position of the Issuer and of the Group is based on the explanations set out by management of the Group.
4. The ratios quoted in the following pages have been computed by us applying the definitions set out and defined in the Section 8 of the Analysis.
5. The comparable companies listed in Section 7 of the Analysis have been identified by us. The relevant financial data in respect of such companies has been sourced from publicly available information, mainly financial statements filed with the Registrar of Companies or websites providing financial data.

The Analysis is meant to assist potential investors by summarising the more important financial data of the Group. The Analysis does not contain all data that is relevant to potential investors and is meant to complement, and not replace, the information made available in the public domain by the Group. The Analysis does not constitute an endorsement by our firm of the securities of the Issuer or Group and We shall not accept any liability for any loss or damage arising out of the use of Analysis. As with all investments, potential investors are encouraged to seek professional advice before investing in the securities of the Issuer or Group.

Yours sincerely,

Karl Falzon
Head of Capital Markets
For and on behalf of
Curmi & Partners Limited

CONTENTS

1 OVERVIEW OF THE ISSUER

1.1 History and Development of the Issuer

Phoenicia Finance Company plc ("the Issuer" or "PFC" or "the Company") is a public limited liability company that was established on the 23rd October 2018 to act as the financing arm of The Phoenicia Malta Group of companies ("the Group"). The principal object of the Issuer is to carry on the business of a finance company, including managing the cash flow requirements of the Group, mainly the business carried out by the two main operating companies: Phoenicia Hotel Company Limited ("PHCL") and Phoenicia Malta Limited ("PML") (collectively, "the Guarantors"). In this respect, the Issuer is mainly dependent on the business prospects of the Guarantors. The Issuer operates exclusively in and from Malta.

1.2 Shareholding of the Issuer

The authorised and issued share capital of the Company is €250,000 divided into 250,000 ordinary shares of a nominal value of €1 each, and are fully paid up and subscribed for. The shares are allotted and taken up by PML, except for 1 share, which is subscribed for, allotted and taken up by Mr Mark Shaw, the ultimate beneficial owner of the Group.

1.3 Directors

The Board of Directors of the Company consists of five directors who are entrusted with setting the overall direction and strategy of the Company. Mrs Robyn Pratt is the General Manager of the Hotel.

As at the date of the Financial Analysis Summary November 2023 ("FAS Nov-23"), the Board of Directors of the Issuer is constituted as follows:

Mark D. Shaw	Chairman and Non-Executive Director
Jean Pierre Ellul Castaldi	Executive Director
Mario P. Galea	Non-Executive Director
Benjamin Muscat	Non-Executive Director
Etienne Borg Cardona	Non-Executive Director

2 OVERVIEW OF THE GROUP

2.1 History of the Group

The Group owns, manages and operates The Phoenicia Malta ("the Hotel" or "the Phoenicia"), a renowned five-star hotel located in Floriana. The Hotel was built in the 1930s and officially opened for business in 1947 as Malta's inaugural luxury hotel.

The hotel currently contains 132 rooms, of which twelve are luxurious suites and four are interconnected rooms. In February 2022, the total room count at the Hotel was reduced from 136 to 132 as part of a project that transformed eight rooms into four new Pegasus Suites. The Phoenicia also provides conference and banqueting facilities, as well as various food and beverage outlets within its premises. It is worth noting that the Hotel's physical footprint occupies less than 10 percent of the overall site, which spans over 40,000 square meters of prime land encompassing various zones that have not been fully utilized yet.

In 2020, the Hotel faced several unprecedented challenges related to the outbreak of Coronavirus (Covid-19) pandemic. On 30th January 2020, the World Health Organization declared Covid-19 as a Public Health Emergency of International Concern, and a pandemic on 11th March 2020. Governments globally announced several measures to limit contagion. Hotels suffered a total curtailment of their business during March to June 2020 and they were forced to introduce a number of new restrictions and follow strict guidelines from March 2020. Furthermore, mass events were also restricted, and therefore large conferences, weddings and other receptions were not allowed, also having a significant impact on the operations of the Phoenicia. In order to mitigate the impact on the Hotel's operational and financial sustainability, management implemented a number of measures, including cost-cutting initiatives and enhanced flexibility within the workforce.

As part of the Refurbishment, the Hotel embarked on a project of completion of the Spa building together with the upgrading of a number of other areas of the hotel. The works on the Spa continued during 2020 and on 15th October 2020 the Spa was open for inhouse guests. Thereafter, it was extended to non-guests. The Spa was open throughout all of 2021 however operating under restrictions on the use of facilities. The first six months of 2021 were still significantly impacted by Covid-19 restrictions. However the Spa's contribution increased from July 2021 onwards. The Spa entails an indoor swimming pool, five treatment rooms, a gym, studio, sauna, steam room, multi jet showers, salt room and a water bar, and is managed by the management of Hotel Phoenicia Malta..

In 2021, with the Covid-19 vaccination programme being rolled out across Malta and abroad, tourism slowly recovered to more familiar levels. The newly refurbished Phoenicia was prepared to welcome the increase in demand, re-establishing itself as a leader within the luxury hotel space in Malta. This positive momentum continued into 2022 in which business activity surpassed pre-pandemic level. The benefits resulting from the operational efficiencies implemented due to Covid-19, as well as the various recent property renovations and upgrades, are now being realized.

Key historical developments include the following:

1935	PHCL (previously known as “Malta Hotels Company Limited”) was incorporated in the UK for the purpose of acquiring by emphyteutical title the land over which the premises was subsequently constructed.
1947	The Phoenicia Hotel celebrated its official opening in 1947.
1961	PHCL granted the premises on sub-emphyteusis to Ms. Agnes Graham.
1965	PHCL was registered as an overseas company in Malta.
1966	Agnes Graham transferred the sub-emphyteusis over the Premises to Holtours Limited.
1997	The Phoenicia Hotel was renamed “Le Méridien Phoenicia”.
2007	PML (previously Cuffe (Malta) Limited) was incorporated on 8 June 2007, for the purpose of acquiring the sub-emphyteusis over the Premises from Holtours Limited. The hotel was renamed as “The Phoenicia Malta”.
2013	Acquisition of the Phoenicia Group by the Phoenicia Hotel Lux.
2015-2017	The Phoenicia Hotel was closed for refurbishment in 2015 and re-opened for business in 2017
2018	Major refinancing by PFC via issue of the €25million 4.15% Unsecured Bond 2023-2028.
2020	Inauguration of the new Spa building in its unique design, inspired by ancient Roman baths which blends with the Art Deco elements of the Hotel.

2.2 Organisational Structure

The Phoenicia is owned and operated by two companies that are controlled by Phoenicia Holding (LUX) SARL, the immediate parent of the Group. The Hotel is owned by PML, a private limited liability company that principally acts as the property holding company of the Group. PML leases the Phoenicia premises to the operating company of the Group, PHCL. On the basis of an operating lease agreement, PHCL pays rental income arising from the lease of investment property to the asset owning company PML.

The organisational structure of the Group is illustrated in the diagram below. As stated above, the Issuer’s principal activity is that of acting as the financing arm of the Group and is thus dependent upon the operations and performance of the Phoenicia Group entities, namely PML and PHCL.

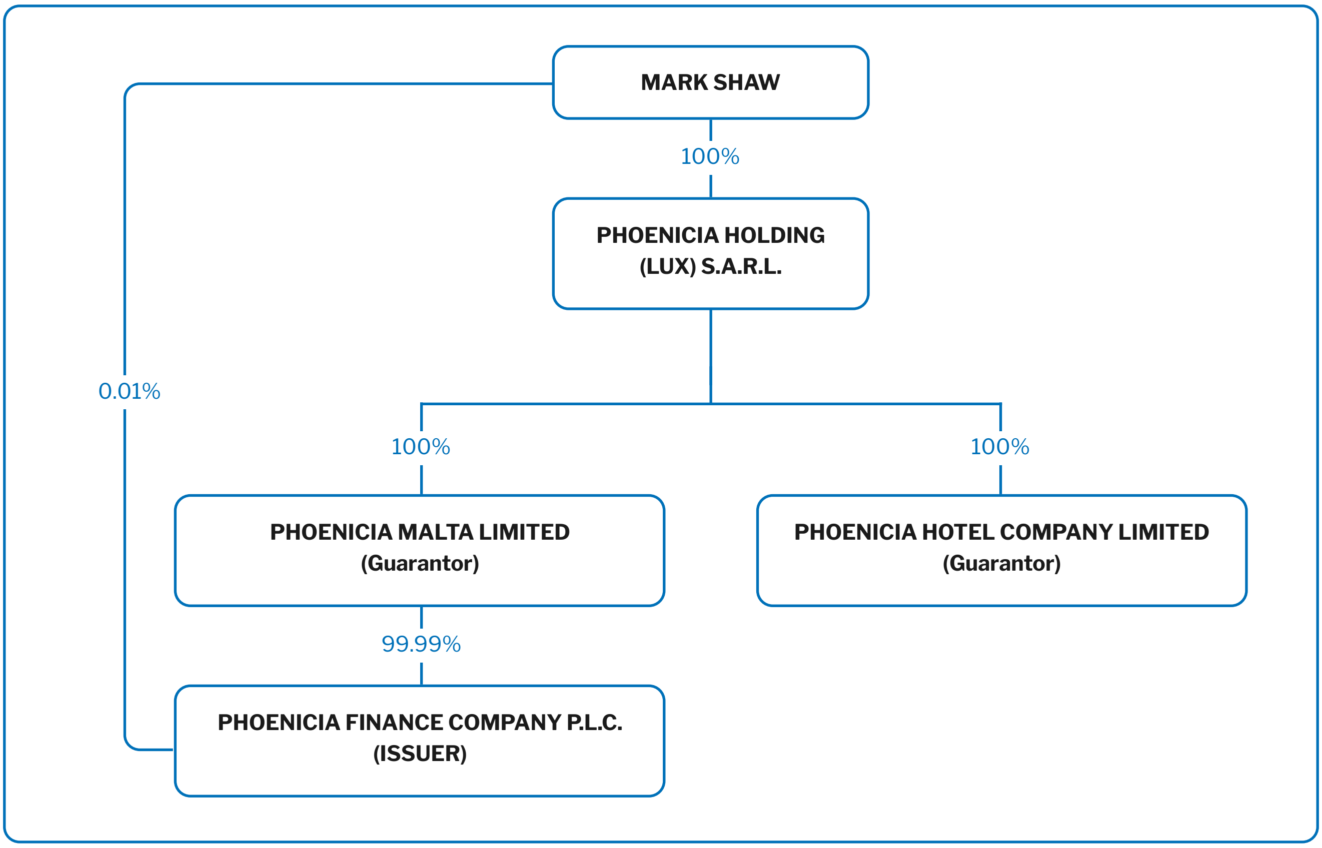

Figure 1: Organisational Structure
Source: Management information

The Issuer and the two operating companies constituting the Group employed an average of 168 employees in 2022. As of October 2023 this number increased to 188 employees.

