
Eden Finance plc
Eden Place, St. George's Bay, STJ 02
Tel: (+356) 2371 0100/1/2/3 • Fax: (+356) 2371 0125
E-mail: elg@edenleisure.com • www.edenleisure.com
Co Reg no.: C26843

Company Announcement

The following is a Company Announcement issued by Eden Finance plc pursuant to the Malta Financial Services Authority Listing Rules.

Quote

The Board of Directors of Eden Finance plc wishes to inform the general public that the 2019 Financial Analysis Summary of the Company can be found on its web site and can be accessed through the following link.

<https://www.edenleisure.com/documents/EdenFinanceplc-FinancialAnalysisSummary2019.pdf>

Unquote



Simon De Cesare
Company Secretary

28/6/19

Financial Analysis Summary

27 June 2019

Issuer

Eden Finance p.l.c.

Guarantor

Eden Leisure Group Limited

The Directors
Eden Finance p.l.c.
Eden Place
St George's Bay
St Julians STJ 3310
Malta

27 June 2019

Dear Sirs

Financial Analysis Summary

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

The purpose of the financial analysis is that of summarising key financial data appertaining to Eden Finance p.l.c. (the “**Issuer**”) and Eden Leisure Group Limited (the “**Guarantor**”). The data is derived from various sources or is based on our own computations as follows:

- (a) Historical financial data for the three years ended 31 December 2016 to 31 December 2018 has been extracted from the audited financial statements of the Issuer and from the audited consolidated financial statements of the Guarantor for the three years in question.
- (b) The forecast data for the year ending 31 December 2019 has been provided by management.
- (c) Our commentary on the results of the Eden Group and on its financial position is based on the explanations provided by management.
- (d) The ratios quoted in the Analysis have been computed by us applying the definitions set out in Part 5 of the Analysis.

- (e) Relevant financial data in respect of the companies included in Part 4 has been extracted from public sources such as websites of the companies concerned, financial statements filed with the Registrar of Companies or websites providing financial data.

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

Yours faithfully,



Evan Mohnani

Head – Corporate Finance

TABLE OF CONTENTS

PART 1 – INFORMATION ABOUT THE EDEN GROUP	3
1. Key Activities of the Issuer.....	3
2. Directors of the Issuer	3
3. Key Activities of the Guarantor	3
4. Directors of the Guarantor and Senior Management	4
5. Eden Group Organisational Structure.....	5
6. Major Assets owned by the Group	6
PART 2 – OPERATIONAL DEVELOPMENT	8
7. InterContinental Malta	8
8. Holiday Inn Express Malta	9
9. Hospitality Sector Analysis.....	11
9.1 Economic Update	11
9.2 Tourism Market	12
9.3 Food & Beverage Service Sector.....	13
10. Entertainment & Leisure.....	14
10.1 Eden Cinemas	14
10.2 Bay Radio	15
10.3 Cynergi Health & Fitness Club	16
10.4 Eden SuperBowl.....	16
10.5 Operational Performance.....	17
11. Other Operations	17
12. Business Development Strategy.....	19
PART 3 – PERFORMANCE REVIEW	20
13. Financial Information relating to Eden Finance plc	20
14. Financial Information relating to Eden Leisure Group Limited.....	22

PART 4 - COMPARABLES 28

PART 5 - EXPLANATORY DEFINITIONS AND REFERENCES 31

PART 1 – INFORMATION ABOUT THE EDEN GROUP

1. KEY ACTIVITIES OF THE ISSUER

Eden Finance p.l.c. (the “**Issuer**” or “**Company**”) was incorporated in August 2000 as a public limited liability company under the Companies Act with an authorised and fully paid up issued share capital of €1,164,686.50. The principal activity of the Company is to carry on the business of a finance and investment company within the Eden Group.

The Issuer is not engaged in any trading activities but is involved in raising debt and advancing same to members of the Eden Group as and when the demands of this business or the demands of a particular project so require. Accordingly, the Issuer is economically dependent on the operations, performance and prospects of the Eden Group.

2. DIRECTORS OF THE ISSUER

The Issuer is managed by a Board comprising seven directors who are entrusted with its overall direction and management. The Board members of the Issuer as at the date of this report are included hereunder:

Board of Directors

Ian De Cesare	Chairman and Non-Executive Director
Kevin De Cesare	Deputy Chairman and Executive Director
Simon De Cesare	Executive Director and Company Secretary
David Vella	Executive Director
Andrea Gera de Petri	Non-Executive Director
Paul Mercieca	Independent Non-Executive Director
Victor Spiteri	Independent Non-Executive Director

3. KEY ACTIVITIES OF THE GUARANTOR

Eden Leisure Group Limited (the “**Guarantor**”) is the parent holding company of the Eden Group and is principally engaged, through subsidiary companies and/or associated entities, in the ownership of a varied portfolio of business entities within the hospitality and entertainment industries in Malta (including a cinema complex, bowling alley, health & fitness club, radio station, a conference & events centre and a car park), the ownership of the InterContinental Malta & Holiday Inn Express Malta (which are operated by the InterContinental Hotels Group) and the management of timeshare apartments (which are owned by the Group and leased out to a third party operator on a long-term lease).

Furthermore, the Guarantor holds a number of properties directly in its own name which are leased out to third parties. The Guarantor also leases commercial space to a related party for the operation of a casino.

The authorised and fully paid up issued share capital of €60,000,000 is divided into 12,057,600 voting 'A' Ordinary Shares having a nominal value of €2.50 each and 11,942,400 non-voting 'B' Ordinary Shares having a nominal value of €2.50 each.

4. DIRECTORS OF THE GUARANTOR AND SENIOR MANAGEMENT

The Guarantor is managed by a Board comprising four directors who are entrusted with its overall direction and management, including the establishment of strategies for future development. The Board members of the Guarantor as at the date of this report are included hereunder:

Board of Directors

Ian De Cesare	Non-Executive Chairman
Kevin De Cesare	Managing Director
Paul Mercieca	Independent Non-Executive Director
Victor Spiteri	Independent Non-Executive Director

Senior Management

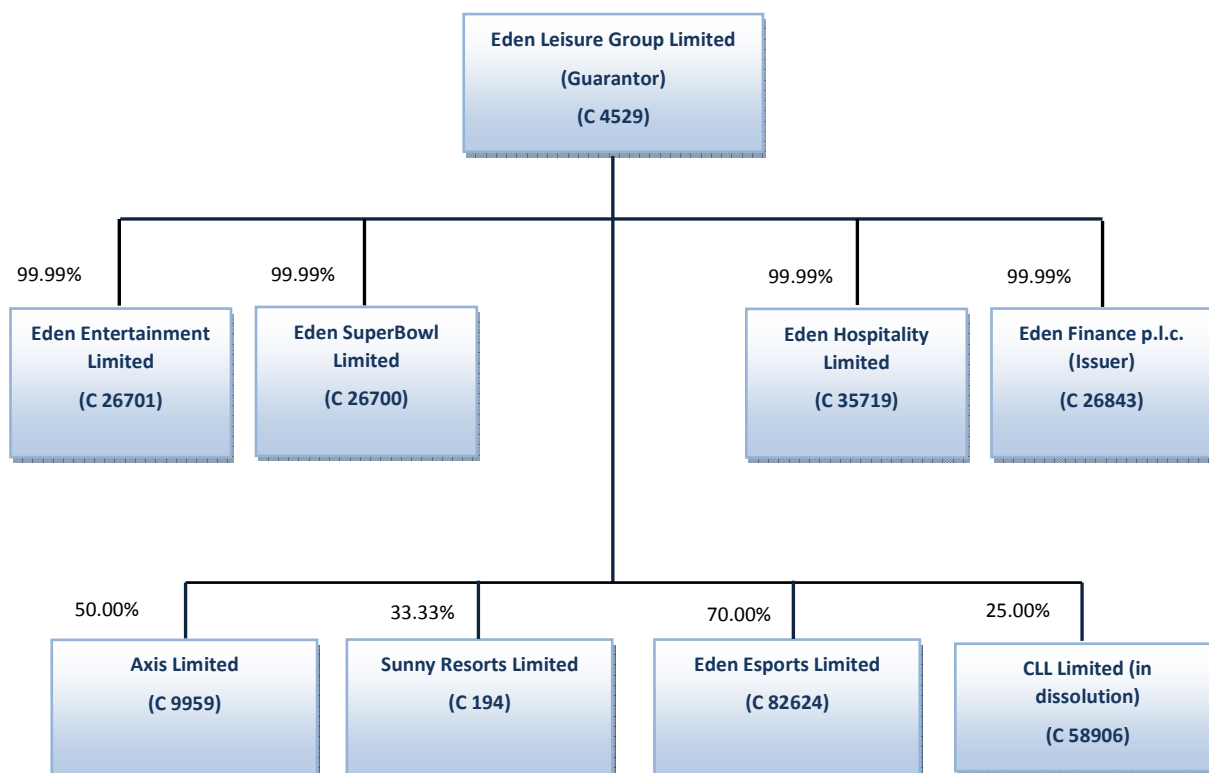
The day-to-day management of the Eden Group is entrusted to Kevin De Cesare, the Managing Director of the Group, and the Senior Management Team. Some of the more important functions carried out by this team include, *inter alia*, the consideration of new business opportunities, the execution of existing and new projects, and the procurement of funding thereof. The members of the Senior Management Team are included hereunder:

Simon De Cesare	Chief Executive Officer
David Vella	Chief Financial Officer
Kate De Cesare	Director of Operations
Kevin Jnr De Cesare	General Manager

The weekly average number of employees engaged by the Eden Group during FY2018 amounted to 560 persons (FY2017: 510).

5. EDEN GROUP ORGANISATIONAL STRUCTURE

The diagram hereunder illustrates the shareholding structure relative to the Eden Group. The Eden Group's businesses are described in more detail in Part 2 below.



Eden Entertainment Limited

EEL was established in Malta on 14 July 2000 as a private limited liability company, and is principally engaged in the operation of the Eden Cinemas, Eden Car Park, Bay Radio and Cynergi Health & Fitness Club. As from Q4 2017, EEL was also engaged in the operation of the Eden Superbowl.

Eden SuperBowl Limited

ESL was established in Malta on 14 July 2000 as a private limited liability company. Until Q3 2017, the company owned and operated the Eden SuperBowl. During Q4 2017, the operations of the Eden SuperBowl were transferred to Eden Entertainment Limited, with Eden SuperBowl Limited retaining the ownership of the property.

Eden Hospitality Limited

EHL was established in Malta on 22 February 2005 as a private limited liability company, and is principally engaged in the operation of the InterContinental Malta, Holiday Inn Express Malta (operations commenced in September 2017) and the InterContinental Arena & Conference Centre. The company also manages 46 self-catering apartments, which are leased to a third party timeshare operator.

Axis Limited

The Eden Group has a 50% shareholding in Axis Limited, a company set up in Malta on 27 September 1988 as a private limited liability company. Axis Limited leases from a third party a property formerly occupied by the Axis discotheque in Paceville. In recent years, the property was developed into 11 commercial outlets which are leased to third parties. The 50% share of results of this company is included in the consolidated financial statements of the Guarantor under the heading “share of results in associated undertakings”.

Sunny Resorts Limited

Sunny Resorts Limited, a 33.33% owned associated company of the Guarantor is a non-trading company and holds one immovable property in St Julians.

Eden Esports Limited

Eden Esports Limited is a 70% owned subsidiary of the Guarantor and was established on 20 September 2017. Eden Esports is principally engaged in providing electronic sports, both online and offline, through the organisation and promotion of events, leagues and tournament for local and international players. It is also engaged in the promotion of electronic sports on various media channels and the creation and running of programmes and marketing events to increase the popularity of electronic sports in Malta and abroad.

6. MAJOR ASSETS OWNED BY THE GROUP

Eden Leisure Group Limited

Major Assets

as at 31 December

	2016	2017	2018
	€'000	€'000	€'000
Property, plant and equipment	137,040	147,530	154,843
Assets under development	8,503	-	-
Investment property	12,200	12,200	17,200
	157,743	159,730	172,043

Source: Consolidated audited financial statements of Eden Leisure Group Limited.

Property, plant and equipment primarily comprises land, buildings, furniture, fittings and equipment used in the Group’s hospitality and entertainment operations including the InterContinental Malta, the InterContinental Arena & Conference Centre, the Holiday Inn Express Malta, the Eden Cinemas, the Eden SuperBowl, Cynergi Health & Fitness Club, Bay Radio, Eden Car Park.

The 2017 increase in property, plant and equipment of €10.5 million (over the prior year) primarily relates to the 118-room 3-star Holiday Inn Express, which was completed during the said year and therefore transferred from assets under development

Investment property as at 31 December 2017 includes the Eden Business Centre located in Elia Zammit Street, St Julians and another property, which is currently leased out to a related company. During FY2018, the afore-mentioned properties were revalued by €5 million, bringing the aggregate balance as at 31 December 2018 to €17.2 million.

PART 2 – OPERATIONAL DEVELOPMENT

7. INTERCONTINENTAL MALTA

Introduction

The Group owns the 481-room 5-star InterContinental Malta located in St Julians, Malta. The hotel is operated by InterContinental Hotels Group under a 15-year management contract till 2028. The hotel offers a wide range of facilities to its guests, including food and beverage offerings, a spa, health and fitness centre and extensive conference facilities.

In 2018, the Group initiated a renovation programme comprising the refurbishment of 427 rooms and bathrooms as well as the corridors at a cost of *circa* €4.0 million. The said works are expected to be completed by the end of FY2020.

Operational Performance

The following table sets out the highlights of the hotel's operating performance for the years indicated therein:

InterContinental Malta	FY2016	FY2017	FY2018	FY2019
	Actual	Actual	Actual	Forecast
Turnover (€'000)	22,529	26,759	27,318	28,395
Gross operating profit before mgt fees (€'000)	5,488	7,802	7,771	9,445
Gross operating profit margin (%)	24	29	28	33
Occupancy level (%)	67	64	64	66
Average room rate (€)	139	158	160	160
Revenue per available room (RevPAR) (€)	(a) 136	152	156	162
Benchmark performance				
Occupancy level (%)	77	76	74	n/a
Average room rate (€)	143	159	166	n/a
Revenue per available room (RevPAR) (€)	(b) 167	184	185	n/a
Revenue Generating Index (RGI)	(a)/(b) 0.82	0.83	0.84	

Source: Management information.

During the three historical years under review, the hotel was adversely affected by construction works in neighbouring properties as well as the hotel's own refurbishment and extension project. On the other hand, the positive trend in tourism in Malta enabled the hotel to increase revenue in each of the aforesaid years, from €22.5 million in FY2016 to €26.8 million and €27.3 million in FY2017 and FY2018

respectively. Gross operating profit margin increased from 24% in FY2016 to 28% in FY2018 to amount to €7.8 million (FY2017: €7.8 million).

In FY2019, management expects the hotel's performance to improve as a result of the newly renovated rooms. As such, revenue in FY2019 is projected to increase by €1.1 million (+3.9%) from €27.3 million in FY2018 to €28.4 million in FY2019. Gross operating profit margin is projected to improve from 28% in FY2018 to 33% in FY2019, and thereby gross operating profit is forecasted to increase from €7.8 million in FY2018 to €9.4 million in FY2019 (+21.5%).

In comparison to its competitive set, the InterContinental Malta's performance indicators were below the benchmark in each of the financial years FY2016 to FY2018. This is principally due to: (i) the disruptions caused by construction and renovation works at the hotel and neighbouring properties; (ii) the larger room capacity as compared to its competitors; and (iii) the inland location of the hotel which presents a competitive disadvantage since most 5-star hotels are seafront properties.

Although forecasted benchmark performance indicators for FY2019 are not available, management is anticipating that the current discrepancy of *circa* 16% in RevPAR (FY2018 – Hotel: €156, Benchmark: €185) will be reduced to some extent during the current financial year as a consequence of the significant improvement in the hotel's projected operating performance.

8. HOLIDAY INN EXPRESS MALTA

Introduction

The 118-room 3-star Holiday Inn Express is operated by the InterContinental Hotels Group under a 15-year management contract. The new hotel commenced operations in September 2017.

The Holiday Inn Express, which forms part of the InterContinental Hotels Group hotel portfolio, is a limited amenity high quality hotel with an emphasis on the business traveller. The concept focuses on a standardisation of design and highlights comfort in sleep, shower facilities, WIFI and a hot quality breakfast.

