FINANCIAL ANALYSIS SUMMARY 2023

Qawra Palace p.l.c.

27 September 2023

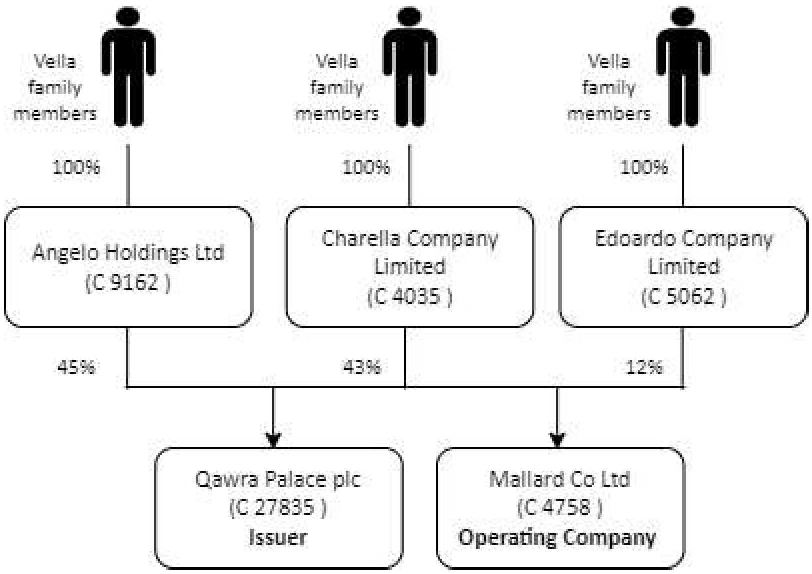
Prepared by Calamatta Cuschieri Investment Services Limited

Table of Contents

Part 1 - Information about the Group

1.1. Issuer's Key Activities and Structure

The Group structure is as follows:



The Issuer was incorporated on 9 March 2001 and has, at the date of this Analysis, an authorised and issued share capital of €2,329,373 divided into 1,000,000 Ordinary Shares of €2.33 each, all fully paid up. The Issuer was incorporated to hold the Qawra Palace Hotel property (the "**Hotel**" or the "**Hypothecated Property**"), which ownership was transferred to the Issuer from Mallard Co Ltd. The Issuer is owned by Angelo Holdings Ltd (45%), Charella Company Limited (43%) and Edoardo Company Limited (12%), all 3 of which are owned by the Vella family members ("**UBOs**"). Given that the Issuer is not a trading company, it is economically dependent on the income it derives from Mallard Co Ltd (the "**Operating Company**" or "**MCL**").

MCL was incorporated on 28 November 1979 and has an authorised and issued share capital of 70,000 ordinary shares all of nominal value of €2.33. Mallard Co Ltd was originally established to develop, own and operate the Qawra Palace Hotel but since then, as mentioned previously, ownership has been transferred to the Issuer albeit day to day operations still going through MCL. The Issuer and MCL constitute the "**Group**" of companies accordingly.

The Bonds are secured by the Hotel in the manner set out in sections 7.6 and 9.4 of the Prospectus. The Hotel consists of the unnumbered hotel complex known as 'Qawra Palace Hotel' with all its immovable amenities, everything included and nothing excluded (such as tennis courts, gardens and lido) as well as with all its singular rights and appurtenances. The hotel complex has its main entrance on Qawra Coast Road, at Qawra in the limits of St Paul's Bay, including the facilities underlying that stretch of Qawra Coast Road adjacent to the main building of the hotel and which link the main complex of the hotel to those on the foreshore.

The distinct portions of land on which the Qawra Palace is built were originally acquired by the Operating Company from Angelo Vella, Charles Vella, Edward Vella, Francis Mamo, John Vella, Josephine Vella and Agnes Vella by virtue of a public deed dated 1 May 1980. The Hotel was then built in 1982 and opened its doors to guests three years later in 1985. Subsequently, the Issuer acquired the Hypothecated Property from the Operating Company pursuant to a public deed dated 21 January 2002.

In 2005, the hotel entered a new chapter as it was acquired by Mallard Co. Limited and a significant milestone arrived in 2010 when the hotel embarked on a major renovation, aimed at modernizing its facilities and enhancing guest experiences. This commitment to excellence was duly recognized in 2012 when the Malta Tourism Authority awarded the hotel a prestigious 4-star rating, underscoring its dedication to quality service.

Furthermore, in order to strengthen the Hotels' competitive position in the local hospitality market, in 2019 the Issuer again embarked on a major extension and refurbishment project geared towards upgrading the Qawra Palace's existing facilities and occupancy. In Q4 2022, the Issuer subsequently issued €25.0m worth of bonds, a portion of which was earmarked to finalise these refurbishments and extensions. These will be outlined in further detail in section 1.4.

1.2. Directors

Board of Directors - Issuer

As of the date of this Analysis, the following persons constitute the board of directors of the Issuer:

Name	Office Designation
Mr Robert Ancilleri	Independent Non-executive Director and Chairman
Mr Stephen Muscat	Independent Non-executive Director
Mr Paul Muscat	Independent Non-executive Director
Mr Edward Vella	Executive Director
Ms Esther Vella	Executive Director
Mr Victor Vella	Executive Director

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

Dr Luca Vella is the company secretary of the Issuer.

The board of the Issuer is composed of 6 directors who are entrusted with its overall direction and management. The executive directors are in charge of the decision-making and the day-to-day management of the Issuer, whereas the non-executive directors, all of whom are independent of the Issuer, monitor the executive activity of the Issuer and contribute to the development of its corporate strategy, by providing objective and impartial scrutiny.

1.3. Major Assets owned by the Group

The Qawra Palace Hotel is a 4-star hotel located on the Qawra seafront and is currently managed by the Vella family who are the UBO's of the property. The Hotel was opened in 1985 and has been in operation for over 38 years. Prior to the Hotel extension and upgrades touched upon in section 1.1, the Hotel facilities included 394 rooms, an indoor and outdoor pool, a games room, mini-golf and 6 food and beverage outlets.