2.3 Overview of the Guarantors

2.3.1 Phoenicia Malta Limited

PML was established in 2007 to act as the property holding company of the Group. PML owns the premises on which the Phoenicia Hotel is built under the title of perpetual sub-emphyteusis.

The main operating activity of PML is to lease the Phoenicia premises to PHCL by virtue of a lease agreement, which is renewable every year. Rental agreement is currently at €2.5 million per annum, assuming a complete development of the hotel. Rent is paid on a monthly basis in advance and the agreement is renewable every three years.

Following the outbreak of the Covid-19 pandemic, PML gave a rent concession to PHCL of €175k in 2020 followed by further rent concessions of €175k and €75k in 2021 and 2022 respectively.

2.3.2 Phoenicia Hotel Company Limited

PHCL was incorporated in the United Kingdom in 1935 and registered in Malta in 1965. PHCL is responsible for the operations of the Phoenicia Hotel. Through PHCL the Group provides hospitality services which can be further divided into three major segments; hotel accommodation ("Rooms"), restaurants and bars, conferencing and banqueting ("Catering") and other minor divisions ("Other") mainly comprising of the Spa. These operations have been performing strongly in recent periods, following the recovery fro the naturally challenging Covid-19 pandemic phase.

Rooms

The Rooms segment is the most important source of income for the Group, accounting for 68% of the Group's revenue in 2023, up from 65% in 2022. The trend reversed upwards in 2021 following the total curtailment of business between March and June 2020 and continued on this positive trajectory in 2022 and 2023. The Hotel has a capacity of 132 rooms, 12 of which are luxury suites. Room revenue is generated through various channels, including online bookings made on the Hotel's official website, global distribution systems, the Leading Hotels of the World network ("LHW") reservation systems and other online travel agents.

Catering

The Catering segment covers the Hotel's food and beverage facilities, which can be further subdivided into the operations of the Hotel's restaurants and bars and the Hotel's conference and banqueting services offered at the Phoenicia. The Hotel operates 4 food and beverage outlets (with a further outlet which is currently leased out) and 650 sqm of conference and banqueting facilities used to cater for large events, weddings, conferences and meeting rooms. In 2021, restrictions which were previously in place following the pandemic were gradually lifted and this continued strongly in 2022, allowing both new and postponed events to be held. Catering revenue accounts for 27% of Group revenue in 2023 which is proportionally similar to the 29% levels of 2019.

Other

Following 7 months of actual data, the newly developed Spa is expected to generate €447k by the end of 2023. Phoenicia also generates income via the provision of concierge services, the sub-leasing of two establishments, as well as guest laundry and airport transfers.

The Phoenicia has been a member of the LHW network since December 2015. This membership further establishes the Hotel's position in the luxury hotel segment and provides access to global loyalty programmes, namely the American Express Travel's Fine Hotels and Resorts, and is presently the only local hotel to be given this prestigious accolade.

During 2023, The Phoenicia has been selected to become a member of the US Virtuoso Network, one of the most prestigious luxury travel networks in the world. Virtuoso is the leading global network of agencies specializing in luxury and experiential travel, with more than 20,000 advisors and partnering with the world's best hotels, cruise lines, tour operators, and more. In addition, during 2023 The Phoenicia earned a Forbes Travel Guide Four-Star award and is showcased with other honorees on ForbesTravelGuide.com.

3 MAJOR ASSETS OF THE GROUP

Figure 2: Phoenicia Hotel
Source: Management information

3.1 The Phoenicia Hotel

The Phoenicia is a prestigious five-star hotel situated in Floriana that is owned by PML and operated by PHCL. The Hotel has a capacity of 132 rooms, including 12 luxury suites, 3 restaurants, 2 bars, a Spa and conference amenities.

Figure 2: Phoenicia Hotel
Source: Management information

The Hotel's property was valued at €99.5 million as at 31 December 2022. In September 2023, the Group engaged independent architects DeMicoli & Associates Architects to carry out an updated and independent valuation of the property. The combined value of the existing property, including a potential proposed development, was estimated to be in the region of €120 million.

This revalued amount was determined by reviewing the previous, current and forecast trading performance while taking into account the following:

1. Land and existing buildings (132 rooms), including the new Spa and Wellness centre
2. Trade fixtures, fittings, furniture and equipment
3. The market's perception of the trading potential together with an assumed ability to obtain or renew existing licenses, consents and certifications
4. The value of the potential development in the form of additional rooms/suites/keys

HOTEL METRICS AND COMBINED FINANCIAL INFORMATION					
KPIs	**2020** Actual	**2021** Actual	**2022** Actual	**2023** Forecast	**2024** Forecast
Revenue (€000)	2,941	8,037	14,747	18,114	20,624
Gross Operating Profit (€000)	(1,662)	1,566	4,850	7,304	8,817
EBITDA (€000)	(1,206)	2,508	4,497	5,855	7,382
Benchmark Performance					
Occupancy	20%	33%	49%		
ARR (€)	140	180	198		
RevPAR (€)	27	59	98		
Phoenicia Performance					
Room Revenue (€000)	1,648	5,102	9,601	12,314	14,261
Gross Operating Profit Margin	-57%	19%	33%	40%	43%
Occupancy	20%	48%	67%	75%	81%
ARR	162	215	295	343	364
RevPAR (€)	33	103	199	256	295

Source: Management information, Combined Financial Statements ; STR benchmark consisting of local 5-star peers

As evidenced in the first 7 months of actual data, 2023 is expected to be a record year for the Hotel in terms of top line revenue and profitability. This is largely attributable to the increasing room rates which the Hotel is able to command, in particular following the upgrades made in recent years coupled with its uniquess in terms of location and footprint, and its ability to tap into upper market niche market sources not only in the UK but also in the US and continental Europe, through its affiliations and partnerships with leading global marketing consortia like LHW, Virtuoso and American Express Travel..

The robust actual results in 2023 and positive outlook, are a continuation of the enhanced performance delivered by the Hotel throughout the recovery period post-pandemic. Elevated and increasing KPIs were achieved in 2021 and 2022, reflecting the first full year of normalized occupancy (after COVID-19), in addition to the continued outperformance also compared to the benchmark and peers in the industry.

Management expects these positive trends to continue in 2024, as occupancy picks up to normalized levels of c. 80% in tandem with an additional 6% increase in ARR to €364 from €343.

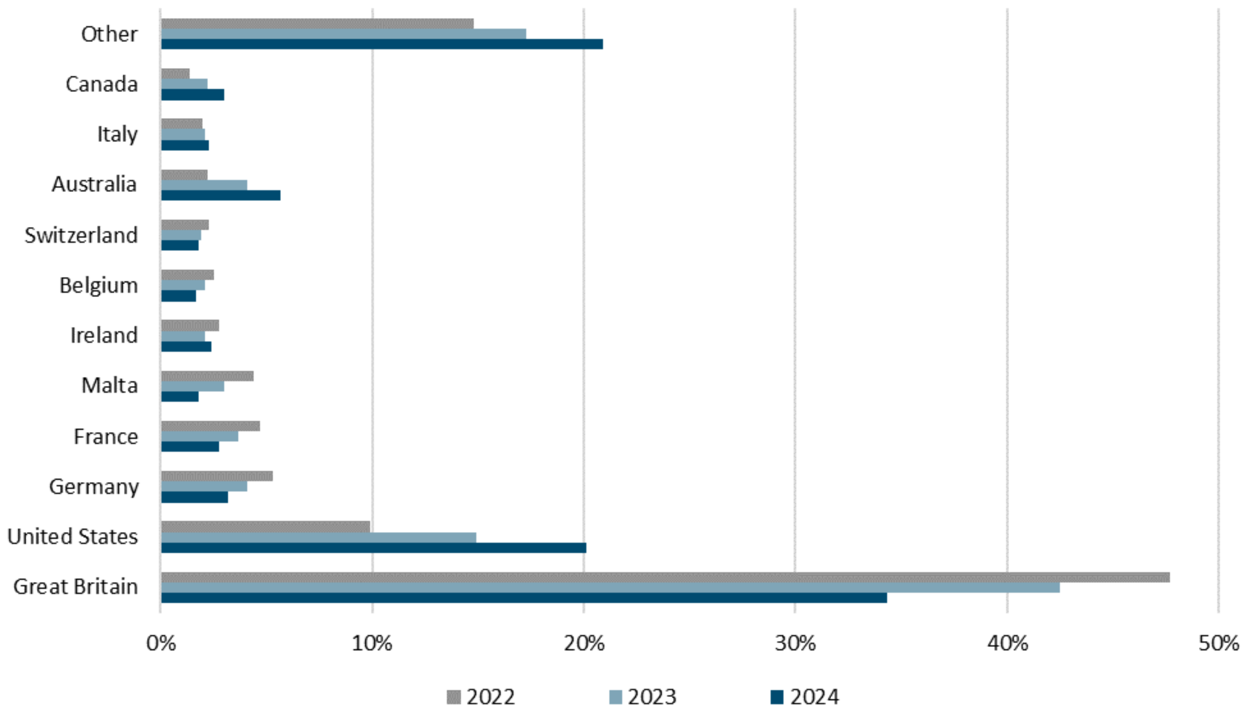

Figure 3: Geographical Mix of Source of Business
Source: Management information (2023 figures are comprised of actual data from January to October)

In terms of guest breakdown, the UK market continues to be dominant despite a drop off from 48% in 2022 to an expected 34% in 2024. Management notes that following the pandemic, the client base benefited from increased diversification with steady growth in guests from continental Europe, from Australia and most notably from a surge in business from the US.