Operational Performance

The following table sets out the highlights of the hotel's operating performance for the last 4 months of FY2017, the first full year of operations in FY2018 and projected FY2019:

Holiday Inn Express Malta	FY2017	FY2018	FY2019
	Actual	Actual	Forecast
Turnover (€'000)	577	3,001	3,384
Gross operating profit before mgt fees (€'000)	121	1,611	1,871
Gross operating profit margin (%)	21	54	55
Occupancy level (%)	39	73	80
Average room rate (€)	104	94	96
Revenue per available room (RevPAR) (€)	(a) 41	70	79
Benchmark performance			
Occupancy level (%)	n/a	82	n/a
Average room rate (€)	n/a	54	n/a
Revenue per available room (RevPAR) (€)	(b) n/a	57	n/a
Revenue Generating Index (RGI)	(a)/(b)	1.21	

Source: Management information.

The Holiday Inn Express commenced operations in September 2017. Management has positioned the hotel as a superior 3-star property, and has taken advantage of synergies (both on a commercial and operational level) with the adjacent InterContinental Malta. In its first 4 months of operation, the Holiday Inn Express managed to achieve revenues of €0.6 million, which was higher than originally expected.

In its first full year of operation (**FY2018**), the hotel performed in line with management's expectations and generated revenues of €3.0 million and a gross operating profit of €1.6 million. The hotel proved very popular with the younger generations and achieved an occupancy level of 73% in FY2018, with an average room rate of €94 and RevPAR of €70. In FY2019, management expects to achieve revenues of €3.4 million and a gross operating profit of €1.9 million, thus achieving a 55% gross operating profit margin as compared to 54% in FY2018. Occupancy level is expected to increase to 80% from 73% in the previous year, while average room rate is forecasted to increase by €2 year-on-year to €96. Overall, RevPAR is expected to increase by 13% to €79 (FY2018: €70).

As compared to its competitive set (other 3-star hotels), the Holiday Inn Express performed very well in terms of average room rate and RevPAR, which amounted to €94 and €70, respectively, as compared to the benchmarks of €54, and €57, respectively. The better performance is likely due to the fact that the hotel is marketed as a superior 3-star hotel and is located in a prime area. On the other hand, the

Holiday Inn Express has lagged behind its competitors in terms of occupancy level as it achieved 73% occupancy in FY2018 as compared to 82% achieved by its competitive set.

9. HOSPITALITY SECTOR ANALYSIS

9.1 ECONOMIC UPDATE¹

Malta's economy performed better than expected in 2018, with real GDP growth reaching the high rate of 6.6%. Economic growth accelerated in the second half of the year, driven by record-high levels of private consumption growth, which increased by 7.3% compared to the previous year. In particular, robust employment growth coupled with modest price pressures in the household consumption basket contributed to boost households' real disposable income. Going forward, private consumption growth is expected to slow down but remain well above its historical average.

Despite the drop in investment in real terms in 2018, which was mostly due to base effects, investment in recent years has stabilised at relatively high levels, with an investment-to-GDP ratio above 20%. In 2019, investment is set to rebound and pick up further in 2020. In particular, non-residential construction is expected to benefit from large investment projects planned in the health, transport and tourism sectors.

The import content of Malta's exports has been steadily declining in the recent past, reflecting the structural shift toward the services sector. As investment rises, import growth is likewise expected to increase, turning the growth contribution of net exports from positive to slightly negative in 2019. Export growth is expected to remain above 2% as a result of the good performance of export-oriented services such as tourism and remote gaming. The current account surplus is set to narrow but to remain among the highest in the EU, underpinned by the large surplus in the services account.

Real GDP growth is expected to remain solid but to gradually ease over the forecast horizon, to an annual rate of 5.5% in 2019 and 4.8% in 2020. Risks to the macroeconomic outlook appear broadly balanced. In particular, global trade tensions and rising uncertainties in some of Malta's trading partners could negatively affect the short-term growth profile. Important upside risks include the possibility of stronger-than-expected private consumption, driven by employment creation and accumulated savings, and a further decline in the import of services.

With the activity rate in Malta quickly approaching the EU average, employment growth is expected to moderate slightly as economic growth slows down, while the unemployment rate is projected to remain below 4% over the forecast horizon. The significant inflow of foreign workers has helped keep wage growth contained; unit labour cost growth is set to rise and reach 1.2% in 2020 as wage pressures gradually materialise.

The inflation profile has been influenced by price increases in the services sector, in particular tourism-related expenditure like accommodation services. Inflation is set to increase only marginally over the forecast horizon, reaching 1.9% in 2020.

¹ European Economic Forecast – Spring 2019 (European Commission Institutional Paper 102 May '19)

9.2 TOURISM MARKET²

Inbound tourist trips from January to December 2018 reached nearly 2.6 million, an increase of 14.3% over the same period in 2017. Total nights spent by inbound tourists went up by 12.5%, reaching nearly 18.6 million nights. Total tourism expenditure was estimated at €2.1 billion, 8.0% higher than that recorded for 2017. Total expenditure per capita stood at €809, a decrease of 5.5% when compared to 2017. In 2018, total guests reached almost 2.0 million, an increase of 8.4% over the same period in 2017. Within the collective accommodation establishments, the 5-star lost 4,542 guests (-1.1%), whilst the 4-star and 3-star hotels gained 80,814 guests (+10.2%), and 47,716 (+9.3%) respectively for the year 2018 when compared to a year earlier.

The latest inbound tourism numbers, published by the national statistics office (NSO), show that tourism has continued to increase during the first three months of this year. Tourist arrivals are reported to have increased by 2.8% and guest nights by 4.2%. Whilst remaining positive, the increases are less pronounced than those registered in previous years. Tourist expenditure increased at a slower pace and was marginally up by 0.3%.

During this first quarter of the year, the number of tourists staying in hotels remained at par with the previous year, although the number of guest nights spent in hotels decreased by 5.5%. The overall increase in guest nights during Q1 was effectively taken up by the private accommodation sector. This shift in accommodation preference has had a negative impact on the hotel sector's bottom line profitability, with both the 5-star and 4-star categories reporting a decline in gross operating profits.

Compared to the same period last year, the overall average length of stay in Q1 increased by 1.4%. Tourists opting to stay in private accommodation spent 9.31 days in Malta, up by 8.8% over last year and almost 4 days more than those staying in hotel accommodation. With total guest nights in hotel accommodation down by 5.5%, occupancy levels in the 5-star sector as reported by the Deloitte survey, declined from 56.9% in the first three months of 2018 to 53.6% during the same period this year. Average room rates were down marginally by 1% while non-accommodation income slightly increased by 0.4%, resulting in an overall drop of 6.3% in total revenue per available room. On average, 5-star hotels registered a GOPAR (gross operating profit per available room) of €918, which is €528 lower than what was reported in the same quarter last year and €986 less than 2017.

The evident shift from hotel to private accommodation would appear to be having the greatest knock on effect on 4-star hotels, with occupancy levels in the first quarter of the year declining by 9.2% and room rates decreasing by 2.7%. The quarterly GOPPAR of 4-star hotels decreased by €339 to €36 per available room (Q1 2018: €375). As for the 3-star sector, participating hotels reported a loss of €67 per available room during this quarter, reflecting an improvement on what was reported in the corresponding period last year (Q1 2018: loss of €276).

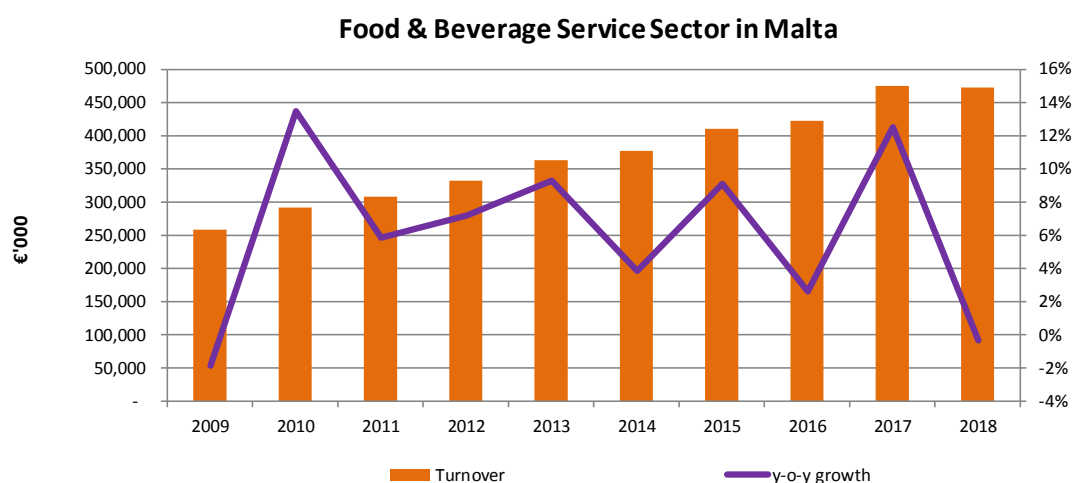
As highlighted above, bed overcapacity may be a threat to profitability in view of the significant growth in non-collective accommodation (such as AirBnB) experienced in recent years and, to a lesser extent, hotel properties. Competition is expected to increase further in the short to medium term from

² www.nso.gov.mt; MHRA Q1 2019 Hotel Survey by Deloitte

ongoing development projects earmarked for the hospitality sector and others which are still at planning stage. An increase in competition is also anticipated from other countries, particularly in the southern Mediterranean region, which are reviving their respective hospitality industry as security and safety concerns abate.