Through the upgrading of the Hotel, which will be discussed further in 1.4 below, management intends to re-position the hotel with the top performing 4-star hotels in the north of the Island. It is pertinent to note that although the -above-mentioned investment is being undertaken by MCL, it is being financed by the Issuer through an intragroup lending arrangement. Therefore, the assets relating to the upgrade and extension have been recorded in the balance sheet of MCL.

As the landowner however, the Issuer owns all the non-movable assets developed on the land (including those undertaken by MCL). The Issuer is then bound by a lease and operating agreement in force with MCL with the rental charge being equal to the value of the property owned by the Issuer, net of investment undertaken and planned to be undertaken by MCL.

1.4. Operational Developments

In 2020, the Issuer secured a permit for the construction of 121 additional rooms on an adjacent plot owned by the Issuer. These rooms have been fully developed, finished are now operational as at the time of this Analysis. This means that they have been integrated seamlessly into Qawra Palace's range of available rooms.

To date the all-encompassing upgrade and extension endeavour has incurred a total cost of €36.0m. According to management, the project has reached a 90% completion rate and is on track to achieve full operational status by the end of March 2024. The only items that remain pending are the finishing of the multi-purpose hall and pub together with the decoration of the façade of 16 rooms in the new block.

Management has highlighted that MCL held permits for both an infinity pool on level 9 and a splash pool on level 8 which were meant to be finalized at the end of Q4 2022 however due to minor amendments the company had to reapply for these changes. The minor amendments include a restaurant on level 9 and a bar on level 8. While this application has been submitted, final approval for the proposed changes is still pending.

The Group has also made investments in minor new assets such as kitchen machinery and equipment, chillers, generator, reverse osmosis and laundry machinery. Through the upgrading of the Hotel, management intends to re-position the hotel with the top performing 4-star hotels in the north of the Island.

Management also noted that minor finishing works were carried out in Q2 and Q3 of 2022, including plastering, painting and installation of furniture and apertures. In order to complete the renovation and extensions however, the Hotel was closed down in November 2022. Since then a substantial portion of the work has been undertaken and is outlined below:

- Enhancement of the façade;
- Renovation of the pre-existing structure, inclusive of restaurants and guestrooms;
- Transformation of existing spaces into a Caribbean-themed restaurant on the ground floor;
- Completion of the redevelopment of level -1 into parking facilities; and
- Redesign of the first floor to accommodate a gym, and a fourth-floor spa, both of which are 90% complete and are expected to be finalised by mid-October 2023.

Management stated that since its re-opening in June 2023 the hotel's accommodation, amounted to 71% of revenue with the remaining 29% being from food and beverage operations. The Hotel's management enjoys a good relationship with a wide network of tour operators, which is how the Hotel generates the greater part of its traffic. Traffic also comes from third-party online reservation systems and bookings made directly via the Qawra palace website.

1.5. COVID-19 and the Conflict in Ukraine

The unforeseen challenges of 2020 emerged with the COVID-19 pandemic, compelling the hotel's temporary closure for several months. Nevertheless, the Hotel demonstrated resilience and adaptability, reopening its doors in 2021 and securing the Travellers' Choice Award from TripAdvisor.

The war in Ukraine has forced the Hotel to again rely on its resilience and adaptability due to the inflation, which was sparked through disruptions in supply chains, causing higher prices for goods like food, energy, and raw materials. Energy price increases have rippled through various sectors due to their vital role in production and transportation. These combined factors have strained profit margins. To address this, hotels are adapting by adjusting prices, cutting costs, seeking new markets, and providing discounts. While impacts vary across hotels, the war's significant effect on the industry underscores the need for adaptive strategies in these challenging times.

Part 2 - Historical Performance and Forecasts

The financial information below is extracted from the audited consolidated financial statements of the Issuer for the financial years ended 31 March 2021, 2022 and 2023 and the audited consolidated financial statements of MCL for the financial years ended 31 March 2021, 2022. Group management has provided the financial information for the year ending 31 March 2023 for MCL and the projected financial information for the year ending 31 March 2024 for the Issuer.

The projected financial information relates to events in the future and are based on assumptions which the Group 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.

2.1. The Issuer's Statement of Comprehensive Income

Issuer's Statement of Comprehensive Income for the year ended 31 March	2021A	2022A	2023A	2024F
	€'000s	**€'000s**	**€'000s**	**€'000s**
Revenue	-	-	-	2,400
Administration expenses	(2)	(7)	(71)	(73)
EBITDA	**(2)**	**(7)**	**(71)**	**2,327**
Depreciation	(98)	-	-	-
Change in fair value of investment property	29,934	2,497	21,530	3,000
Impairment provision	(49)	(326)	(41)	(104)
EBIT	**29,785**	**2,164**	**21,418**	**5,223**
Interest income	-	-	159	946
Interest expense	(1)	(8)	(249)	(1,313)
Profit before tax	**29,784**	**2,156**	**21,328**	**4,857**
Current tax	-	-	-	(545)
Deferred tax	(4,210)	(250)	(2,153)	(319)
Profit after tax	**25,574**	**1,906**	**19,175**	**3,993**

Ratio Analysis	2021A	2022A	2023A	2024F
Profitability				
Growth in Revenue (YoY Revenue Growth)	-100.0%	N/A	N/A	N/A
EBIT Margin (EBIT / Revenue)	N/A	N/A	N/A	217.6%
Net Margin (Profit for the year / Revenue)	N/A	N/A	N/A	166.4%
Return on Common Equity (Profit for the year / Average Equity)	129.2%	5.7%	43.5%	7.2%
Return on Assets (Profit for the year / Average Assets)	89.6%	4.0%	28.2%	4.6%
Return on capital employed (EBITDA/ Total Assets - Current Liabilities)	0.00%	-0.01%	-0.1%	2.6%

The Issuer's main source of revenue is rental income from MCL for the rental of the Hotel. The rental income is backed by a lease agreement which was amended and restated in October 2022 and includes a *di fermo* period up to at least 31 March 2033 with a rental charge of €2.4m as from 1 April 2023 subject to a yearly increase of 2%.

No rental income was generated historically since the Issuer and MCL agreed that no charge rental fees will apply for the three-year period (1 April 2020 - 31 March 2023) due to the effects of COVID-19 on the operation of MCL. Due to this in FY23, revenue generated from rental income remained nil.