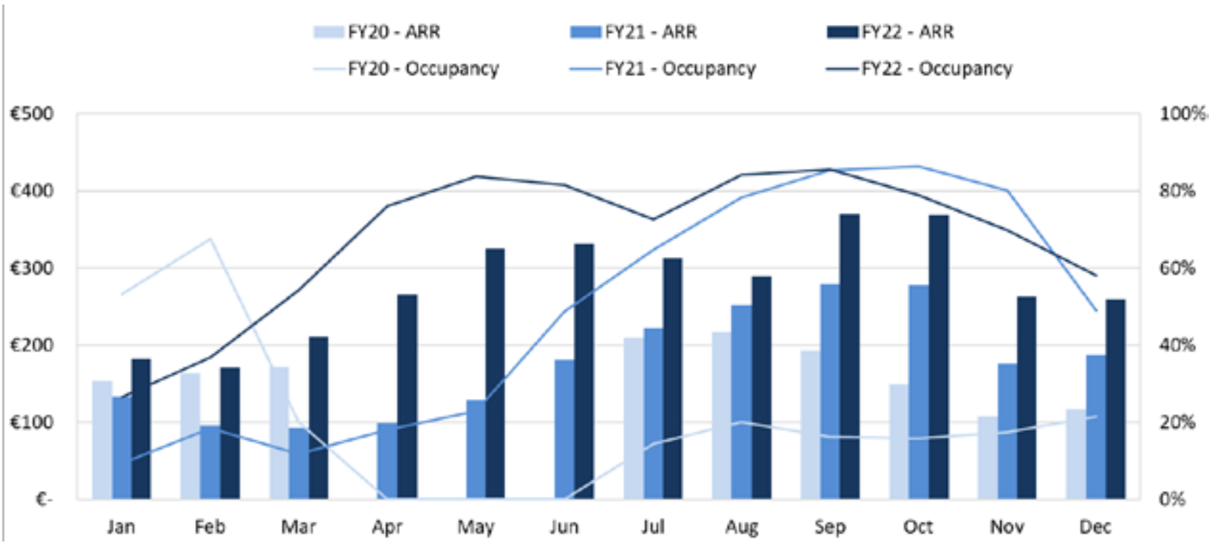

Figure 4: Phoenicia Hotel – Monthly ARR and Occupancy
Source: Management information

The main driver in the stronger-than-expected top line performance in 2022 came as a result of a significant increase in room rates, demonstrating the Hotel's ability to attract guests even at relatively higher rates. As substantiated previously, the Phoenicia's premium pricing model following the various upgrades and renovations to the premises has evidently not had a significant impact on occupancy rates. The €295 ARR of 2022 outperformed the initially forecasted €259, and is expected to continue to rise to €343 in 2023 and €364 in 2024. Lastly, the outperformance in revenue from Rooms had a knock-on effect on (and in turn also benefited from) the Group's other sources of income as in-house guests made greater use of the Hotel's catering outlets and Spa facilities.

3.2 St. John's Gardens Development Project

The St. John's Gardens development project ("SJG Project")is a potential project that is being planned by the Group. The SJG Project is a comprehensive endeavor aimed at revitalizing the St John's Ditch and related areas within the Phoenicia hotel's premises. Whilst still subject to planning approval, the Group intends to submit a full development application in respect of this potential investment.

Managememnt indicates that the primary objective would be to expand the Hotel's current offerings on the basis of a holistic masterplan that embellishes the historical significance of the site.

The Group intends to submit a full development application in respect of the St. John's Gardens Project to the Planning Authority. This application will be intended to substitute planning permit PA/02925/15 which is a renewal of PA /05753/09 for an extension of bedrooms, accompanied by the upgrading of the existing hotel, the restoration and rehabilitation of the nearby stables to accommodate bedrooms, as well as the upgrading of St. John's Ditch and the nearby hotel grounds.

Such expansion will include two new accommodation buildings, one replacing the Old Stables building and the other the old laundry buildings, resulting in a total of 52 guest rooms, which include 11 suites. The Coach House building will be restored and repurposed to serve as a central Reception area between the two guest room blocks, complete with ancillary breakfast, bar and dining facilities, as well as meeting space. A landscaped garden alongside St John's ditch will connect these guest areas and offer a scenic pathway leading to the Bastion Pool. In addition, a new pool facility will be added beside a historical spur, and it will be serviced by the existing Bastion Pool building without the need for a separate structure. To accommodate operational needs, an extension to the existing pool back of house building is proposed. Management highlights that furthermore the SJG Project emphasizes the restoration of several heritage sites on the property, and will prioritise sustainability.

Figure 5: St. John's Gardens Development Project
Source: Management information

The Group is currently forecasting that the SJG Project will reach completion around December 2025, and its operational launch in January 2026. Management notes that on the basis of current estimates, the SJG Project is estimated to cost in the region of circa €38 million, and could potentially result in an expected incremental average annual EBITDA of €7.5 million.

4 INDUSTRY OVERVIEW

4.1 Economic update[1]

In 2022, Malta's economy experienced an increase in private consumption and investment, resulting in real GDP growth of 6.9%. This growth was primarily driven by the services sector and a notable recovery in the Maltese tourism industry. For 2023 however, the forecast suggests a slower real GDP growth rate of 3.9%, mainly due to high inflation and reduced positive effects from tourism. Such growth is expected to rebound slightly in 2024 to 4.1%.

Employment in Malta increased by 6.0% in 2022 across various sectors, including tourism and administrative services. The European Commission's Country Report for Malta indicates that employment is projected to continue growing in 2023 and 2024, in line with population growth and the attraction of foreign workers. However, labor and skills shortages are anticipated to remain significant

1 *European Commission – 2023 Country Report (Malta) – Institutional Paper 242 June '23)*

constraints on the economy. Malta's unemployment rate was 2.9% in 2022, among the lowest in Europe, and is expected to remain at this level in 2023 and 2024.

According to Statista[2], the collective impact of the travel and tourism sectors on Malta's gross domestic product (GDP) in 2022 experienced a decline of approximately 8.7% in comparison to 2019. The combined direct and indirect contributions of these industries to the nation's GDP amounted to €2.1 billion in 2022.

4.2 Inbound tourism

In 2023, the tourism industry has continued its recovery from the pandemic and is on course to surpass the pre-pandemic total inbound tourist arrivals of 2019. Official data[3] released by the National Statistics Office (NSO) illustrates that Malta welcomed 2,816,641 tourists Between January and November 2023 which is 8.0% higher than the 2,608,533 arrivals during the same 11-month period in 2019. This strong performance experienced in 2023 is evidence of the strong economic recovery witnessed in the latter part of 2022 following the loosening of the pandemic-related and Government-imposed travel restrictions in Q2 2022.

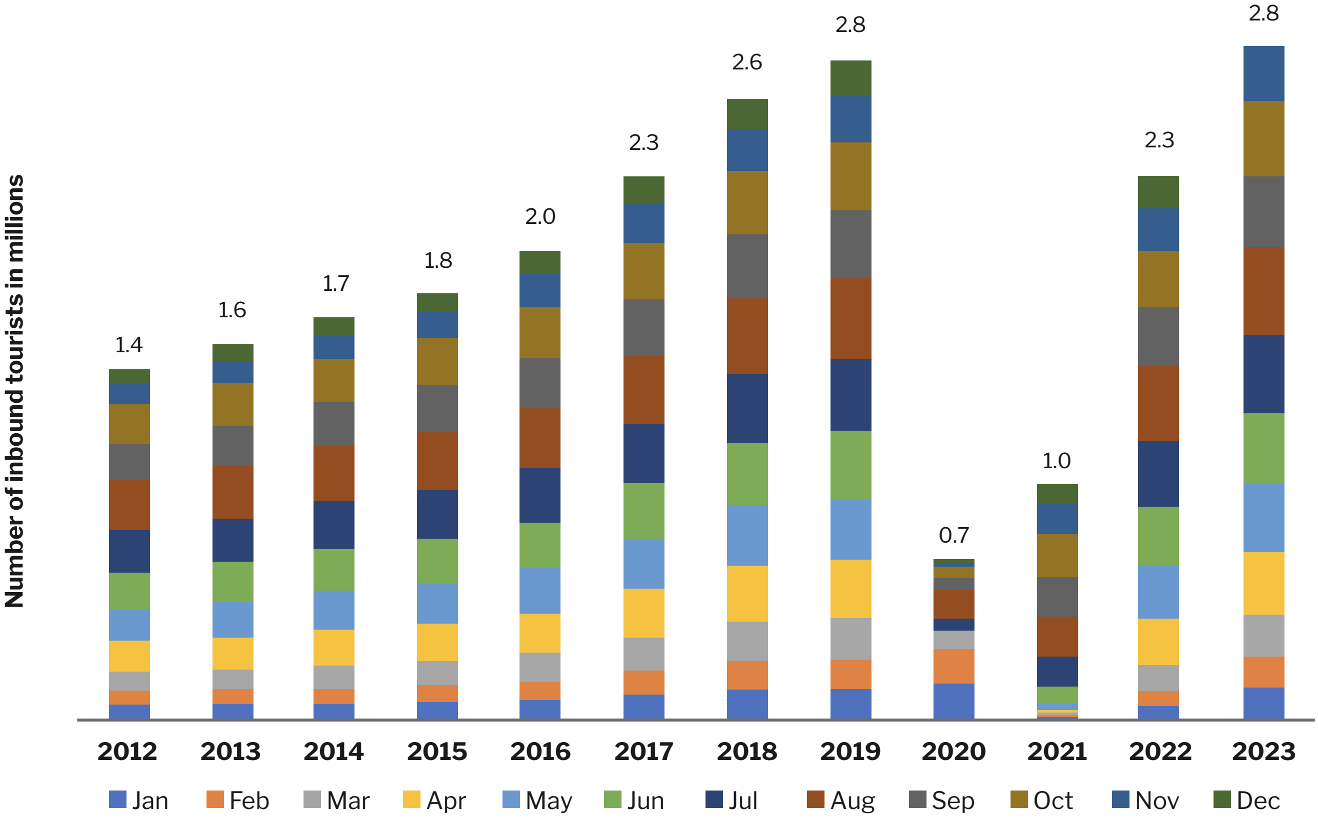

Figure 1: Total inbound tourism in Malta & Gozo monthly between Jan 2012 and Nov 2023
Source: National Statistics Office

Expenditure per capita between January and November 2023 is 3% higher than what was recorded during the same period in 2019 with an average of €870 spent per tourist today versus €845 in 2019. However, the inflationary pressures brought about in 2022 are also contributing to this increase.