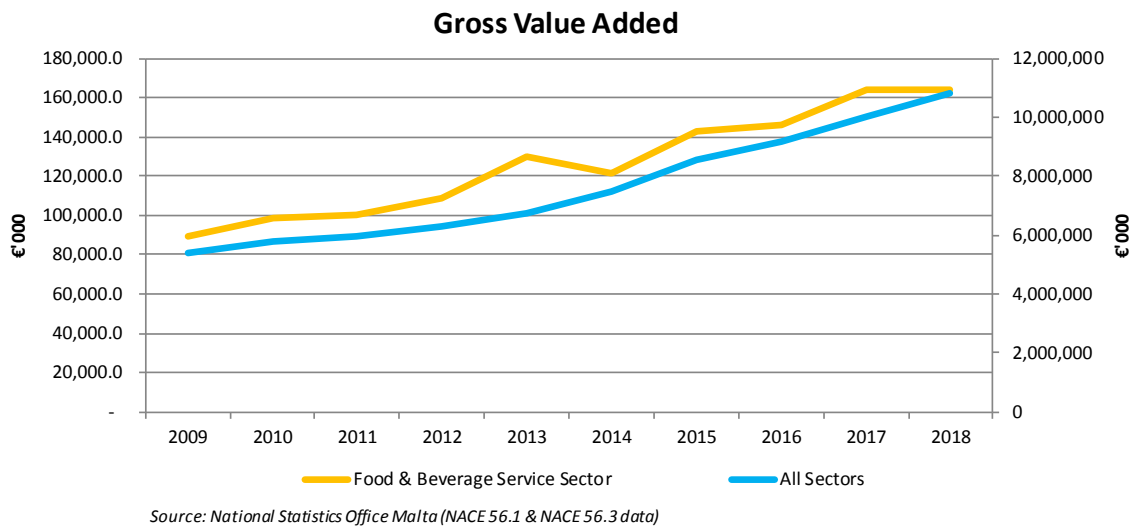
9.3 FOOD & BEVERAGE SERVICE SECTOR

The food & beverage service sector comprises restaurants & mobile food service activities and beverage serving activities. In 2018, the total income from this sector in Malta amounted to €472.6 million, a decrease of 0.3% over the previous year (2017: €474.0 million). Between 2009 and 2017, market output had progressively increased year-on-year, and as such the year-on-year decrease in 2018 marks the first decline in the past 10 years. Albeit, it is worth noting that the 2018 marginal decline follows a 12.5% increase in 2017 over 2016. The chart below illustrates the output from the food & beverage service sector in Malta for the past 10 years (2009 to 2018). Since 2009, the food & beverage service sector grew at a compound annual growth rate of 7.0%.



Source: National Statistics Office Malta (NACE 56.1 & NACE 56.3 data)

The chart hereunder shows that the gross value added generated by the food & beverage service sector in Malta has grown on a year-to-year basis from €89.5 million in 2009 to €163.8 million in 2018. The chart also highlights the sector's correlation to Malta's economic performance, since over the reported period the food & beverage service sector has maintained the same percentage of gross value added generated by the whole economy of *circa* 1.7%.



10. ENTERTAINMENT & LEISURE

10.1 EDEN CINEMAS

The Group is the largest operator of multiplex cinemas in Malta (based on number of screens) with 13 fully digitised screens, situated in St Julians. Eden Cinemas generate operating revenue principally from theatre operations, including box office receipts, food and beverages, and on-screen and off-screen advertising.

Market Analysis

The Eden Cinemas is one of the leading cinema venues in Malta in terms of the number of screens and admissions, with a portfolio of 13 screens, representing *circa* 37% of the screens in Malta. In 2017 (being the latest available official market data published by the National Statistics Office, Malta), the Eden Cinemas received *circa* 54% of all gross box office receipts to cinemas in Malta.

As illustrated in the table below, in 2017, there were eight cinema establishments with a total of 35 screens and a seating capacity of 6,772. Of these eight cinemas, two were located in Gozo. During 2017, cinemas registered a total of 757,203 admissions, which represented an increase of 12.4% when compared to the prior year (2016). Cinemas also registered an increase in gross box office receipts of €0.6 million (+14.0%), from €4.25 million in 2016 to €4.85 million in 2017.

MALTA CINEMA STATISTICS

	No. of cinema establishments	No. of screens	Seating capacity	No. of film titles	No. of admissions	Total no. of screenings	Gross Box Office receipts €'000	Average ticket price €
2014	8	35	6,784	368	653,002	47,384	3,726	5.71
2015	8	35	6,748	375	704,243	48,887	4,194	5.96
2016	8	35	6,771	391	673,487	48,842	4,254	6.32
2017	8	35	6,772	409	757,203	50,796	4,848	6.40

Source: National Statistics Office - Malta

The FIFA World Cup in Russia during 2018 would have typically adversely affected cinema revenue by approximately 20% during the period. Notwithstanding, the Eden Cinemas registered a growth in gross box office receipts of 12% when compared to the prior year, with the screening of 'Bohemian Rhapsody', 'Avengers: Infinity War', and others significantly boosting revenues for the year. Official market statistics for calendar year 2018 have not been published and therefore no comparison can be made with industry.

The Group aims to maintain its position as a leading operator of multiplex cinemas in Malta through the on-going investment in the latest technology and by being innovative in seeking alternative revenue streams. The Eden Cinemas expect box office revenue and bar income to progressively increase with top box office screenings in FY2019 such as 'Avengers: End Game', 'Toy Story 4', 'The Lion King', 'Spider-Man: Far From Home', 'Fast & Furious Presents: Hobbs & Shaw', 'Frozen 2' and 'Dumbo' attracting an ongoing positive audience.

10.2 BAY RADIO

The Group has been operating 89.7 Bay since 1991. The radio station broadcasts 24 hours a day in Maltese and English, and offers the latest selection of music. Bay Radio derives the substantial majority of its revenue from the sale of advertising, but also generates income from the production of adverts.

Radio popularity is regularly surveyed by the independent Malta Broadcasting Authority. In the most recent survey, Bay Radio retained the number one spot as the most popular station with 23.8% of all radio listeners, followed by the next two radio stations with 15.8% and 12.6% respectively. Bay Radio is popular with all those under the age of 50, whereas the second placed radio station attracts more listeners over the age of 50.

The station's affiliation with the most popular music events and activities on the island as well as maintaining close ties with local musicians, coupled with professional and relevant content and on-air competitions are the key success factors of 89.7 Bay.

Market Analysis

Bay Radio operates in a market which comprises 15 national stations and a number of community stations and as such faces significant competition for both listeners and advertisers. While Bay Radio broadcasts to all categories of audience, the focus is on the youth market, an area that the station has dominated for numerous years. As indicated in the table hereunder, the station has been consistently voted most popular station by reach in each of the periods surveyed. .

RADIO AUDIENCE ASSESSMENT

	Population size	Radio audience reach	Radio audience reach/ population	Bay Radio listeners	Second placed radio listeners	Third placed radio listeners
Feb-16	387,690	189,700	48.93%	25.30%	12.70%	8.80%
Feb-17	376,208	198,000	52.63%	17.78%	16.82%	10.55%
Feb-18	416,685	212,000	50.88%	22.31%	17.75%	10.13%
Mar-19	432,844	242,500	56.02%	23.83%	15.81%	12.64%

Source: Malta Broadcasting Authority

Management's strategy is to continue to broadcast relevant and up to date content using the latest available technology, to be innovative and to recruit and train quality presenters in order to increase its edge over competition, and in turn grow its listener base and advertising revenue.