Historically, the loans the Issuer advanced to MCL were non-interest bearing and repayable on demand. However, in December 2022, the company entered into a loan facility agreement with MCL, making the loans receivable at the end of FY23 interest bearing, with an interest rate of 5.25%. Because of this, from FY23 onwards, the Issuer now also recognises revenue through the interest on the amounts it advances to MCL, which in FY23 amounted to €159k and is included as interest income.

For FY24 management is forecasting a full year's rent to be received from MCL and this will amount to €2.4m in line with the lease agreement.

Administration expenses were minimal in the historical years at €2k and €7k in FY21 and FY22 respectively. However, in FY23, these increased to €71k mainly due to consulting and professional fees of €31k, director's remuneration of €16k and auditor's remuneration of €9k, which made up 77% of total administrative costs. In FY24, management expects administrative costs to remain in this region.

In accordance with the fair value model which was based on the valuation of an independent architect who has experience in the location and category of investment property being valued, the Issuer recognised an increase of €21.5m in the fair value of the investment property in FY23. The Issuer is forecasting further revaluation gains of €3.0m in FY24.

The revaluations are mainly due to the refurbishments that have taken place during the year, which increased the fair value of the Hotel. As mentioned previously in section 1.1, the investment property is being used as security in favour of the bondholders of the Issuers 5.25% Secured Bonds due 2033.

The impairment provision of €41k reflects an IFRS9 requirement to calculate the expected credit loss (ECL) on the receivable balance from MCL based on a probability of default. This is solely an accounting requirement and management reiterated that it expects the receivable balance to be settled in full. In FY23, the impairment provision is expected to increase to €104k.

EBIT amounted to €21.4m in FY23, which was well above the EBIT generated in FY22 mainly due to the change in fair value recognised. This is projected to decrease to €5.2m in FY24 due to lower fair value gains and partially offset by the rent received from MCL.

Profit before tax in FY23 amounted to €21.3m and this is net of the €159k interest income mentioned previously and €249k in interest expenses. The interest expense includes both interest expense on bonds payable and bank interest and charges. In FY24 profit before tax is expected to amount to €4.9m. This includes interest income of €946k and interest expenses of €1.3m.

After accounting for tax, the Issuer generated profit of €19.2m in FY23 (FY22: €1.9m). In FY24, management expects to generate €4.0m in profits including €545k of current tax payments and €319k in deferred tax.

Return on common equity indicates management's efficiency in utilising shareholders equity to generate income for the Issuer. This ratio came in at 43.5% in FY23 but is expected to decrease to 7.2% in FY24 mainly due to the lower revaluation amounts.

Return on assets which shows how efficient management is at using their assets to generate revenue stood at 28.2% in FY23 and is forecasted to decrease to 4.6% in FY24.

2.2. The Issuer's Statement of Financial Position

Issuer's Statement of Financial Position as at 31 March	2021A	2022A	2023A	2024F
	€'000s	€'000s	€'000s	€'000s
Assets				
Non-current assets				
Investment property	42,095	44,592	66,122	69,122
Intangible assets	-	-	1	1
Loans receivable	2,722	6,344	9,439	15,395
Total non-current assets	**44,817**	**50,936**	**75,562**	**84,518**
Current assets				
Loans and other receivables	-	-	814	1,339
Cash held by trustee	-	-	8,618	-
Current tax receivable	-	-	5	-
Prepayments	-	-	16	16
Cash and cash equivalents	1	-	58	3,346
Total current assets	**1**	**-**	**9,511**	**4,700**
Total assets	**44,818**	**50,936**	**85,073**	**89,218**
Equity				
Share capital	2,329	2,329	2,329	2,329
Retained earnings	30,255	32,161	51,336	55,329
Total equity	**32,584**	**34,490**	**53,665**	**57,658**
Liabilities				
Non-current liabilities				
Bonds	-	-	24,400	24,400
Borrowings	7,626	11,605	-	-
Deferred tax liability	4,210	4,459	6,612	6,931
Amounts due to MCL	-	-	-	-
Total non-current liabilities	**11,836**	**16,064**	**31,012**	**31,331**
Current liabilities				
Current tax liabilities	121	93	-	-
Trade and other payables	277	289	396	229
Total current liabilities	**398**	**382**	**396**	**229**
Total liabilities	**12,234**	**16,446**	**31,408**	**31,560**
Total equity and liabilities	**44,818**	**50,936**	**85,073**	**89.218**

Ratio Analysis	2021A	2022A	2023A	2024F
Financial Strength				
Gearing 1 (Net Debt / Net Debt and Total Equity)	19.0%	25.2%	31.2%	26.8%
Gearing 2 (Total Liabilities / Total Assets)	27.3%	32.3%	36.9%	35.4%
Gearing 3 (Net Debt / Total Equity)	23.4%	33.7%	45.4%	36.5%
Current Ratio (Current Assets / Current Liabilities)	0.0x	0.0x	24.0x	9.1x
Interest Coverage 1 (EBITDA / Cash interest paid)	(2.0)x	(0.1)x	(3.7)x	1.5x
Interest Coverage 2 (EBITDA / Finance Costs)	(2.0)x	(0.1)x	(0.3)x	1.8x

The value of investment property increased substantially to €66.1m in FY23 due to the fair value gains recognised in the year. The value of the investment property is expected to increase to €69.1m in FY24.

Loans receivable represent advances made by the Issuer to MCL to partly finance the extension and upgrade programme of the Hotel and amounted to €9.4m in FY23, an increase of €3.1m over FY22. This balance is expected to increase to €15.4m FY24 as the rest of the bond proceeds, which are currently held by the trustee, are passed on to MCL.

The Issuer holds a minimal cash balance of €58k in FY23 which is forecasted to grow to €3.4m in FY24. The increase in the Issuer's cash position strengthened the current ratio of the Issuer to 24.0x in FY23 and 20.5x in FY24. This equates to improved short-term liquidity for the issuer compared to FY21 and FY22.

Total assets in FY22 and FY23 were €50.9m and €85.1m respectively, whilst in FY24 the value is expected to increase further to €89.2m mainly due to increased cash and cash equivalents, increased loans receivable and a higher valuation of the investment property.