On a broader scale, the European Travel Commission[4] highlighted that despite the expectation that Europe is to avoid a technical recession, the persistent higher inflation rates are likely to affect household incomes and discretionary spending, which may potentially slow the travel industry's recovery. Moreover, two further challenges faced by European travel remain the limitations imposed on Russian tourists due to the Ukraine conflict, redirecting them mainly to Serbia and Turkey, as well as the supply of flights persistently below the demand, thereby raising prices and slowing further the recovery of travel. With respect to long-haul travel into Europe, the US is set to regain market share in 2023 while the reopening of China in January should provide an additional boost to inbound travel from Asia.

4.3 Malta's five-star hotel market

The NSO data for inbound tourism referenced earlier further indicates that, in 2023, the five-star hotel industry has seen a similar trend to the wider tourism industry in which 8% more guests have stayed in a five-star hotel in Malta between January and September 2023

2 *Statista Research – Travel, Tourism & Hospitality in Malta (Aug '23)*
3 *National Statistics Office – Inbound Tourism*
4 *European Travel Commission – European Tourism: Trends & Prospects (Q1 2023)*

with respect to the same period in 2019. This may suggest that the high-end hospitality sector is in line to experience similar growth to the wider local tourism industry.

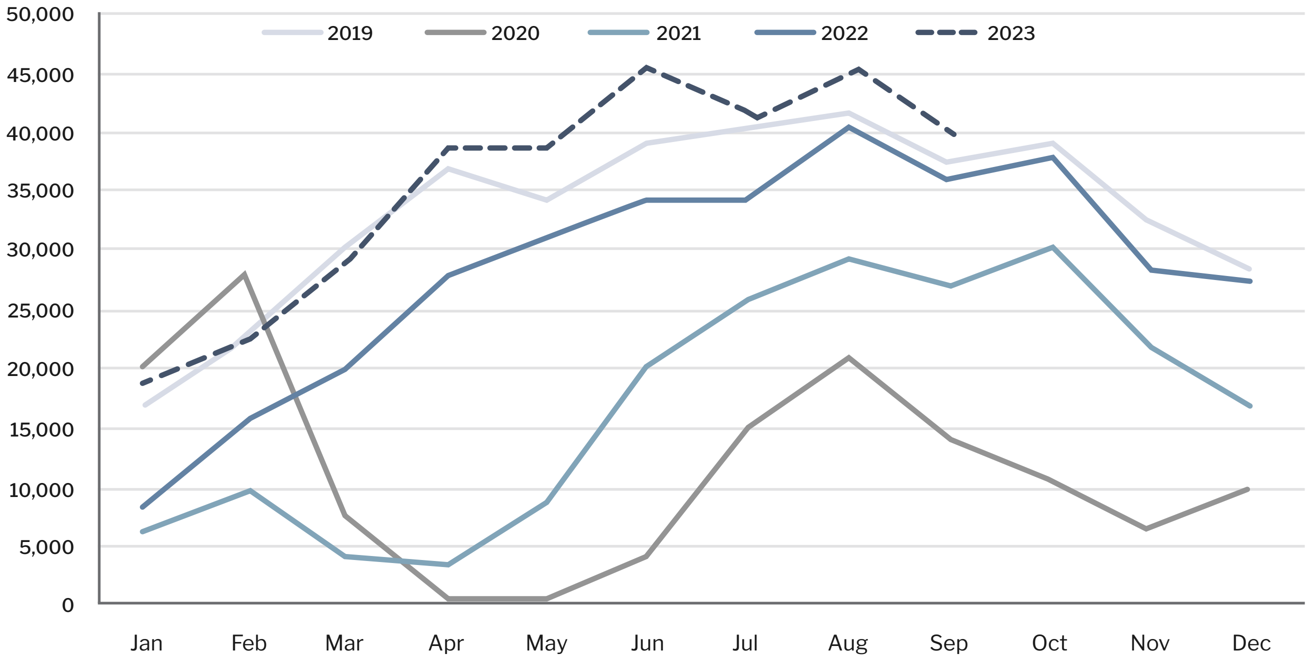

Figure 2: Total guests at 5-star hotels in Malta & Gozo monthly between Jan 2019 and Sep 2023
Source: National Statistics Office

Occupancy rates in five-star hotels in 2023 (62% between January and September) continue to lag pre-pandemic levels (69% January - September 2019) despite an increase in the number of guests, suggesting that the expansion in supply of five-star accommodation is having an effect. In fact, the number of five-star establishments and bedrooms at the end of 2022 stood at 17 and 3,732 respectively, which is considerably higher than the 14 five-star hotels and 3,196 five-star bedrooms around Malta and Gozo in 2019.

According to the annual survey[5] issued by Deloitte and the Malta Hotels & Restaurants Association (MHRA), the average daily rates (ADR) for five-star hotels in Malta during Q2 2023 increased by 18% over Q2 2019, reaching €208 per room.

4.4 Food and beverage industry

From research carried on the food and beverage service activities in Malta[6], it is forecasted that significant growth will be achieved in the industry whereby revenue is expected to grow by 50% between 2023 and 2027.

Findings from the Ernst & Young Attractiveness Survey[7] show that 54% of participants expressed their demand for staff with specialized skills. Malta's labour market, however, is faced with constraints due to its geographical limitations and size. Despite the increased employment of foreign workers, the situation remains only partially alleviated.

5 PERFORMANCE AND FINANCIAL POSITION OF THE ISSUER

The Issuer was incorporated in 2018 to act as a financing vehicle of the Group and is therefore dependent on the financial and operational performance of the Group. The financial information presented for the Issuer represents the audited financial statements of 2020, 2021 and 2022 with the financial year running from 1st January to 31st December. The forecasted financial statements for the year 31st December 2023 include actual data until July and monthly forecasted data from thereon, while the financial forecasts representing 31st December 2024 are entirely projected and based on certain assumptions. Events and circumstances may differ from expectations; therefore, actual results may vary considerably from projections.

5 *MHRA Hotel Survey by Deloitte Malta*
6 *Statista Research – Food & Beverage Service Activities in Malta (Aug '23)*
7 *EY Attractiveness Survey 2022*

5.1 Statement of Comprehensive Income

PHOENICIA FINANCE COMPANY PLC Statement of comprehensive income (€000)	2020 Actual	2021 Actual	2022 Actual	2023 Forecast	2024 Forecast
Finance income	**1,275**	**1,287**	**1,287**	**1,287**	**3,063**
Finance costs	(1,153)	(1,158)	(1,164)	(1,174)	(3,052)
Net interest	**123**	**129**	**123**	**113**	**11**
Administrative expenses	(68)	(82)	(95)	(88)	(92)
Profit before tax	**55**	**47**	**28**	**25**	**(82)**
Income tax expense	(19)	(16)	(10)	(9)	29
Profit for the period	**36**	**30**	**18**	**16**	**(53)**

Source: Phoenicia Finance Company plc annual reports; Management information

PFC was set up as a special purpose vehicle, acting as the finance company for the Group and thus, income is to be generated from interest receivable on advances to Group companies. In 2022, PFC reported finance income of €1.3 million, related to interest received on a loan to the parent company, equal to the interest received in 2021 and is expected to remain flat in 2023. In 2024, an increase to €3.1 million of finance income is anticipated due to the increase in the loan balance, in turn funded via the issue of a new bond amounting to €50 million. Finance costs amounted to €1.2 million during 2022, relating to interest payable on the Bond of €1.0 million and amortisation of bond issue costs of €126k, remaining basically unchanged during 2023. In 2024 finance costs are expected to increase to €3.1 million due to the increased indebtedness as a result of the new bond issue.

5.2 Statement of Cash Flows

PHOENICIA FINANCE COMPANY PLC Statement of cash flows (€000)	2020 Actual	2021 Actual	2022 Actual	2023 Forecast	2024 Forecast
Net cash used in/ generated from operating activities	(46)	(19)	178	(99)	386
Net cash used in investing activities	(325)	-	-	-	(24,486)
Administrative expenses	-	-	-	-	24,000
Net movement in cash and cash equivalents	**(371)**	**(19)**	**178**	**(99)**	**(100)**
Cash and cash equivalents at beginning of year	461	90	71	249	150
Cash and cash equivalents at end of year	**90**	**71**	**249**	**150**	**50**

Source: Phoenicia Finance Company plc annual reports; Management information

During 2022, cash generated from operations of the finance company of €178k related to interest received on advances to parent company. For the year ending 31st December 2023, management is anticipating net cash outflows of €99k, with outflows expected to rise marginally in 2024. This projected amount mainly reflects the movements of cash proceeds of €24 million from the issue of the new bond, and the outflow of €24.5 million relating to the advance made to PML.