During FY2017, the performance of Bay Radio was adversely affected by the general elections in Malta (held in June 2017). In contrast, Bay Radio registered a 24% increase in revenue during FY2018 and is expected to grow its revenue by a further 5% in FY2019.

10.3 CYNERGI HEALTH & FITNESS CLUB

The Club is one of the largest health and fitness venues in Malta and has approximately 2,200 members. Apart from generating revenue from memberships, the Club also derives income from studio and squash court rentals, and from the sale of nutritional and beverage products.

Cynergi Health & Fitness Club offers over 100 cardio vascular machines, a comprehensive weights area, 2 squash courts, an aerobics room, a crèche facility as well as an indoor pool equipped with steam bath and sauna. The Spa facilities are leased to a third party international company which has invested considerably in the indoor pool area and the addition of an authentic Turkish Bath or Hamam. The Club is accessed from the InterContinental Malta, the Eden Car Park and directly from the street.

10.4 EDEN SUPERBOWL

The Eden SuperBowl operates the only tenpin bowling alley in Malta. It comprises 20 lanes and is popular with families, youngsters, language schools and corporate groups.

The Malta Ten Pin Bowling Association (MTBA) operates solely at the Eden SuperBowl and organises three national leagues and *circa* 15 tournaments annually. The Eden SuperBowl also hosts 2 international annual tournaments (the Malta Open and the Seniors Open) which attract over a 100 participants (mainly foreign nationals) per tournament.

On-going investment is made in the facility to maintain the lanes to the high standards required for international professional tournaments. The principal sources of operating revenue for the Eden SuperBowl include: the sale of tenpin bowling games to customers; food and beverages; and amusement machines.

Revenue and gross profit generated by Eden SuperBowl have increased marginally during the historical years under review, and are expected to maintain a similar trend in FY2019.

10.5 OPERATIONAL PERFORMANCE

The following table sets out the highlights of operating performance relating to the entertainment & leisure segment for the years indicated therein:

Entertainment & Leisure	FY2016	FY2017	FY2018	FY2019	CAGR	CAGR
	Actual	Actual	Actual	Forecast	FY16-18	FY16-19
Turnover (€'000)	6,555	7,107	8,322	8,982	12.7%	11.1%
Gross profit (€'000)	2,759	2,796	3,760	3,945	16.7%	12.7%
Gross profit margin (%)	42%	39%	45%	44%		

CAGR - Compound annual growth rate.

Source: Management information.

During the three historical financial years under review (FY2016 – FY2018), revenue increased from €6.6 million in FY2016 to €8.3 million in FY2018, an increase of €1.8 million (+27.0%, CAGR of +12.7%). Gross profit in FY2016 amounted to €2.8 million, which remained stable at €2.8 million in FY2017 and increased to €3.8 million FY2018. The gross profit margin decreased from 42% in FY2016 to 39% in FY2017, and improved to 45% in FY2018. During FY2018, all segments within entertainment & leisure reported an increase in revenue and gross profit..

Management is projecting revenue in FY2019 to increase to €9.0 million (+8% year-on-year) on the back of strong economic growth for Malta and higher than usual consumerism and consumption, As such, gross profit is expected to increase by €0.2 million (+5% year-to-year) to €3.9 million.

11. OTHER OPERATIONS

InterContinental Arena & Conference Centre

The InterContinental Arena & Conference Centre (IACC) is a 3,000m² facility mainly used by the InterContinental Malta as a venue for meetings, conferences and events including live shows. In 2015,

the IACC was selected as the CHOGM press centre and was also used for the EU Summit for Migration in November 2015.

Diamond Suites

Diamond Suites is an apartment block of 46 self-catering units, which block is located adjacent to the InterContinental Malta leased to Diamond Resorts International. In addition to the said lease, in 2005, a management contract was entered into with Diamond Resorts International for the provision of housekeeping, security and maintenance service to the 46 self-catering apartments. In April 2014, the afore-mentioned management contract was renegotiated and extended for a further 5 year period, expiring in 2018. This same contract was renegotiated and extended for a further 1 year period. Management is in negotiation with Diamond Resorts International for the extension of this management contract.

Property Leases

The Group owns and leases the following properties:

- (i) **Property on St Augustine Street** – The Group leases on a long term basis a property measuring *circa* 66m² which is operated as a Vodafone Malta outlet.
- (ii) **Eden Business Centre** – This property is situated in Elia Zammit Street, St Julians and comprises a total office space of 784m² on two levels with access to the Eden Car Park. The Eden Business Centre is leased to a third party.
- (iii) **Casino Malta** – A related party of the Group leases 3,000m² of space, situated under the InterContinental Malta, for the operation of Casino Malta.
- (iv) **Office space on Elia Zammit Street** – A related party of the Group leases on a long term basis a property which comprises office space measuring *circa* 67m² which is being used as the Casino Malta offices.

Eden Car Park

The Eden Car Park is a multi-storey car park that spans the footprint of the InterContinental Malta and has a maximum capacity of 310 vehicles. Activity in the area, particularly from the commercial and tourism sectors, has been increasing constantly over the years and has in turn ensured a high utilisation rate of the car park. As such, the Eden Car Park is an important contributor to the Group's financial results. Moreover, the Eden Car Park is of significance to the business entities of the Eden Group, as it provides parking facilities to their respective customers.

Esports

Pursuant to the establishment of Eden Esports Limited in 2017, the Group has been active in growing this new business operation. Eden Esports is principally engaged in providing electronic sports, both online and offline, through the organisation and promotion of events, leagues and tournament for local and international players. Throughout 2018, several online international tournaments were

hosted with a significant audience. This business unit is expected to increase its activities significantly in 2019 and should end the year at a breakeven position.

12. BUSINESS DEVELOPMENT STRATEGY

The Group's objective is to retain its market presence in the local leisure and hospitality sectors, offering quality entertainment, events and products focusing on the youth market and to pioneer innovative products with a focus on the customer experience, as well as continue to consolidate its business relation with the InterContinental Hotels Group in order to maximise the potential within the tourism sector in Malta. As such, management will continue to build on the Group's core strengths as follows:

- continue to cross market and cross promote each business unit;
- develop and consolidate the Bay, Cynergi and Eden brands;
- diversifying, invest in and develop new opportunities in the leisure and hospitality sectors;
- maintain high quality standards in its' offerings;
- drive top line growth;
- maintain and improve operational efficiencies; and
- maintain a zero tolerance policy towards any loss making business line past the initial business start-up period.

In the implementation of the above strategies, the Group will continue to maintain an appropriate balance in relation to its exposure to the entertainment sector and the more capital intensive hospitality sector.

PART 3 – PERFORMANCE REVIEW

13. FINANCIAL INFORMATION RELATING TO EDEN FINANCE PLC

The financial information provided hereunder is extracted from the audited financial statements of Eden Finance p.l.c. for each of the years ended 31 December 2016 to 31 December 2018. The forecasted financial information for the year ending 31 December 2019 has been provided by management of the Company.

The projected financial information relates to events in the future and is based on assumptions which the Issuer believes to be reasonable. Consequently, the actual outcome may be adversely affected by unforeseen situations and the variation between forecast and actual results may be material.