Equity is made up of share capital and retained earnings. Share capital has remained stable throughout the last 3 years and is expected to remain stable in FY24 at €2.3m. Retained earnings, on the other hand, are expected to increase consistently in line with the profits registered for the respective years. The biggest jump in retained earnings was in FY23 from when it went from €32.2m in FY22 to €51.3m. In FY24, retained earnings are expected to increase to €55.3m.

Moving on to non-current liabilities, the Issuer has used a portion of the bond proceeds to pay off its bank loans and so these are now nil in FY23. The net bond proceeds of €24.4m now make up 78.8% of non-current liabilities. The remaining 21.2% consists of deferred tax liabilities. Non-current liabilities are not forecasted to fluctuate a lot and are expected to remain stable in FY24 at €31.3m.

Current liabilities on the other hand are minimal and are made up of solely €396k in trade and other payables. These include mainly €136k in VAT payable and €256k in accruals. Trade and other payable are expected to amount to €229k in FY24.

Following the Bond issue, gearing remained low for the Issuer at 31.2% mainly due to the Issuers large equity base. Gearing is expected to decrease to 26.8% in FY24 as the Issuers equity base continue to increase.

The interest coverage ratios are also expected to improve in FY24 with the amounts for the interest coverage 1 and 2 expected to be positive at 1.5x and 1.8x, respectively due to the increase in expected profits.

2.3. The Issuer's Statement of Cash Flows

Issuer's Statement of Cash Flows for the year ended 31 March	2021A	2022A	2023A	2024F
	€'000s	€'000s	€'000s	€'000s
Profit before tax	**29,783**	**2,156**	**21,328**	**4,857**
Adjustments for:				
Depreciation	98	-	-	-
Revaluation	(29,934)	(2,497)	(21,530)	(3,000)
Impairment loss	50	326	41	104
Interest payable and similar charges	1	8	249	1,313
Amortisation of bond issuance costs	-	-	7	7
Amortisation of intangible assets	-	-	1	1
Interest income	-	-	(159)	(946)
Net cash flows from operations	**(2)**	**(7)**	**(63)**	**2,335**
Movement in trade and other payables	-	12	107	-
Movement in cash held by trustee	-	-	(8,618)	8,618
Movement in prepayments	-	-	(16)	-
Bank Interest paid	(1)	(8)	(19)	-
Bond Interest paid	-	-	-	(1,562)
Tax paid	-	(28)	(98)	-
Net cash generated from / (used in) operating activities	**(3)**	**(31)**	**(8,707)**	**9,392**
Payments to acquire intangible assets	-	-	(2)	-
Movements in balances with related company	(2,771)	(3,948)	(3,790)	(6,480)
Net cash generated from / (used in) investing activities	**(2,771)**	**(3,948)**	**(3,792)**	**(6,480)**
Movements in balances with related company	(1,459)	-	-	-
Proceeds from bonds	-	-	24,393	-
Movement in borrowings	4,234	3,979	(11,605)	-
Interest on cash balance	-	-	(230)	-
Net cash generated from / (used in) financing activities	**2,775**	**3,979**	**12,558**	**-**
Movement in cash and cash equivalents	**1**	**-**	**59**	**2,911**
Cash and cash equivalents at start of year	-	1	1	60
Cash and cash equivalents at end of year	**1**	**1**	**60**	**2,971**

Ratio Analysis	2021A	2022A	2023A	2024P
Cash Flow	**€'000s**	**€'000s**	**€'000s**	**€'000s**
Free Cash Flow (Net cash from operations + Interest - Capex)	€(2)	€(23)	€(8,688)	€10,953

Net cash outflows used in operations amounted to €63k in FY23. This is after adjusting for revaluations, impairment losses, interest, amortisation and interest income, which are all non-cash items.

The outflow from operations in FY23 were mainly attributed to the rent which was waived due to the impact of COVID-19 on hospitality operations. This is expected to improve significantly following the completion of the Hotel investment programme as the Issuer is expected to be charging MCL a rental charge of €2.4m based on the revised lease agreement.

The most noticeable adjustment for cash flows from operations is the revaluation which amounted to €21.5m in FY23.

The net cash outflow used in operating activities increased further to €8.7m in FY23 after accounting for movements in working capital, amounts held by trustee and actual interest and tax payments made. The most notable movement here came from the movement in cash held by the trustee of €8.6m, which is forecasted to be reverted in FY24.This reversion is the main reason for the expected positive cash inflow from operations of €9.4m in FY24.

As for the net cash used in investing activities, the main outflow relates to a €3.8m movement in balances with related companies. These are expected to increase to €6.5m in FY24.

Lastly, in FY23 cash from financing activities showed an inflow of €12.6m mainly due to the net proceeds from the Bond issue of €24.4m. The outflow of €11.6m towards bank borrowings relate to the repayments made to BOV to close off its amounts borrowed. In FY24 the issuer is not expected to generate any cash or have any cash outflows from financing activities.

The closing balance for cash in FY23 amounts to €60k and is expected to increase further to €3.0m in FY24. In FY24 the Issuer is forecasting its free cash flow to the firm to turn positive and amount to €11.0m

2.4. Other Relevant Information

2.4.1. MCL's Statement of Comprehensive Income

MCL's Statement of Comprehensive Income for the year ended 31 March	2021A	2022A	2023M
	€'000s	€'000s	€'000s
Revenue	441	3,521	6,030
Cost of sales	(236)	(2,622)	(4,335)
Gross profit	**205**	**900**	**1,694**
Overheads	(1,190)	(578)	(986)
EBITDA	**(985)**	**322**	**709**
Depreciation	(844)	(959)	(846)
EBIT	**(1,829)**	**(638)**	**(137)**
Finance costs	(205)	(482)	(699)
Profit/(loss) before tax	**(2,034)**	**(1,119)**	**(837)**
Tax	-	421	-
Profit/(loss) after tax	**(2,034)**	**(699)**	**(837)**

Ratio Analysis	2021A	2022A	2023M
Profitability			
Growth in Revenue (YoY Revenue Growth)	-95.5%	698.5%	71.2%
Gross Profit Margin (Gross Profit/ Revenue)	46.5%	25.6%	28.1%
EBITDA Margin (EBITDA / Revenue)	-223.4%	9.1%	11.8%
Operating (EBIT) Margin (EBIT / Revenue)	-414.7%	-18.1%	-2.3%
Net Margin (Profit for the year / Revenue)	-461.2%	-19.8%	-13.9%
Return on Common Equity (Net Income / Average Equity)	5.3%	-31.4%	-11.8%
Return on Assets (Net Income / Average Assets)	-18.6%	-5.0%	-3.8%
Return on capital employed (EBITDA/ Total Assets - Current Liabilities)	-8.8%	2.1%	2.6%

Due to the COVID-19 pandemic, revenue in FY21 dropped by 95.5% to €0.4m but in FY22 and FY23, the strong recovery in the hospitality sector led to revenue more than doubling, reaching €3.5m and €6.0m, respectively. In FY23 the Hotel was in operation for just 7 months due to refurbishments taking place which resulted in the closure of the Hotel for that period.