5.3 Statement of Financial Position

PHOENICIA FINANCE COMPANY PLC Statement of financial position (€000)	2020 Actual	2021 Actual	2022 Actual	2023 Forecast	2024 Forecast
ASSETS					
Non-current assets:					
Financial assets	24,501	24,501	24,501	24,501	48,987
Deferred tax asset	5	5	5	5	33
Total non-current assets	**24,505**	**24,505**	**24,505**	**24,505**	**49,020**
Current assets:					
Financial assets	56	56	56	56	134
Other receivables	408	601	587	726	437
Cash and cash equivalents	90	71	249	150	50
Total current assets	554	728	892	932	621
Total assets	**25,059**	**25,233**	**25,398**	**25,437**	**49,641**
EQUITY AND LIABILITIES					
Capital and Reserves:					
Issued Capital	250	250	250	250	250
Retained Earnings	(3)	27	45	62	9
Total Equity	**247**	**277**	**295**	**312**	**259**
Non-current liabilities:					
Interest-bearing borrowings	24,627	24,747	24,874	25,000	49,184
Total non-current liabilities	**24,627**	**24,747**	**24,874**	**25,000**	**49,184**
Current liabilities:					
Interest-bearing borrowings	45	45	45	45	126
Trade and other payables	121	147	183	71	72
Current tax payable	19	16	-	9	-
Total current liabilities	**186**	**209**	**229**	**125**	**198**
Total liabilities	24,812	24,956	25,102	25,125	49,382
Total equity and liabilities	**25,059**	**25,233**	**25,398**	**25,437**	**49,641**

Source: Phoenicia Finance Company plc annual reports; Management information

Table totals may be subject to rounding

The Issuer's balance sheet reflects its role as the financing arm of the Group with total assets of €25.4 million at the end of 2022, mainly consisting of the loan to parent company and other receivables (€0.6 million). These other receivables relate to amounts due from the parent company for expenses paid by PFC as part of general cashflow management purposes. Whilst remaining basically unchanged as at the end of 2023, the balance sheet of PFC is expected to increase to circa €50 million during 2024 during 2024, as the related party balance will increase in line with the issue of a new bond.

In the first quarter of 2024 PFC is expected to issue a bond amounting to €50 million due in 2033 and callable after 5 years at a coupon of 5.75% ("the 5.75% 2028-33"). The transaction will offer holders of the €25 million due 2023-2028 [ISIN: MT0002081207] ("the 4.15% 2023-28") issued in 2018 the opportunity to invest in the 5.75% 2028-33 by exchanging at par their existing holding in the 4.15% 2023-28 for an investment in the new bond, via an exchangeable bond transfer. Therefore, the funding side shows an increase in to circa €50 million.

6 PERFORMANCE AND FINANCIAL POSITION OF THE GROUP

The Issuer is dependent on the business prospects of the Guarantors and, consequently, the operating results of the Guarantors have a direct effect on the Issuer's financial position and performance.

The Group does not have a statutory requirement to prepare consolidated financial statements. However, management prepares combined financial statements based on an aggregation of the audited financial statements of PML, PHCL and PFC[8], and after taking into consideration intercompany and consolidation adjustments ("the Combined Financial Statements"). The Combined Financial Statements for FY2020, FY2021 and FY2022 have been audited by Ernst & Young Malta Limited, independent auditors, as stated in their report. Combined Financial Statements are also provided on the basis of management forecasts, taking into account applicable consolidation adjustments.

The following financial information is extracted from the Combined Financial Statements of the Group for the three years ended 31st December 2020 to 31st December 2022. The forecasted financial information for the year ending 31st December 2023 ("FY2023") and 31st December 2024 ("FY2024") has been provided by the management of the Group. Events and circumstances may differ from expectations; therefore, actual results may vary considerably from projections.

6.1 Statement of Comprehensive Income

COMBINED FINANCIAL STATEMENTS					
Statement of comprehensive income (€000) - 31 Dec	**2020** Actual	**2021** Actual	**2022** Actual	**2023** Forecast	**2024** Forecast
Revenue	**2,941**	**8,037**	**14,747**	**18,114**	**20,624**
Cost of sales	(4,266)	(5,770)	(8,387)	(9,056)	(9,891)
Gross profit	**(1,325)**	**2,267**	**6,360**	**9,058**	**10,732**
Administrative expenses	(2,499)	(2,769)	(4,119)	(4,722)	(4,786)
Selling and marketing expenses	(455)	(457)	(657)	(792)	(833)
Other income	903	1,120	507	-	-
Operating profit	**(3,376)**	**161**	**2,091**	**3,544**	**5,113**
Net finance costs	(1,766)	(1,786)	(1,927)	(2,402)	(2,983)
Profit before tax	**(5,142)**	**(1,625)**	**164**	**1,142**	**2,130**
Income tax credit/ (tax expense)	2,216	1,059	106	349	(407)
Profit for the year	**(2,926)**	**(566)**	**269**	**1,491**	**1,723**
Revaluation of PPE	3,028	-	10,509	-	-
Total comprehensive income for the year	**102**	**(566)**	**10,778**	**1,491**	**1,723**
EBITDA	(1,206)	2,508	4,497	5,855	7,382
Ajusted EBITDA*	(2,109)	1,388	3,989	5,855	7,382

Source: Combined Financial Statements, Management information

**Adjusted EBITDA is calculated by excluding government grant (non-recurring revenue) for reported EBITDA*

In line with the rebound of 2021 (as social restrictive measures began to be released), the Hotel's performance continued to thrive in 2022 and 2023. The Group continues to perform well across all business segments with the Hotel earning above average rates, benefitting strongly from the recently developed Spa and upgraded catering facilities.

Given the natural spillover effect that room occupancy has on the performance of the Hotel's other services, the performance of the bars and restaurant, as well as the Spa facilities all picked up in particular from Q2 2022 onwards and closed off last year performing above pre-pandemic levels. In 2023, a further enhanced performance is being achieved across all revenue streams.

8 *The audited financial statements of the Guarantors have been prepared in accordance with IFRS as adopted by the European Union and comply with the Companies Act, Cap. 386 of the Laws of Malta*

Rooms are forecasted to achieve the most significant increase, with revenues rising by 28% to €12.3 million from the €9.6 million earned in 2022.

The Hotel's restaurant and bars are expected to see a moderate increase of 6% in 2023 driven by the stronger Q1 already achieved in 2023. Lastly, the performance of the Spa has continued to be particularly strong also in 2023, resulting in a 25% overall annual increase to €0.5 million from last year's €0.4 million.

For 2024, management expects similar trends to unfold overall, albeit at a more modest growth of 16% for room revenue. The catering department (including conferencing and banqueting activities in addition to restaurant and bars) is forecasted to achieve an 11% growth in 2024 continuing from the 9% in 2023.

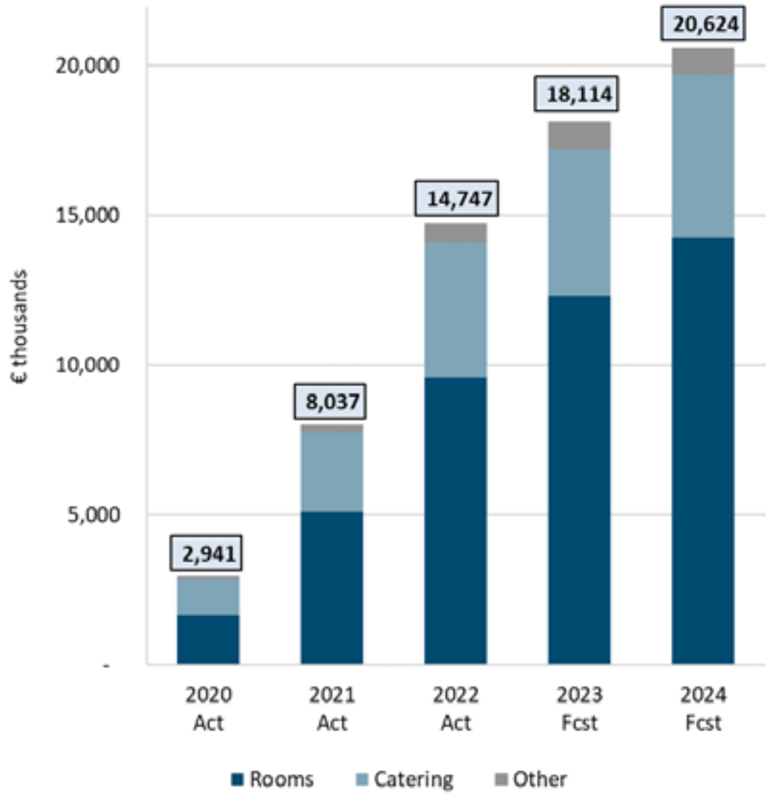

Figure 8: Revenue Breakdown
Source: Management information, Combined financial statements

With the increased business activity cost of sales has also been on a rising trend to support the necessary business demands, given that the nature of such costs is largely variable. Other operating costs including administrative expenses and selling and marketing expenses also rose, experiencing increases of 49% and 44% respectively during 2022.

During 2023 it was fixed charges, including management fees, insurance, costs, and other expnmeses, that showed the greatest increases. The Group paid a management fee of €0.5 million to Hazledene Group Limited, an entity in which the shareholders have an interest. Management notes that the Group entered into transactions with this party for an expense of an administrative nature, relating to the management of the hotel operations, and going forward these activities will be based on a management fee equivalent to 3% of net hotel revenues.

The Group is expected to generate just below €6 million in EBITDA during the current year, up circa €1.9 million on the year, and notably +20% over 2019, which itself was a record year. On the other hand, in 2023 the Group is forecasting to incur a relatively sizeable increase in finance costs following an increase in borrowings during 2022 of €20 million. Additionally, a debt refinancing transaction undertaken at the beginning of 2024 is expected to result in a proportionate increase in bond debt (vs bank borrowings), and in a higher coupon on this new bond debt.

With respect to total comprehensive income in 2022 the Group benefited from a fair value gain (net of tax) of €10.5 million in 2022 attributable to the upward revaluation in the Hotel's property and surrounding sites. Management notes that the fair value was estimated on the basis of a multi-period projection and Discounted Cash Flow model, in order to update the estimated valuation in the context of the improved results following the Covid-19 pandemic period.

6.2 Statement of Cash Flows

COMBINED FINANCIAL STATEMENTS Statement of cash flows (€000) - 31 Dec	2020 Actual	2021 Actual	2022 Actual	2023 Forecast	2024 Forecast
Net cash used in/ generated from operating activities	(340)	2,555	5,218	5,426	7,207
Net cash used in investing activities	(2,194)	(828)	(21,755)	(1,321)	(4,109)
Net cash generated from/used in financing activities	1,430	218	15,658	(4,738)	(1,867)
Net movement in cash and cash equivalents	**(1,105)**	**1,945**	**(879)**	**(633)**	**1,231**
Cash and cash equivalents at beginning of year	1,198	93	2,039	1,160	527
Cash and cash equivalents at end of year	**93**	**2,039**	**1,160**	**527**	**1,759**

Source: Combined Financial Statements, Management information

The Group's net cash flows from operating activities have been on a steady increase during 2022 and 2023, in line with the evident improvement in core operations. Management anticipates a further growth to €7.2 million in 2024.