Eden Finance p.l.c.				
Statement of Comprehensive Income				
for the year ended 31 December				
	2016	2017	2018	2019
	Audited	Audited	Audited	Forecast
	€'000	€'000	€'000	€'000
Finance income	979	1,518	1,680	1,680
Finance costs	(923)	(1,442)	(1,600)	(1,600)
Gross profit	56	76	80	80
Administrative expenses	(33)	(67)	(61)	(63)
Profit before tax	23	9	19	17
Taxation	(8)	(3)	(7)	(6)
Total comprehensive income	15	6	12	11

Eden Finance p.l.c.				
Cash flow Statement				
for the year ended 31 December				
	2016	2017	2018	2019
	Audited	Audited	Audited	Forecast
	€'000	€'000	€'000	€'000
Net cash from operating activities	(55)	(44)	(99)	(69)
Net cash from investing activities	979	(24,498)	1,680	1,680
Net cash from financing activities	(923)	24,574	(1,600)	(1,600)
Net movement in cash and cash equivalents	1	32	(19)	11
Cash and cash equivalents at beginning of year	1	2	34	15
Cash and cash equivalents at end of year	2	34	15	26

Eden Finance p.l.c.				
Balance Sheet				
as at 31 December				
	2016	2017	2018	2019
	Audited	Audited	Audited	Forecast
	€'000	€'000	€'000	€'000
ASSETS				
Non-current assets				
Loans owed by parent company	13,984	40,000	40,000	40,000
Held-to-maturity investments	1,165	1,165	1,165	1,165
Deferred tax asset	2	3	-	-
	15,151	41,168	41,165	41,165
Current assets				
Trade and other receivables	1,077	1,682	1,735	1,815
Cash and cash equivalents	2	34	15	26
	1,079	1,716	1,750	1,841
Total assets	16,230	42,884	42,915	43,006
EQUITY				
Equity and reserves	1,599	1,605	1,618	1,629
LIABILITIES				
Non-current liabilities				
Debt securities	13,984	40,000	40,000	40,000
Current liabilities				
Trade and other payables	647	1,279	1,297	1,377
	14,631	41,279	41,297	41,377
Total equity and liabilities	16,230	42,884	42,915	43,006

In April 2017, the Group exercised its option to the early redemption of the €15,000,000 6.6% 2010 bonds and issued a replacement €40,000,000 4.0% bond maturing in 2027. These bonds are unsecured pursuant and subject to the terms and conditions in the prospectus dated 27 March 2017. Bondholders holding the 6.6% bonds for a total of €11,497,000 exercised the bond exchange programme option set in the 4% bond prospectus dated 27 March 2017.

In conjunction with the above bond issuance, the Guarantor repaid the €15,000,000 advanced by the Issuer in May 2010 and the Issuer entered into another loan agreement with the Guarantor, pursuant to which the Issuer advanced to the Guarantor the proceeds from the €40,000,000 4% bonds 2027. Interest under the afore-mentioned €40,000,000 loan agreement was set at the rate of 4.2% per annum, with interest payable annually in arrears on 28 April of each year, until 28 April 2027. As at 31 December 2018, the amount of €40,000,000 of the said April 2017 bond issue was outstanding.

14. FINANCIAL INFORMATION RELATING TO EDEN LEISURE GROUP LIMITED

The financial information provided hereunder is extracted from the audited consolidated financial statements of Eden Leisure Group Limited for each of the years ended 31 December 2016 to 31 December 2018. The forecasted financial information for the year ending 31 December 2019 has been provided by management of the Company.

Restatement of error – change in classification

The Group revalued its land and buildings in the years 2008, 2012, 2015 and 2016. These revaluations were allocated between land and buildings with most of the increase in value being allocated to the buildings. During FY2018, the directors have re-assessed the allocation of the valuation between land and buildings and have reclassified an amount of €66.0 million from buildings to land. The reclassification is being applied retrospectively, and the comparative financial statements for 2017 have been restated.

The Group's accounting policy for property, plant and equipment applies a 2% depreciation charge on buildings and 0% depreciation on land. The reclassification has therefore resulted in a decrease in depreciation charge in each of 2017 and 2018 of €1,160,793. The effect of the reclassification on the statement of financial position of 2017 is tabulated below:

	€'000
Property, plant and equipment as previously presented	146,369
Reduction in depreciation charge	1,161

Property, plant and equipment as restated	147,530
	=====
Revaluation reserve as previously presented	25,235
Reduction in depreciation charge	1,161

Revaluation reserve as restated	26,396
	=====

The projected financial information relates to events in the future and is based on assumptions which the Guarantor believes to be reasonable. Consequently, the actual outcome may be adversely affected by unforeseen situations and the variation between forecast and actual results may be material.

Eden Leisure Group Limited**Consolidated Statement of Comprehensive Income**

for the year ended 31 December

	2016	2017	2018	2019
	Audited	Restated	Audited	Forecast
	€'000	€'000	€'000	€'000
Revenue	31,310	36,326	41,041	43,844
Net operating expenses	(22,943)	(25,887)	(28,970)	(29,970)
EBITDA¹	8,367	10,439	12,071	13,874
Depreciation	(3,673)	(3,929)	(4,182)	(4,240)
Other net non-operating income	62	107	4,882	8,600
Net finance costs	(2,104)	(2,340)	(2,125)	(2,000)
Profit before tax	2,652	4,277	10,646	16,234
Taxation	641	(259)	(2,109)	(2,950)
Profit after tax	3,293	4,018	8,537	13,284
Other comprehensive income				
Revaluation surplus, net of deferred tax	14,479	-	7,163	-
Total comprehensive income	17,772	4,018	15,700	13,284

¹EBITDA - Earnings before Interest, Tax, Depreciation and Amortisation.

Eden Leisure Group Limited
Consolidated Balance Sheet
as at 31 December

	2016	2017	2018	2019
	Audited	Restated	Audited	Forecast
	€'000	€'000	€'000	€'000
ASSETS				
Non-current assets				
Intangible assets	7	5	2	-
Property, plant and equipment	137,040	147,530	154,843	153,603
Assets under development	8,503	-	-	-
Investment property	12,200	12,200	17,200	17,200
Investment in associated undertakings	721	719	719	718
Trade and other receivables	1,248	798	721	6,699
	<u>159,719</u>	<u>161,252</u>	<u>173,485</u>	<u>178,220</u>
Current assets				
Inventory	1,803	2,105	2,196	2,250
Trade and other receivables	3,590	3,133	3,846	5,962
Loans and receivables	-	430	150	-
Financial instruments at FVTPL	-	-	513	1,000
Cash and cash equivalents	384	4,177	5,527	8,782
	<u>5,777</u>	<u>9,845</u>	<u>12,232</u>	<u>17,994</u>
Total assets	<u>165,496</u>	<u>171,097</u>	<u>185,717</u>	<u>196,214</u>
EQUITY				
Equity and reserves	<u>92,620</u>	<u>91,322</u>	<u>103,511</u>	<u>113,745</u>
LIABILITIES				
Non-current liabilities				
Borrowings and bonds	40,632	53,298	51,567	48,714
Other non-current liabilities	11,380	12,210	15,359	17,117
	<u>52,012</u>	<u>65,508</u>	<u>66,926</u>	<u>65,831</u>
Current liabilities				
Bank overdrafts	3,482	-	-	-
Borrowings	5,272	2,757	2,275	2,850
Other current liabilities	12,110	11,510	13,005	13,788
	<u>20,864</u>	<u>14,267</u>	<u>15,280</u>	<u>16,638</u>
	<u>72,876</u>	<u>79,775</u>	<u>82,206</u>	<u>82,469</u>
Total equity and liabilities	<u>165,496</u>	<u>171,097</u>	<u>185,717</u>	<u>196,214</u>

Eden Leisure Group Limited
Consolidated Cash flow Statement
for the year ended 31 December

	2016	2017	2018	2019
	Audited	Restated	Audited	Forecast
	€'000	€'000	€'000	€'000
Net cash from operating activities	5,484	8,525	10,100	11,967
Net cash from investing activities	(6,614)	(5,632)	(2,997)	(3,337)
Net cash from financing activities	1,227	4,382	(5,753)	(5,375)
Net movement in cash and cash equivalents	97	7,275	1,350	3,255
Cash and cash equivalents at beginning of year	(3,195)	(3,098)	4,177	5,527
Cash and cash equivalents at end of year	(3,098)	4,177	5,527	8,782

Key Accounting Ratios	FY2016	FY2017	FY2018	FY2019
	Actual	Restated	Actual	Forecast
EBITDA margin <i>(EBITDA/revenue)</i>	27%	29%	29%	32%
Interest cover (times) <i>(EBITDA/net finance cost)</i>	3.98	4.46	5.68	6.94
Net debt to EBITDA (years) <i>(Net debt/EBITDA)</i>	5.86	4.97	4.00	3.08
Net profit margin <i>(Profit after tax/revenue)</i>	11%	11%	21%	30%
Earnings per share (€) <i>(Profit after tax/number of shares)</i>	0.14	0.17	0.36	0.55
Return on equity <i>(Profit after tax/shareholders' equity)</i>	4%	4%	8%	12%
Return on capital employed <i>(EBITDA/total assets less current liabilities)</i>	6%	7%	7%	8%
Return on assets <i>(Profit after tax/total assets)</i>	2%	2%	5%	7%

Source: Charts | A Division of MeDirect Bank plc

Revenue in **2016** amounted to €31.3 million, an increase of €3.1 million (+11%) when compared to the prior year (FY2015: €28.2 million). The hospitality segment of the Group contributed to the major part of this growth, whereby revenue increased by €2.3 million (+11%) from €20.9 million in FY2015 to €23.2 million. The InterContinental Malta continued to perform positively, principally due to a favourable trend in tourism in Malta. The remaining balance of revenue was derived from entertainment & other related operations and amounted to €8.1 million, an increase of €0.8 million (+12%) over FY2015.