Cost of sales, which includes food & beverage, direct costs, cleaning, up keep and laundry, also increased in line with revenue and reached €2.6m in FY22 and €4.3m in FY23. This led to a gross profit margin of 28.1% in FY23 which is an increase over the 25.6% registered in FY22.

On the other hand, overheads increased to €1.0m in FY23, which is an increase of €0.4m over FY22 levels. In accordance with the lease agreement, rent to the Issuer was waived in FY21, FY22, and FY23.

Following the initial shock of the pandemic EBITDA increased from €0.3m in FY22 to €0.7m in FY23 exhibiting strong EBITDA growth of 120.2%.

The depreciation charge remained relatively stable throughout the historical period and came in at €0.9m in FY23 slightly lower than the FY22 charge.

Due to the amounts advanced from the Issuer through the Bond Issue, finance costs have increased significantly in FY23 from €0.5m in FY22 to €0.7m.

No tax was charged in FY23 which led to a loss after tax of €0.8m which has decreased from the €2.0m registered in FY21. As mentioned previously these losses are mainly due to the COVID-19 pandemic and management expects these to reverse in the coming years.

2.4.2. MCL's Statement of Financial Position

MCL's Statement of Financial Position as at 31 March	2021A	2022A	2023M
	€'000s	€'000s	€'000s
Assets			
Non-current assets			
Property, plant and equipment	8,893	12,370	19,193
Deferred tax	-	1,424	1,090
Total non-current assets	**8,893**	**13,794**	**20,283**
Current assets			
Inventories	155	187	99
Trade and other receivables	197	699	5,339
VAT and tax receivable	636	654	844
Amounts due from shareholders	428	413	805
Cash and cash equivalents	165	509	167
Amounts due from Issuer	1,124	307	478
Total current assets	**2,705**	**2,769**	**7,733**
Total assets	**11,598**	**16,562**	**28,016**
Equity			
Share capital	163	163	163
Retained earnings	5,705	5,780	4,640
Non-distributable reserves	568	568	568
Total equity	**6,436**	**6,511**	**5,371**
Liabilities			
Non-current liabilities			
Bank debt	945	2,363	10,437
Loan due to Issuer	3,770	6,719	11,148
Total non-current liabilities	**4,715**	**9,083**	**21,584**
Current liabilities			
Tax	-	46	46
Trade and other payable	447	923	1,014
Total current liabilities	**447**	**969**	**1,060**
Total liabilities	**5,162**	**10,051**	**22,644**
Total equity and liabilities	**11,598**	**16,562**	**28,016**

Ratio Analysis	2021A	2022A	2023M
Financial Strength			
Gearing 1 (Net Debt / Net Debt and Total Equity)	10.8%	22.2%	80.0%
Gearing 2 (Total Liabilities / Total Assets)	44.5%	60.7%	80.8%
Gearing 3 (Net Debt / Total Equity)	12.1%	28.5%	398.7%
Net Debt / EBITDA	-79.2%	576.6%	3022.5%
Current Ratio (Current Assets / Current Liabilities)	6.1x	2.9x	7.3x
Quick Ratio (Current Assets - Inventory / Current Liabilities)	5.7x	2.7x	7.2x
Interest Coverage 1 (EBITDA / Finance Costs)	(4.8)x	0.7x	1.0x

Property, plant and equipment accounted for €19.2m of MCL's non-current assets in FY23 which is a substantial increase compared to the €12.4m in FY22. This is in line with the fair value adjustments carried out during the year.

Trade and other receivables increased by €4.6m and reached €5.3m in FY23. This increase is coming from deposits made to suppliers related to the project. As a result, total current assets increased significantly from FY22 to FY23 going from €2.8m to €7.7m, respectively.

MCL's equity is made up of share capital, retained earnings and non-distributable reserves. The share capital has remained constant throughout historical years at €0.2m. Retained earnings on the other hand have decreased in line with the losses registered for the year. Non-distributable reserves have been stable since FY21 at €0.6m.

The drop in retained earnings was the main reason for the lower total equity year on year, coming in at €5.4m in FY23, which is a decrease of €1.1m from FY22.

In FY23, non-current liabilities were made up of bank debt and the loan due to the Issuer. The bank debt is now a significant part of non-current liabilities making up 48% of it, compared to FY22 where it only made up 26%. More specifically, it has increased from €2.4m in FY22 to €10.4m in FY23. The €10.4m is made up of an overdraft balance of €0.9m and bank loans of €9.5m.

The loan due to the Issuer has also increased drastically, amounting to €11.2m in FY23 (FY22: €6.7m). These have led to total non-current liabilities to increase from €9.1m in FY22 to €21.6m in FY23.

Tax and trade and other payables make up current liabilities. Trade and other payables were the more significant amount of the two and amounted to €1.0m in FY23 which is a slight increase from €0.9m in FY22.

Total liabilities increased substantially year on year going from €10.1m in FY22 to €22.6m in FY23.

On 15 December 2022, the Issuer entered into a loan facility agreement with MCL, making the loans payable as of 31 March 2023 interest bearing. This resulted in a much higher gearing for FY23 of 80.8%. Albeit the higher gearing ratios, both MCL's current ratios and interest coverage ratio show healthy signs. More specifically the current ratio in FY23 was 7.3x which is a significant increase from the 2.9x in FY22. Interest coverage ratios are higher in FY23 at 1.0x compared to 0.7x in FY22.