The Group's capital expenditure in Property, Plant and Equipment over recent years mainly came as a result of investment in the Spa and some additional room improvements related to the new Pegasus suites. Such outlays also include an amount of €1.8 million disbursed in 2022. Separately, outflows from investing activities also reflect the provision of a €20 million loan to the Phoenicia Holding Lux S.a.r.l., the ultimate parent company of the Group ("the Parent Co Loan").

Financing cash flows over the past two years primarily relate to the net impact of debt refinancing transactions. The bank loan facilities held as at 31st December 2021 (€26.8 million) were repaid in full in November 2022 via other bank loan facilities obtained by Phoenicia Malta Limited, which amounted to over €44 million. More specifically, the new borrowings consist of proceeds from two bank loans, a 3-year term loan with a bullet repayment of just below €25 million ("the Bridging Loan") and a 20-year amortising facility of €20 million ("the Term Loan"). The net impact of these transactions amounted to an inflow of over €15 million.

6.3 Statement of Financial Position

COMBINED FINANCIAL STATEMENTS Statement of financial position (€000) - 31 Dec	2020 Actual	2021 Actual	2022 Actual	2023 Forecast	2024 Forecast
ASSETS					
Non-current assets:					
Property, plant and equipment	90,196	88,677	99,522	98,542	100,382
Deferred tax asset	5,198	6,116	6,330	6,693	6,295
Loan receivable	-	-	20,000	20,000	20,000
Other receivables	50	50	50	50	50
Total non-current assets	**95,444**	**94,843**	**125,902**	**125,285**	**126,727**
Current assets:					
Inventories	150	186	238	314	352
Trade and other receivables	524	809	753	517	905
Income tax receivable	-	-	9	-	-
ST Loan receivable	-	-	119	1,245	2,472
Cash and cash equivalents	93	2,039	1,160	527	1,759
Total current assets	**768**	**3,033**	**2,280**	**2,603**	**5,488**
Total assets	**96,212**	**97,876**	**128,182**	**127,887**	**132,214**
EQUITY AND LIABILITIES					
Capital and Reserves:					
Share capital	13	13	13	419	419
Deferred shares	839	839	839	-	-
Foreign exchange reserve	-	-	-	433	433
Revaluation reserve	39,227	39,164	43,468	43,468	43,468
Retained earnings	(3,508)	(4,012)	2,463	3,954	5,677
Total Equity	**39,571**	**36,005**	**46,783**	**48,274**	**49,997**
Non-current liabilities:					
Interest-bearing loans and borrowings	46,587	48,616	68,214	66,291	67,367
Deferred tax liability	5,506	5,348	6,429	6,440	6,440
Total non-current liabilities	**52,093**	**53,964**	**74,643**	**72,731**	**73,808**
Current liabilities:					
Trade and other payables	4,565	4,952	5,706	5,110	5,375
Interest-bearing loans an borrowings	2,964	2,939	1,045	1,759	3,026
Current tax payable	19	16	4	14	9
Total current liabilities	**7,548**	**7,908**	**6,756**	**6,882**	**8,410**
Total liabilities	**59,641**	**61,872**	**81,399**	**79,613**	**82,218**
Total equity and liabilities	**96,212**	**97,876**	**128,182**	**127,887**	**132,215**

Source: Combined Financial Statements, Management information

Total assets increased to €128.2 million as at 31st December 2022, rising by 31% from the previous year, mainly driven by the upward revaluation of the Hotel's property in April 2022 for an increase of €8.8 million, and the provision of the Parent Co Loan. This asset is a 20-year term loan to the parent company of €20 million, unsecured and bearing an interest of 2.4% plus 3 months EURIBOR per annum. Management notes that in turn this loan funded the buy-out by the shareholder of share options in the Group held by a third party, reflecting the shareholder's long term ownership plans. No major movements relating to fixed assets are expected as at the end of 2023. Trade and other receievables are forecasted to decrease to €0.5 million in 2023 from the significantly higher levels of €0.8 million in 2021 and 2022.

Total liabilities increased from €61.9 million in 2021 to €81.4 million in 2022, driven by the rise in the Group's borrowings to €69.3 million (2021: €51.6 million). The new banking facilities included both short-term and long-term loans and borrowings, namely the Bridging Loan and the Term Loan which accounted for the refinancing transaction implemented last year, as described previously. Overall debt levels are expected to emain almost unchanged as at 31st December 2023 compared to the previous year. Trade and other payables increased marginally from €5.0 million to €5.7 million driven mainly by an increase in trade payables and accruals.

Total equity increased to €46.8 million, driven by the turnaround in profitability as reflected in the sizeable turnaround in retained earnings and in the increase in the revaluation reserve to €43.5 million (2021: €39.2 million). For 2023, total equity is expected to increase to €48.3 million as profitability is forecasted to increase again, and with expected movements also including a redesignation from deferred shares to ordinary shares which took effect in 2023.

6.4 Borrowings

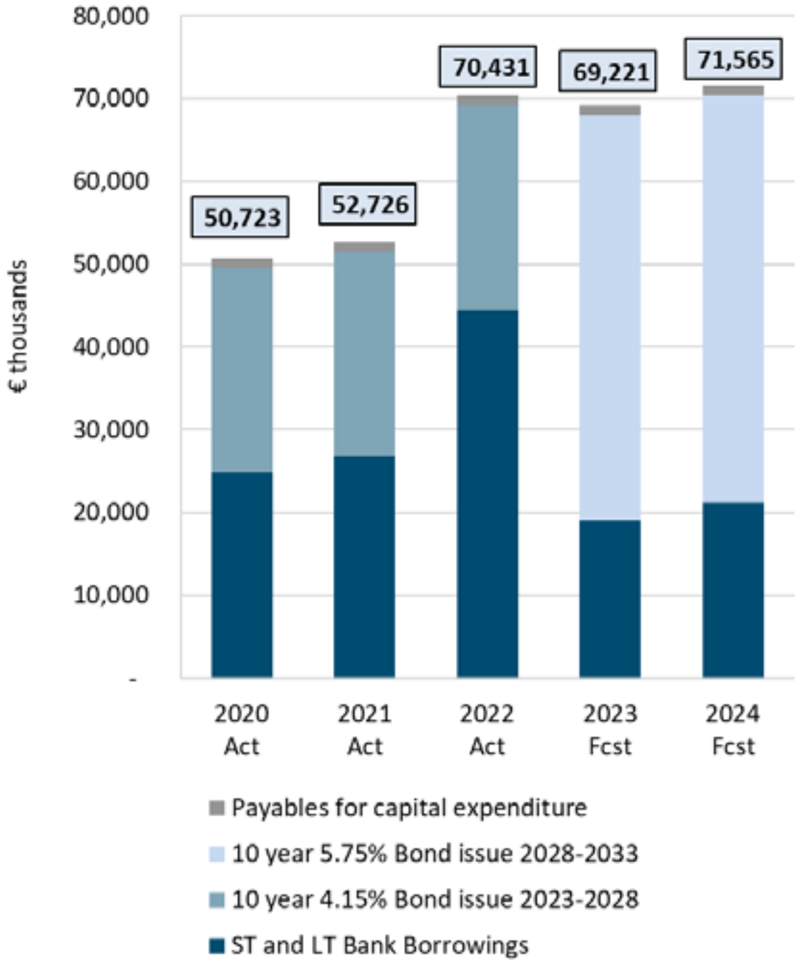

Figure 9: Debt Schedule
Source: Management information, Combined financial statements

The Group has been mainly financed through debt over the years. Total borrowings as at 31st December 2022 amounted to €70.4 million, comprising of a combination of bond debt and bank debt and ,with this estimate also taking into account capital creditors. Whilst the overall debt balance is expected to remain almost unchanged between 2023 and 2024, the composition of borrowings will undergo a restructuring.

In an extension of the refinancing effort, the Group is expecting to repay the Bridging Loan by during this year, resulting in a decline of total bank borrowings to circa €19 million. On the other, bond debt is expected to increase on the back of funding from the issue of a new bond.

As indicated in previous sections, during the first quarter of 2024 the Group will be issuing a new bond, the 5.75% 2028-33. The transaction will offer bond holders of the the 4.15% 2023-28 the opportunity to invest in the 5.75% 2028-33 by exchanging at par their existing holding in the 4.15% 2023-28. This is expected to result in an increase in the bond element of outstanding borrowings relative to bank debt, with cash proceeds from the capital markets transaction funding the repayment of the Bridging Loan. Therefore this refinancing will extend the maturity of the debt profile. Management projections currently assume full participation of holders of the 4.15% 2023-28 in the exchange. It is noted that in the event that less than the full amount of outstanding €25 million in the 4.15% 2023-28 are exchanged any balance of cash proceeds that may result following the repayment of the Bridging Loan will be held in a segregated bank account until the eventual redemption of the 4.15% 2023-28.

6.5 Evaluation of Performance and Financial Position

On the basis of the data available, management believes that the sustained recovery in ARR, RevPAR and occupancy levels will continue following 2023 and into 2024. Revenues and profitability. Upward trends in occupancy levels, RevPAR and ARR generally tracked the loosening of Covid-19 restrictions across 2021 and 2022. Revenues and profitability improved across all levels, also supported by implemented measures in terms of increased efficiencies and cost cutting.

Notwithstanding the termination of government subsidies in May 2022, a further robust increase in EBITDA generation was recorded, totalling to €4.5 million in 2022 with €5.9 million projected in 2023 and €7.4 million in 2024. Operating margins also reflect the robust outlook, with Gross Operating Profit and EBITDA margins expected to reach 44% and 36% respectively in 2024.