During FY2016, the Group's EBITDA increased significantly by €2.0 million (+31%) from €6.4 million in FY2015 to €8.4 million, mainly as a result of the above-mentioned growth. Overall, profit after tax in FY2016 amounted to €3.3 million, a year-on-year increase of €2.0 million (FY2015: €1.3 million). In FY2016, the Group revalued its property by €14.5 million (net of deferred tax) and as such, total comprehensive income amounted to €17.8 million (FY2015: €30.8 million).

Revenue in **2017** amounted to €36.3 million, an increase of €5.0 million (+16%) when compared to the prior year (FY2016: €31.3 million). The hospitality segment of the Group contributed to the major part of this growth, whereby revenue increased by €4.8 million (+21%) from €23.2 million in FY2016 to €28.0 million in FY2017. The InterContinental Malta continued to perform positively, principally due to a favourable trend in tourism in Malta. The remaining balance of revenue was derived from the entertainment & other related operations and amounted to €8.3 million, an increase of €0.2 million (+2%) over FY2016. The said increase was due to positive growth registered across all business segments included in the entertainment & other related operations.

During FY2017, the Group's EBITDA increased by €2.1 million (+25%) from €8.4 million in FY2016 to €10.4 million. Overall, profit after tax in FY2017 amounted to €4.0 million, a year-on-year increase of €0.7 million (FY2016: €3.3 million), mainly due to the increase in EBITDA which was partly set off by the tax charge during FY2017 of €0.3 million compared to a tax credit of €0.6 million in FY2016. In FY2017, the Group did not revalue its property and as such, total comprehensive income amounted to €4.0 million (FY2016: €17.8 million).

During FY2018, revenue amounted to €41.0 million, an increase of €4.7 million (+13%) when compared to the prior year (FY2017: €36.3 million). The hospitality segment of the Group contributed to the major part of this growth, whereby revenue increased by €3.0 million (+11%) from €28.0 million in FY2017 to €31.0 million in FY2018. The InterContinental Malta and Holiday Inn Express continued to perform positively, principally due to a favourable trend in tourism in Malta. The remaining balance of revenue was generated from the entertainment & other related operations and amounted to €10.0 million, an increase of €1.7 million (+21%) over FY2017. The said increase was due to positive growth registered across all business segments included in the entertainment & other related operations.

In FY2018, the Group's EBITDA increased by €1.6 million (+16%) from €10.4 million in FY2017 to €12.1 million, mainly as a result of the Holiday Inn Express hotel being operational for a full year. Overall, profit after tax in FY2018 amounted to €8.5 million, a year-on-year increase of €4.5 million (FY2017: €4.0 million), principally on account of an uplift of €5.0 million in relation to investment property. Property, plant and equipment was revalued in other comprehensive income in FY2018 by €7.2 million

(FY2017: nil), and thus total comprehensive income for FY2018 amounted to €15.7 million (FY2017: €4.0 million).

Revenue for **FY2019** is projected to increase from €41.0 million in FY2018 to €43.8 million (+7%) as management expects revenue from the hospitality and entertainment segments to increase y-o-y by 5% and 14% respectively. As a consequence, EBITDA is projected to increase by €1.8 million (+15%), from €12.1 million in FY2018 to €13.9 million. During FY2019, the Group sold the intellectual property and rights associated with the '89.7 bay' and the 'Cynergi' brands to a related company, EIP Ltd, for a total consideration of €8.6 million, which is accounted for as other non-operating income. The license fee attributable to this intellectual property amounts to €1 million and is included in net operating expenses. Overall, total comprehensive income is expected to amount to €13.3 million, a decrease of €2.4 million over the comparative year (FY2018).

The estimates for the forward years as presented in this document assume that the carrying values of Group properties will remain constant in FY2019, and therefore no adjustment has been made as to possible impairment or uplift of assets that may be booked and which may materially affect the consolidated statement of comprehensive income and statement of financial position.

Total assets of the Eden Group as at 31 December 2018 amounted to €185.7 million (FY2017: €171.1 million), and principally comprise the InterContinental Malta and other properties as detailed in section 6 above. Other than equity, the Eden Group is mainly financed by bank borrowings and bonds as provided hereunder:

Eden Leisure Group Limited

Consolidated Borrowings

as at 31 December

	2016	2017	2018	2019
	Actual	Actual	Actual	Forecast
	€'000	€'000	€'000	€'000
Bank overdrafts	3,482	-	-	-
Bank loans	31,032	15,495	13,235	10,910
Other financial liabilities	1,000	1,000	1,000	1,000
6.6% Bonds 2017-2020	13,872	39,560	39,607	-
4% Unsecured Bonds 2027	-	-	-	39,654
Total borrowings and bonds	49,386	56,055	53,842	51,564

Key Accounting Ratios	31 Dec'16	31 Dec'17	31 Dec'18	31 Dec'19
	Actual	Actual	Actual	Forecast
Net assets per share (€) <i>(Net asset value/number of shares)</i>	3.86	3.81	4.31	4.74
Liquidity ratio (times) <i>(Current assets/current liabilities)</i>	0.28	0.69	0.80	1.08
Gearing ratio <i>(Net debt/net debt and shareholders' equity)</i>	35%	36%	32%	27%
Debt service cover ratio (times) <i>(EBITDA/net finance cost and loan capital repayment)</i>	1.35	2.93	2.75	3.21

Source: Charts | A Division of MeDirect Bank (Malta) plc

VARIANCE ANALYSIS

Eden Leisure Group Limited for the year ended 31 December	2018	2018	Variance €'000
	Actual €'000	Forecast €'000	
Revenue	41,041	41,369	(328)
Net operating expenses	(28,970)	(28,644)	(326)
EBITDA	12,071	12,725	(654)
Depreciation	(4,182)	(5,100)	918
Other net non-operating income	4,882	-	4,882
Net finance costs	(2,125)	(2,101)	(24)
Profit before tax	10,646	5,524	5,122
Taxation	(2,109)	(2,448)	339
Profit after tax	8,537	3,076	5,461

As presented in the above table, revenue generated by the Group in FY2018 was lower than expected by €0.3 million, whilst net operating expenses were higher than expected by €0.3 million. EBITDA amounted to €12.1 million as compared to the expected amount of €12.7 million, an adverse difference of €0.6 million. Depreciation and taxation were lower than projected by €0.9 million and €0.3 million, whilst net finance costs were in line at €2.1 million. The variance between actual and forecast profit after tax was a positive figure of €5.5 million, primarily on account of uplifts in the valuation of investment property (included in the line item 'other net non-operating income'), which were not included in the forecast income statement.

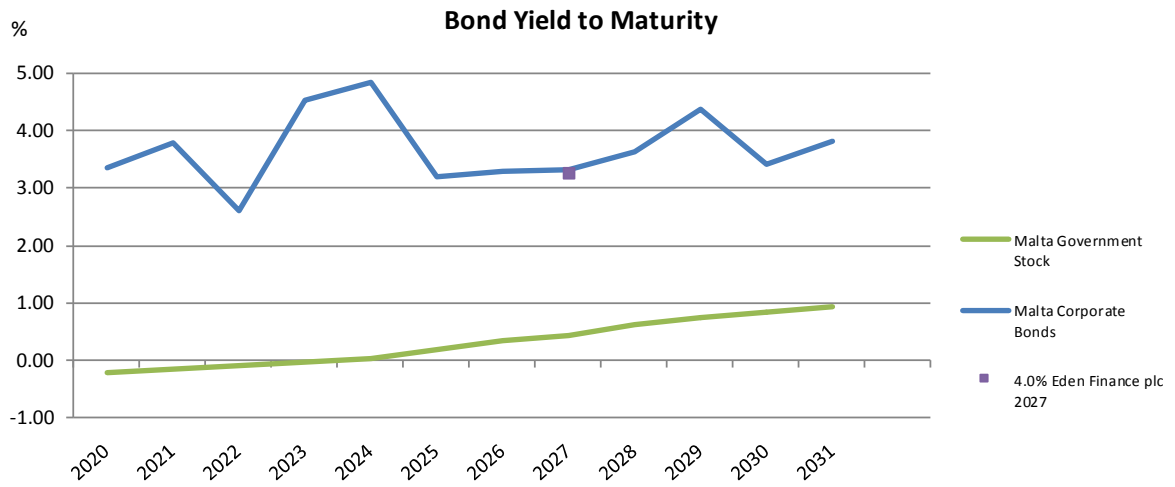
PART 4 - COMPARABLES

The table below compares the Eden Group and its bond issue to other debt issuers listed on the Malta Stock Exchange and their respective debt securities. Although there are significant variances between the activities of the Eden Group and other issuers (including different industries, principal markets, competition, capital requirements etc), and material differences between the risks associated with the Group's business and that of other issuers, the comparative analysis provides an indication of the financial performance and strength of the Group.