2.4.3. MCL's Statement of Cash Flows

MCL's Statement of Cash Flows for the year ended 31 December	2021A	2022A	2023M
	€'000s	**€'000s**	**€'000s**
Net cash generated from / (used in) operating activities	995	(443)	(4,532)
Net cash generated from / (used in) investing activities	(5,440)	(4,413)	(7,669)
Net cash generated from / (used in) financing activities	3,650	6,145	10,921
Movement in cash and cash equivalents	**(795)**	**1,289**	**(1,280)**
Cash and cash equivalents at start of year	15	(780)	509
Cash and cash equivalents at end of year	**(780)**	**509**	**(771)**

Ratio Analysis	2021A	2022A	2023M
Cash Flow	**€'000s**	**€'000s**	**€'000s**
Free Cash Flow (Net cash from operations + Interest - Capex)	€(4,393)	€(4,374)	€(11,502)

The net cash used in operating activities has significantly increased from an outflow of €0.4m in FY22 to an outflow of €4.5m in FY23.

As for the net cash used in investing activities in FY22, MCL had significant outflows of €4.4m and in FY23 this increased further to €7.7m. The reason for such an increase is mainly due to the upgrades and refurbishments made to the Hotel.

Due to MCL taking on more bank debt and loans from the issuer, the cash from financing activities showed an inflow of €10.9m in FY23, a significant rise from the €6.2m in FY22. MCL's cash and cash equivalents came in at €0.5m in FY22, but were negative at €(0.8m) at FY23.

The variance between the cash position shown in the balance sheet and the closing cash and cash equivalents figure from the cash flow statement is due to bank overdrafts. These amounted to €945k in FY21 nil in FY22 and €938k in FY23.

2.4.4. MCL Variance Analysis

MCL's Statement of Comprehensive Income for the year ended 31 March	2023F	2023M	Variance
	€'000s	€'000s	€'000s
Revenue	7,534	6,030	(1,504)
Cost of sales	(1,548)	(4,335)	(2,787)
Gross profit	**5,986**	**1,694**	**(4,292)**
Overheads	(4,568)	(986)	3,582
EBITDA	**1,418**	**709**	**(709)**
Depreciation	(1,583)	(846)	737
EBIT	**(165)**	**(137)**	**28**
Finance costs	(751)	(699)	52
Profit/(loss) before tax	**(916)**	**(837)**	**79**
Tax	-	-	-
Profit/(loss) after tax	**(916)**	**(837)**	**79**

The revenue generated was lower than first projected due to initial projections including full year operations, however the Hotel was closed in November 2022 in order to continue the refurbishment which was not forecasted. It was then re-opened in June 2023, which means that in FY23 the hotel operated for just 7 months.

The variance in cost of sales and overheads are mainly due to a reclassification of certain costs and in reality, the management accounts were only slightly lower than the projections. This minimal movement was in line with the aforementioned revenue figure.

Depreciation also came in lower than first forecasted due to having less non-current assets than projected at the end of the year. The bottom line was more or less in line with initial forecasts with the loss after tax coming in at €0.1m less than projections.

Part 3 – Key Market and Competitor Data

3.1. General Market Conditions

At the time of publication of this Analysis, management considers that generally, it shall be subject to the normal business risks associated with the industries in which the companies are involved and operate and, barring unforeseen circumstances, does not anticipate any trends, uncertainties, demands, commitments or events outside the ordinary course of business that could be deemed likely to have a material effect on the upcoming prospects of the companies and their respective businesses, at least with respect to the financial year 2023. However, investors are strongly advised to carefully read the risk factors disclosed in the Prospectus.

3.2. Economic Update[1]

The Bank's Business Conditions Index (BCI) indicates that in July, annual growth in business activity remained broadly unchanged when compared to the previous month. It remained above its long-term average, estimated since January 2000.

The European Commission confidence surveys show that sentiment in Malta increased in July compared to June, and remained above its long-term average, estimated since November 2002. In month-on-month terms, sentiment increased strongly in the retail sector and in industry, but fell across the remaining sectors, with the sharpest decline recorded in the construction sector.

Additional data show that price expectations remained elevated, standing well above their long-term average in most sectors. Expectations stood firmly below their year-ago level in the retail sector, and to a lesser degree, in industry. By contrast, selling price expectations in the services and construction sectors stood firmly above the level recorded in July 2022. Price expectations among consumers also edged up compared with a year earlier, albeit to a lesser extent.

In July, the European Commission's Economic Uncertainty Indicator (EUI) for Malta decreased when compared with June, indicating lower uncertainty. Uncertainty decreased mostly among retailers and in industry.

In June, industrial production contracted on a year earlier, after growing strongly in May. Retail trade grew at a faster pace. The unemployment rate declined to a historic low of 2.6% in June, from 2.7% in the previous month, and 3.0% in June 2022.

Commercial building permits in June were lower than a month earlier and when compared with a year earlier. Residential building permits were slightly lower compared with month-ago levels but increased in annual terms. In July, the number of promise-of-sale agreements rose on a year-on-year basis, while the number of final deeds of sales fell.

The annual inflation rate based on the Harmonised Index of Consumer Prices (HICP) stood at 5.6% in July, down from 6.2% in the previous month. Inflation based on the Retail Price Index (RPI) decreased to 4.7%, from 5.4% in June.

Maltese residents' deposits expanded at an annual rate of 1.0% in June, following an increase of 0.9% in the previous month, while annual growth in credit to Maltese residents reached 3.9%, from 3.7% a month earlier.

In June, the Consolidated Fund recorded a higher deficit compared to a year earlier, as an increase in government expenditure offset a smaller rise in revenue.

3.3. Economic Outlook[2]

According to the Bank's latest forecasts, Malta's gross domestic product (GDP) growth is projected to slow down from around 7.0% in 2022, to 4.0% in 2023, and to ease slightly further to 3.8%, and 3.7%, in 2024 and 2025, respectively. When compared to the previous projections, the Bank's latest forecast for headline GDP is revised upwards throughout the projection horizon. Indeed, GDP growth was revised up by 0.3 percentage points in 2023, and by 0.2 percentage points in 2024 and 2025.