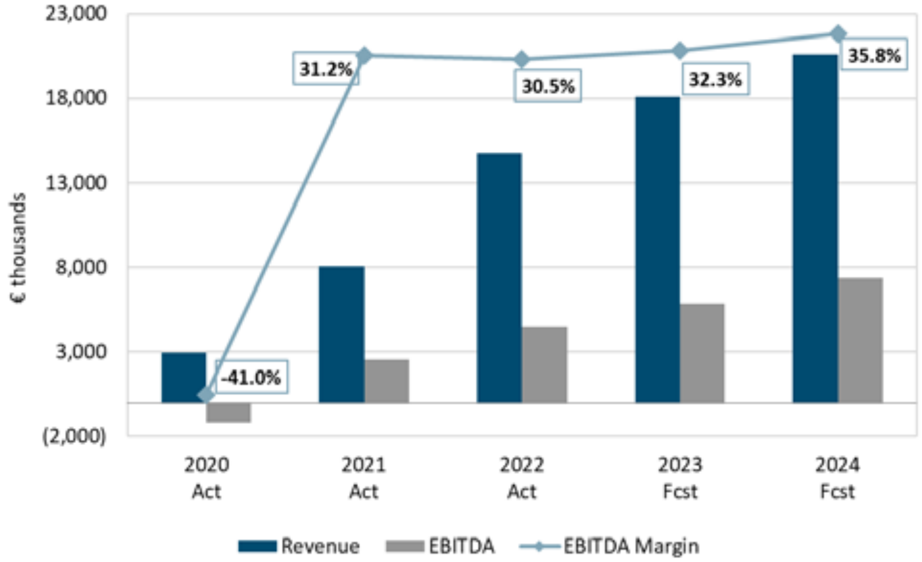

Figure 10: EBITDA Generation
Source: Management information, Combined financial statements

COMBINED FINANCIAL STATEMENTS Profitability Ratios - 31 December	2020 Actual	2021 Actual	2022 Actual	2023 Forecast	2024 Forecast
Gross Profit Margin *(Gross Profit/ Revenue)*	-45.1%	28.2%	43.1%	50.0%	52.0%
Gross Operation Profit Margin *(Gross Operating Profit/ Revenue)*	-56.5%	19.5%	32.9%	40.3%	42.8%
EBITDA Margin *(EBITDA/ Revenue)*	-41.0%	31.2%	30.5%	32.3%	35.8%
Adjusted EBITDA margin *(Adjusted EBITDA/ Revenue)*	-71.7%	17.3%	27.1%	32.3%	35.8%
Interest Coverage *(EBITDA/ NET Finance Costs)*	-0.7x	1.4x	2.3x	2.4x	2.5x
Adjusted Interest Coverage *(Adjusted EBITDA/ Net Finance Costs)*	-1.2x	0.8x	2.1x	2.4x	2.5x
Return on Assets *(Gross Operating Profit/ Average Total Assets)*	-1.8%	1.6%	4.3%	5.7%	6.8%
Return on Capital Emplyed *(Gross Operating Profit/ Average Capital Employed)*	1.9%	1.8%	4.6%	6.0%	7.2%
Net Profit Margin *(Profit for the year/ Revenue)*	n.a.	-7.0%	1.8%	8.2%	8.4%
Return on Equity *(Profit for the year/ Average Total Equity)*	-8.0%	-1.6%	0.7%	3.1%	3.5%

Source: Management information; Combined Financial Statements; Curmi & Partners Ltd.

The most recent positive trend in profitability ratios since 2021 is attributable to two main factors, namely the rebound following the pandemic and the Hotel's strategy to focus on a value added offering.

Management is forecasting a continuation of this trend on the basis of actual performance registered this year and also of a particularly firm bookings outlook for 2024. Phoenicia is expected to continue benefiting from the global recognitions recently earned, particulary by joining Virtuoso, a premier international luxury travel network, and the LHW consortia. Such awards have enabled the Hotel to attract guests from growing markets such as the US. Whilst cost pressures such as labour present a challenge, the characteristics of the business model allow the Group to be be less sensitive to pricing and cyclical trends.

Forecasts for 2023 across all metrics show improvements on last year's ratios given the Group's strong performance versus the previous year. Such growth is expected to be maintained into 2024.

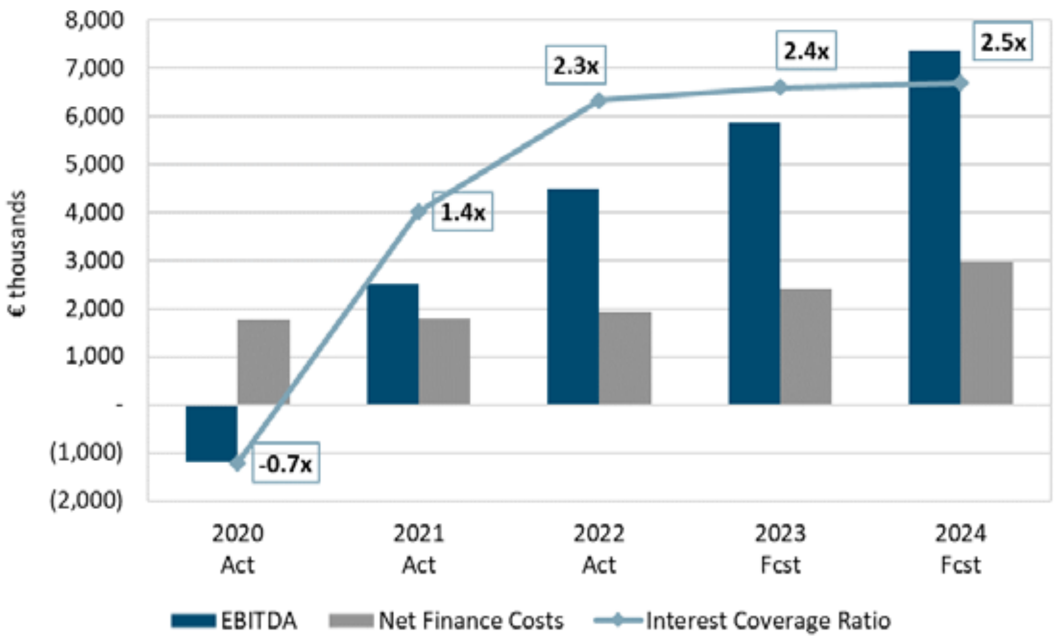

Figure 11: Interest Payment Covereage
Source: Management information, Combined financial statements

As depicted in the chart above, the Group's capability to cover the due interest charges is being enhanced by the improvement in EBITDA following the general recovery in business. It is noted that finance costs have increased on the back of the increase in borrowings. However management expects the positive outlook for EBITDA generation to offset the increased cost of debt servicing, with interest cover gradually increasing to 2.5x in 2024.

COMBINED FINANCIAL STATEMENTS					
Balance Sheet Ratios - 31 December	**2020** Actual	**2021** Actual	**2022** Actual	**2023** Forecast	**2024** Forecast
Current Ratio *(Current Assets/ Current Liabilities)*	0.1x	0.4x	0.3x	0.4x	0.7x
Quick Ratio *(Current Assets - Inventory / Current Liabilities*	0.1x	0.4x	0.3x	0.3x	0.6x
Gearing Ratio *(Borrowings/ Total Equity + Borrowings)*	58.1%	59.4%	60.1%	58.9%	58.9%
Adjusted Gearing Ratio *(Borrowings/ Total Equity)*	1.4x	1.5x	1.5x	1.4x	1.4x
Net Leverage Ratio *(Net/ Borrowings/ EBITDA)*	-42.0x	20.2x	15.4x	11.7%	9.5x
Free Cash Flow to Debt *(Free cash flow/ Borrowings)*	-5.8%	2.3%	-24.1%	6.8%	3.4%

Source: Management information; Combined Financial Statements; Curmi & Partners Ltd.

NB: Certain ratios in 2020 indicate exceptional values given the extraordinary circumstances during.

Within the hospitality industry, liquidity ratios below 1x are not uncommon, with cash inflows from sales mainly received in advance compared to delayed outflows related to suppliers and expenses. The Group's liquidity ratios inevitably declined further during 2020 as cash balances were particularly impacted, however this working capital relationship improved in 2021 and 2022 with the positive recovery of business.

The Group's capital structure and general financial profile had initially improved following the refurbishment and the re-opening of the Hotel, benefiting from both the revaluation and the improved operational performance. However due to the pandemic, this positive trajectory experienced a sharp evident reversal during 2020 followed by an enhanced performance in 2021. In 2022 the Hotel's financial profile has maintained its 2021 levels, with some deterioration in the free cash flow ("FCF") position driven by the capital outflow related to the loan advancement to the parent company. The Group's cash position is expected to stabilise in 2023 and 2024 following the debt restructuring being undertaken via the Bond Issue in which the debt profile is consolidated for the long term.

The Group's net leverage position is considered high at 15.4x. However, management forecasts indicate a deleveraging trend with the the net leverage ratio to returning below 10x by 2024, more in line with 2019, as further improvement in EBITDA generation will compensate for the increased debt levels.