Comparative Analysis	Nominal Value (€)	Yield to Maturity (%)	Interest Cover (times)	Total Assets (€'000)	Net Asset Value (€'000)	Gearing Ratio (%)
5.50% Pendergardens Dev. plc Secured € 2020 Series I	14,711,300	3.36	1.23	80,052	25,712	48.95
6.00% Pendergardens Dev. plc Secured € 2022 Series II	26,921,200	2.60	1.23	80,052	25,712	48.95
4.25% Gap Group plc Secured € 2023	19,931,000	3.48	4.45	55,237	9,869	71.82
5.30% United Finance Plc Unsecured € Bonds 2023	8,500,000	4.53	1.19	21,625	6,916	62.72
6.00% AX Investments Plc Unsecured € 2024	40,000,000	1.98	6.97	325,243	214,590	18.66
5.30% Mariner Finance plc Unsecured € 2024	35,000,000	4.84	5.33	83,223	44,177	43.99
5.00% Hal Mann Vella Group plc Secured Bonds € 2024	30,000,000	3.35	2.29	112,006	43,514	51.65
4.25% Best Deal Properties Holding plc Secured 2024	16,000,000	3.50	4.02	25,986	3,432	82.64
5.10% 1923 Investments plc Unsecured € 2024	36,000,000	4.41	1.41	120,794	38,318	52.41
4.50% Hili Properties plc Unsecured € 2025	37,000,000	4.02	1.55	154,742	52,242	61.72
5.10% 6PM Holdings plc Unsecured € 2025	13,000,000	4.81	2.09	5,499	19,741	-
4.25% Corinthia Finance plc Unsecured € 2026	40,000,000	3.91	2.59	1,765,072	901,595	40.43
4.00% International Hotel Invest. plc Secured € 2026	55,000,000	3.43	3.27	1,617,853	877,620	36.63
4.00% International Hotel Invest. plc Unsecured € 2026	40,000,000	3.63	3.27	1,617,853	877,620	36.63
4.00% MIDI plc Secured € 2026	50,000,000	3.30	9.80	220,613	97,440	31.83
3.75% Premier Capital plc € Unsecured Bonds 2026	65,000,000	3.59	12.63	179,451	48,701	54.42
4.35% Hudson Malta plc Unsecured 2026	12,000,000	3.86	10.08	28,166	6,135	60.96
4.35% SD Finance plc € Unsecured Bonds 2027	65,000,000	3.75	5.93	229,882	63,771	50.15
4.00% Eden Finance plc Unsecured 2027	40,000,000	3.27	5.68	185,717	103,511	31.82
4.00% Stivala Group Finance plc Secured 2027	45,000,000	3.32	3.73	202,425	115,827	35.12
3.85% Hili Finance Company plc Unsecured 2028	40,000,000	3.63	3.44	455,113	86,390	73.98

10 June '19

Source: Malta Stock Exchange, Audited Accounts of Listed Companies, Charts | A division of MeDirect Bank (Malta) plc



Source: Malta Stock Exchange, Central Bank of Malta, Charts | A division of MeDirect Bank (Malta) plc

10 June 2019

To date, there are no corporate bonds which have a redemption date beyond 2031. The Malta Government Stock yield curve has also been included since it is the benchmark risk-free rate for Malta.

PART 5 - EXPLANATORY DEFINITIONS AND REFERENCES

Income Statement	
Revenue	Total revenue generated by the Group from its business activities during the financial year, including hospitality and entertainment, rental income and other revenue streams.
Operating expenses	Operating expenses include all direct (food, beverages, consumables, labour expenses, etc) and indirect (including general and administration expenses) operating costs.
EBITDA	EBITDA is an abbreviation for earnings before interest, tax, depreciation and amortisation. EBITDA can be used to analyse and compare profitability between companies and industries because it eliminates the effects of financing and accounting decisions.
Profit after tax	Profit after tax is the profit made by the Group during the financial year both from its operating as well as non-operating activities.
Key Performance Indicators	
Occupancy level	Occupancy level is the percentage of available rooms that were sold during a given period of time. It is calculated by dividing the number of rooms sold by total number of rooms available.
Average room rate	Average room rate is calculated by dividing hotel rooms that were sold during a given period of time. It is calculated by dividing the number of rooms sold by total number of rooms available.
Revenue per available room (RevPAR)	RevPAR is calculated by multiplying a hotel's total revenue by total room nights available. A hotel uses this indicator as a performance measure with other hotels in the same category or market.
Revenue generating index (RGI)	A revenue generating index measures a hotel's fair market share of its segment's (competitive set, market, etc) revenue per occupied room. If a hotel is capturing its fair market share, the index will be 1; if capturing less than its fair market share, a hotel's index will be less than 1; and if capturing more than its fair market share, a hotel's index will be greater than 1.
Profitability Ratios	
EBITDA margin	EBITDA margin is operating income or EBITDA as a percentage of total revenue.

Net profit margin	Net profit margin is profit after tax achieved during the financial year expressed as a percentage of total revenue.
Efficiency Ratios	
Return on equity	Return on equity (ROE) measures the rate of return on the shareholders' equity of the owners of issued share capital, computed by dividing profit after tax by shareholders' equity.
Return on capital employed	Return on capital employed (ROCE) indicates the efficiency and profitability of a company's capital investments, estimated by dividing operating profit by capital employed.
Return on assets	Return on assets (ROA) is computed by dividing profit after tax by total assets.
Equity Ratios	
Earnings per share	Earnings per share (EPS) is the amount of earnings per outstanding share of a company's share capital. It is computed by dividing net income available to equity shareholders by total shares outstanding as at balance sheet date.
Cash Flow Statement	
Cash flow from operating activities	Cash generated from the principal revenue-producing activities (room revenue, food & beverage, hotel services, etc) of the Group.
Cash flow from investing activities	Cash generated from activities dealing with the acquisition and disposal of long-term assets and other investments of the Group.
Cash flow from financing activities	Cash generated from the activities that result in change in share capital and borrowings of the Group.
Balance Sheet	
Non-current assets	Non-current asset are the Group's long-term investments, which full value will not be realised within the accounting year. Non-current assets are capitalised rather than expensed, meaning that the Group amortises the cost of the asset over the number of years for which the asset will be in use, instead of allocating the entire cost to the accounting year in which the asset was acquired.
Current assets	Current assets are all assets of the Group, which are realisable within one year from the balance sheet date. Such amounts include accounts receivable, inventory (food, beverages, consumables, etc), cash and bank balances.

Current liabilities	All liabilities payable by the Group within a period of one year from the balance sheet date, and include accounts payable and short-term debt, including current portion of bank loans.
Non-current liabilities	The Group's long-term financial obligations that are not due within the present accounting year. The Group's non-current liabilities include long-term borrowings and bonds.
Total equity	Total equity includes share capital, reserves & other equity components, retained earnings and minority interest.
Financial Strength Ratios	
Liquidity ratio	The liquidity ratio (also known as current ratio) is a financial ratio that measures whether or not a company has enough resources to pay its debts over the next 12 months. It compares a company's current assets to its current liabilities.
Interest cover	The interest coverage ratio is calculated by dividing a company's operating profit of one period by the company's interest expense of the same period.
Debt service cover ratio	The debt service cover ratio measures a company's ability to service its current debts by comparing its EBITDA with its total debt service obligations.
Gearing ratio	The gearing ratio indicates the relative proportion of shareholders' equity and debt used to finance a company's assets, and is calculated by dividing a company's net debt by net debt plus shareholders' equity.