In 2023, net exports are expected to be the main contributor to GDP growth. This reflects the expected sharp slowdown in imports (goods import specifically are set to contract after being boosted by strong investment in the aviation sector in 2022), as well as robust growth in exports. Meanwhile, domestic demand is expected to lower growth, as the base effect from the extraordinary investment in 2022 should

[1] Central Bank of Malta – Economic Update 8/2023

[2] Central Bank of Malta – Economic Projections 2023 – 2025

offset positive contributions from government and private consumption. From 2024, domestic demand is expected to be the main driver of growth, as private consumption growth is expected to remain relatively robust despite relatively high inflation. Net exports are also projected to contribute positively in 2024 and 2025, due to robust services exports.

Employment growth is set to moderate to 3.6% in 2023 from 6.0% in 2022, which partly reflects the envisaged normalisation in economic activity towards potential growth. In the following two years, employment is set to expand by 2.7% and 2.4%, respectively. In view of relatively high inflation, as well as tight labour market conditions, nominal wage growth is projected to be relatively strong from a historical perspective. Compensation per employee is thus set to grow by 5.5% in 2023, 4.9% in 2024 and 3.9% in 2025, outpacing consumer price inflation during the later period of the projection horizon.

Annual inflation based on the Harmonised Index of Consumer Prices (HICP) is projected to moderate to 5.3% in 2023, as international supply bottlenecks are expected to ease further. However, lingering indirect effects from recent increases in input costs are set to keep inflation high from a historical perspective. The fall in inflation in 2023 reflects a broad-based decrease across all sub-components of HICP, except for energy inflation, as energy prices are expected to remain unchanged in view of government support measures. Services is envisaged to be the main contributor to HICP inflation, but food and non-energy industrial goods (NEIG) are also projected to contribute to annual HICP inflation in 2023.

The general government deficit is set to decline to 4.9% of GDP in 2023, from 5.8% in 2022. It is then set to continue declining over the rest of the forecast horizon, reaching 3.4% of GDP by 2025. This improvement is driven by a declining share of expenditure in GDP, mainly due to the profile of inflation-mitigation measures. The general government debt ratio is set to increase throughout the forecast horizon, and to reach 55.3% by 2025. This is driven by the expected level of primary deficits, which partly offset the debt-decreasing impact of the interest-growth differential.

On balance, risks to economic activity are tilted to the downside for 2023 and 2024 and are more balanced thereafter. The main downside risks relate to the possibility of stronger than envisaged weakness in the international economic environment, which could lead to lower exports. Foreign demand may also be weaker than expected if monetary policy in advanced economies tightens more forcibly than assumed in this projection round. GDP data for the first quarter of the year also implies some downside risks to domestic demand. On the other hand, private consumption could surprise on the upside if wage growth is higher than expected, particularly in the outer years of the projection horizon.

Risks to inflation are to the upside for the entire projection horizon. Indeed, inflation could be more persistent than assumed in the baseline projections and could continue to be affected by indirect effects from past increases in commodity prices. Moreover, second round effects from higher wages and profit margins could also prolong high inflation. Conversely, further monetary tightening and lower foreign demand could ease inflationary pressures in the medium-term.

On the fiscal side, risks are on the downside (deficit-increasing) particularly in 2023. These mainly reflect the likelihood of additional support measures towards Air Malta. Deficit-decreasing risks in the outer years of the forecast horizon mainly relate to fiscal consolidation pressures as the general escape clause in the Stability and Growth Pact is deactivated at the end of 2023.

3.4. Hospitality[3]

The tourism sector in Malta has been on a consistent upward trend since 2010, rising especially in the later years from 2017. The Maltese tourism industry has, in recent years, been renowned for its unabated growth, with each passing year yielding new record highs of inbound tourists visiting the island. Indeed, the tourism industry is considered to be a crucial pillar of the local economy as it is estimated to account for 30% of Malta’s GDP.

Unfortunately, the tourism sector both locally and internationally has been severely impacted by the outbreak of the COVID-19 pandemic, bringing the previous positive trend to a halt. 2020 probably was the cycle bottom and some recovery in tourism figures was noticeable in 2021. On a global scale, tourism experienced a 4% upturn in 2021, (415 million versus 400 million a year earlier). However,

[3] National Statistics Office

international tourist arrivals (overnight visitors) were still 72% below the pre-pandemic year of 2019 in Q4 2021.

Locally, as early as March 2020, Malta started to introduce several confinement measures, with the eventual suspension of all passenger flights. Malta international airport was then reopened in July 2020 and demand for travel started picking up. However, as the pandemic progressed and newer waves and variants appeared, restriction measures were temporarily reintroduced, having an inevitable negative impact on tourism in Malta. The unprecedented impact of the pandemic on the local tourism industry and the subsequent rebound is demonstrated through the data presented below. During 2021 local inbound tourists increased from 659k to 968k, representing a 46.9% increase YoY. Similarly, the industry experienced an increase in tourist guest nights from 5,227k in 2020 to 8,390k in 2021, which is a 60.5% increase YoY. In a similar fashion, total tourist expenditure increased by 91.4% in 2021 when compared with 2020.

In 2022, tourism continued its revival in Malta, in line with the improvement of the tourism situation in Europe however the figures still lag 2019 figures. Statistics clearly illustrate that the number of inbound tourists already increased by 136.3% vs. 2021. Similarly, tourist guest nights increased by 97.9% until December 2022 when compared to full-year 2021. Total expenditure increased by 131.1% on the same basis. The above trends are also summarised in the following table, illustrating the number of tourist arrivals over the last four years:

Category[4]	2019	2020	2021	2022	2021 vs. 2022
Inbound tourists*	2,753	659	968	2,287	136.3%
Tourist guest nights*	19,339	5,227	8,390	16,600	97.9%
Avg. length /stay	7.0	7.9	8.7	7.3	-16.1%
Tourist expenditure**	2,221	455	871	2,013	131.1%
Tourist exp. per capita (€)	807	691	899	880	-2.1%

*in thousands
**in € millions

Tourist arrivals for 2022 albeit strong were still only 83% of the pre-pandemic year while the average length of stay during 2022 was marginally higher than that registered in 2019. Average daily spend by tourists reached €120.54, which above the level of spend registered in 2019, the same year that Malta registered a record in inbound tourism.