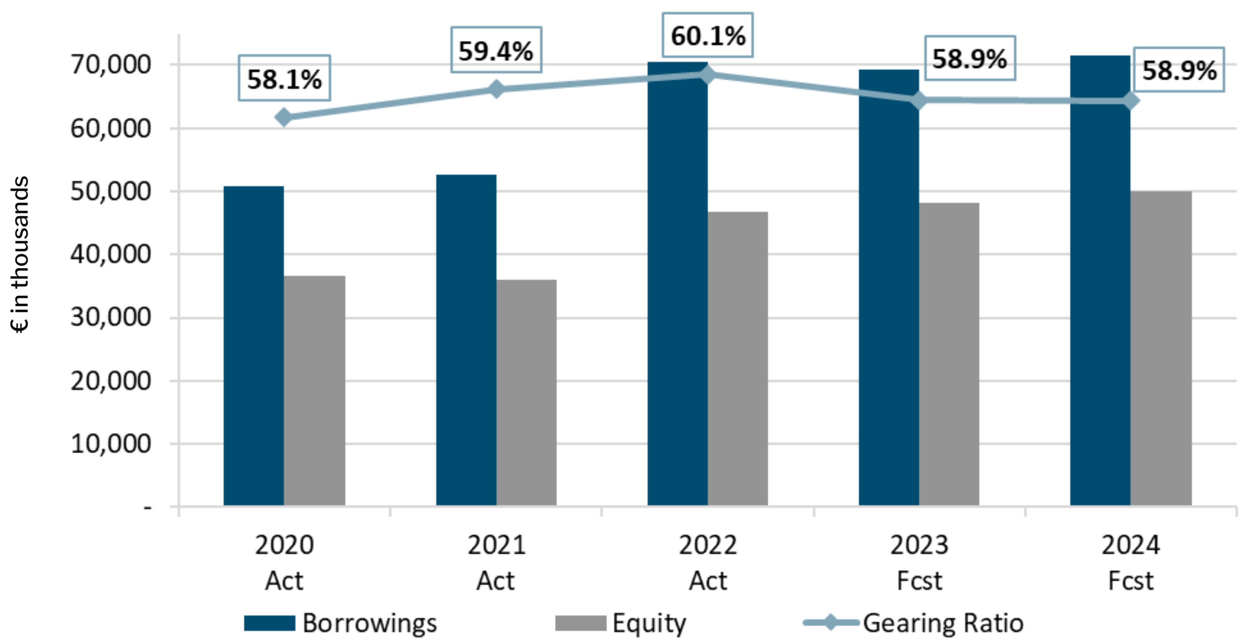

Figure 12: Gearing Ratio
Source: Management information, Combined financial statements

The Group's historical and forecasted gearing remains relatively stable despite taking on additional circa €20 million in bank funding, as it was offset by the strengthened level of retained earnings from core business and the increase in the revaluation reserve following an upward revision of the Hotel property and surrounding sites in 2022.

The consolidation of the capital structure by the shareholder, and the debt refinancing driven by the issue of the new bond, are intended to provide a long term sustainable platform going forward. More specifically with respect to indebtedness, the evolving debt structure is viewed by management as more suitable for potential further investment, such as the SJG Project, which may be undertaken in line with the Group's track record of targeted value accreting investments.

It is also noted that the Group has not made any dividend payments in the past ten years. Management indicates that going forward the Company's dividend pay-out policy will continue to be driven by the level of profitability and the Group's overall strategy, including its investment plans. Additionally, dividend payments are restricted by the restricted payments covenants in place.

7 COMPARABLES

The table below compares a selection of ratios of the Group to those of other issuers and groups operating in the local hotel and entertainment industry. It is relevant to note that there could be variances in the mix of operations undertaken by these groups. In particular, certain other corporate groups operate in a diverse range of sectors, with operations not restricted to the hotel sector as is the case for the Group. This was especially relevant for the initial months of the year until May 2022, after which the local health authorities allowed for normal hospitality operations to be resumed by lifting restrictions, thereby suggesting that some of the Group's competitors operating in other industry segments were less impacted overall in 2022. Furthermore, whilst the Group operates a single property, most other companies operate multiple hotel assets. Other differences could include characteristics of the specific debt instrument.

However, the below comparison of basic credit metrics could be considered a useful indication of the relative financial performance and debt servicing capability of the Issuer. The below ratios are calculated using the latest readily available audited annual financial statements.

COMPARABLE ANALYSIS	Gearing	Interest Coverage	Net Debt/ EBITDA
PHOENICIA GROUP	**60%**	**2.3x**	**15.4x**
AX Group	33%	1.8x	14.8x
International Hotel Investments	52%	1.9x	11.4x
Eden Leisure Group	27%	4.5x	5.1x
SD Holdings	39%	4.7x	1.7x
Tumas Group (Spinola Developments)	27%	6.4x	2.2x

Source: Financial Statements, Curmi & Partners Ltd.

8 GLOSSARY

INCOME STATEMENT	
Gross Operating Profit	Gross operating profit refers to the total revenue of the hotel less expenses incurred earning that revenue. This indicator is a performance measure used in the hotel industry.
Gross Operating Surplus	Gross operating surplus is the surplus on production activities before taking into account interest, rents or charges paid or received for the use of assets.
EBITDA	Earnings before interest, tax, depreciation and amortisation (EBITDA) is a measure of operating profitability. It excludes depreciation and amortisation, and is viewed as measure of a company's core profitability and cash generating ability.
Adjusted EBITDA	A revised EBITDA which takes into consideration the receipt of a government grant between 2020 and 2022 to assist in the recovery following the pandemic.

BALANCE SHEET	
Non-current assets	Non-current assets are long-term investments, the full value of which will not be realised within the accounting year.
Current assets	Current assets are all assets that are realisable within one year from the statement of financial position date. Such amounts include trade receivables, inventory, cash and bank balances.
Current liabilities	Current liabilities are liabilities payable within a period of one year from the statement of financial position date, and include trade payables and short-term borrowings.
Non-current liabilities	Long-term financial obligations or borrowings that are not due within the present accounting year. Non-current liabilities include long-term borrowings, bonds and long-term lease obligations.
Total Equity	Total equity includes share capital, reserves, retained earnings and minority interests. It relates to the capital and reserves that are attributable to owners of the company.
CASH FLOW STATEMENT	
Cash flow from operating activities	Cash flows from operating activities illustrates the cash-generating abilities of a company's core activities, and includes cash inflows and outflows that are related to operating activities.
Cash flow from investing activities	Cash flows from investing activities reflect the change in cash position resulting from investments and divestments.
Cash flow from financing activities	Cash flows from financing activities shows the cash inflows and outflows related to financing transactions with providers of funding, owners and the creditors.
Free Cash Flow	A measure of the ability to generate the cash flow necessary to maintain operations. It is the balance after all cash flows for operating activities, fixed asset net investments, working-capital expenditures. The definition of free cash flow may vary; for this purpose it was based on EBITDA adjusting for net investments, working capital and tax.
KEY METRICS	
ARR	Average Room Rate (ARR) is the average price of each room sold during a particular period of time. It is calculated by dividing accommodation revenue by the number of rooms sold.
RevPAR	Revenue per available room (RevPAR). It is calculated by dividing the hotel's total revenue by the number of rooms available and the number of days in the period under consideration.
Occupancy level	Occupancy level is the percentage of available rooms being sold for a certain period of time. It is calculated by dividing the number of rooms sold by total number of rooms available.
OPERATING & FINANCIAL RATIOS	
Current ratio	The current ratio measures the ability to pay short term debts over the next 12 months. It compares a company's current assets to its current liabilities.
Quick ratio	Similarly to current ratio the quick ratio measures a company's ability to meet its short-term obligations with its most liquid assets. It excludes inventories from current assets.
Gearing or leverage ratio	The gearing or leverage ratio indicates the relative proportion of borrowings and equity used to finance a company's assets. It is estimated by dividing total borrowings by total borrowings plus total equity, or as the ratio of total borrowings to total equity.

Interest Coverage ratio	Interest coverage ratio is generally calculated by dividing a company's EBITDA, or EBIT (operating profit) of one period by the company's interest expense of the same period. It measures the ability of the borrower to service the finance costs related to borrowings.
Net Debt to EBITDA	This ratio compares financial borrowings and EBITDA as a metric for estimating debt sustainability, financial health and liquidity position of an entity. It compares the financial obligations to the actual cash profits.
Gross Profit Margin	Gross profit margin is the ratio of gross profit to revenue. It is the percentage by which gross profits exceed cost of sales, and is a measure of profitability at the most fundamental level.
Operating Profit Margin	Operating margin is a measure of profitability that measures the proportion of revenue that is left over after paying for all costs of production incurred in ordinary operations.
Gross Operating Profit Margin	Gross operating profit margin is the ratio of Gross Operating Profit to revenue. It measures how much profit is made on revenue after paying for costs incurred to earn revenue.
EBITDA Margin	Similarly to operating margin, EBITDA margin is a measure of profitability that measures the proportion of revenue that is left over after paying for all costs of production incurred in ordinary operations.
Net Profit Margin	Net profit margin is the ratio of profit for the period to revenues, and is a measure of how much of revenues is converted into bottom line profits.
Return on Assets (ROA)	Return on assets is the ratio of profit for the period or operating profit to average total assets for the period. It measures efficiency in using its assets to generate income.
Return on Capital Employed (ROCE)	This ratio measures efficiency in generating income but takes into consideration the sources of financing. Profit for the period or operating profit is divided by the capital employed (fixed assets plus working capital or total assets less current liabilities)
Return on Equity	Measures the profitability in terms of how much profit is generated in relation to owners' investment.

PHOENICIA FINANCE COMPANY P.L.C.

ANNEX IV

Authorised Financial Intermediaries

NAME	ADDRESS	TELEPHONE
APS Bank p.l.c.	APS Centre, Tower Street, Birkirkara BKR 4012	25603000
Bank of Valletta p.l.c.	Premium Banking Centre, 475, Triq il-Kbira San Guzepp St Venera SVR 1011 (Applications accepted from Investments Centres and Wealth Mgmt)	22751732
Calamatta Cuschieri Investment Services Ltd	Ewropa Business Centre, Triq Dun Karm, Birkirkara BKR 9034	25688688
CiliaFormosa Financial Advisors Ltd	Triq id-Delu, Mosta, MST 3355	22260200
Curmi & Partners Ltd	Finance House, Princess Elizabeth Street, Ta' Xbiex XBX 1102	21347331
FINCO Treasury Management Ltd	The Bastions, Office No 2, Emvin Cremona Street, Floriana FRN 1281	21220002
Hogg Capital Investments Ltd	NuBis Centre, Mosta Road, Lija LJA 9012	21322872
Jesmond Mizzi Financial Advisors Ltd	67 Level 3, South Street, Valletta VLT 1105	21224410
Lombard Bank Malta p.l.c.	67, Republic Street, Valletta VLT 1117	25581806
MeDirect Bank (Malta) p.l.c.	The Centre, Tigne` Point, Sliema TPO 0001	25574400
Michael Grech Financial Investment Services Ltd	The Brokerage, Level 0A St Marta Street Victoria, Gozo VCT 2550	22587000
MZ Investment Services Ltd	61, St. Rita Street, Rabat RBT 1523	21453739
Rizzo, Farrugia & Co (Stockbrokers) Ltd	Airways House, Fourth Floor, High Street, Sliema SLM 1551	22583000
Timberland Invest Ltd	CF Business Centre, Triq Gort, St Julians STJ 9023	20908100

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