January – June 2023[4]

Inbound tourists for the first half of 2023 amounted to roughly 1.3m, an increase of 43.8% over the same period in 2022. Total nights spent by inbound tourists went up by 35.9%, surpassing 8.1m nights.

Total tourist expenditure was estimated at €1,038m, 48.8% higher than that recorded for 2022. Total expenditure per capita increased to €804 from €777 in 2022.

[4] National Statistics Office, Malta

3.5. Comparative Analysis

Security	Nom Value	Yield to Maturity	Interest coverage (EBITDA)	Total Assets	Total Equity	Total Liabilities / Total Assets	Net Debt / Net Debt and Total Equity	Net Debt / EBITDA	Current Ratio	Return on Common Equity	Net Margin	Revenue Growth (YoY)
	€000's	(%)	(times)	(€'millions)	(€'millions)	(%)	(%)	(times)	(times)	(%)	(%)	(%)
6% AX Investments Plc € 2024	40,000	3.60%	2.6x	422.8	248.2	41.3%	30.0%	12.0x	1.1x	-0.1%	-0.7%	8.1%
6% International Hotel Investments plc € 2024	35,000	4.54%	0.7x	1,662.0	817.9	50.8%	41.9%	13.6x	0.8x	-0.3%	-1.0%	84.3%
5.75% International Hotel Investments plc Unsecured € 2025	45,000	5.12%	0.7x	1,662.0	817.9	50.8%	41.9%	13.6x	0.8x	-0.3%	-1.0%	84.3%
4% International Hotel Investments plc Secured € 2026	55,000	3.67%	0.7x	1,662.0	817.9	50.8%	41.9%	13.6x	0.8x	-0.3%	-1.0%	84.3%
4% International Hotel Investments plc Unsecured € 2026	60,000	4.32%	0.7x	1,662.0	817.9	50.8%	41.9%	13.6x	0.8x	-0.3%	-1.0%	84.3%
3.25% AX Group plc Unsec Bds 2026 Series I	15,000	4.90%	2.6x	422.8	248.2	41.3%	30.0%	12.0x	1.1x	-0.1%	-0.7%	8.1%
3.75% Mercury Projects Finance plc Secured € 2027	11,500	4.35%	2.6x	179.4	37.2	79.3%	71.8%	15.1x	3.0x	24.1%	22.9%	666.2%
4% Eden Finance plc Unsecured € 2027	40,000	4.29%	4.8x	217.9	135.4	37.9%	25.3%	4.8x	0.8x	1.0%	3.5%	47.3%
4% Stivala Group Finance plc Secured € 2027	45,000	3.87%	7.7x	396.6	249.3	37.1%	29.0%	5.6x	0.7x	10.8%	93.7%	91.5%
4% SP Finance plc Secured € 2029	12,000	4.28%	1.4x	36.8	13.4	63.5%	58.8%	15.9x	0.3x	-19.0%	-70.4%	0.0%
3.65% Stivala Group Finance plc Secured € 2029	15,000	4.03%	7.7x	396.6	249.3	37.1%	29.0%	5.6x	0.7x	10.8%	93.7%	91.5%
3.75% AX Group plc Unsec Bds 2029 Series II	10,000	3.75%	2.6x	422.8	248.2	41.3%	30.0%	12.0x	1.1x	-0.1%	-0.7%	8.1%
4.25% Mercury Projects Finance plc Secured € 2031	11,000	4.40%	2.6x	179.4	37.2	79.3%	71.8%	15.1x	3.0x	24.1%	22.9%	666.2%
4.3% Mercury Project Finance plc Secured € 2032	50,000	4.44%	2.6x	179.4	37.2	79.3%	71.8%	15.1x	3.0x	24.1%	22.9%	666.2%
5.25% Qawra Palace plc Secured € 2033	25,000	5.04%	1.0x	28.0	5.4	80.8%	79.9%	30.2x	7.3x	-15.6%	-13.9%	71.2%
	Average *	4.26%										

Source: Latest available audited financial statements
*Average figures do not capture the financial analysis of the Issuer

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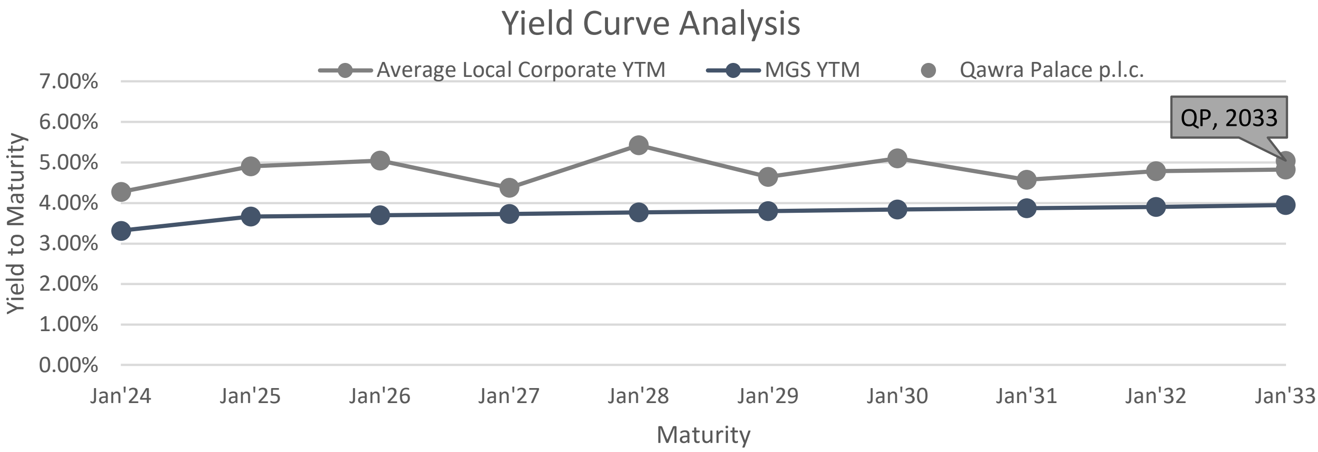

The above graph illustrates the average yearly yield of all local issuers as well as the corresponding yield of MGSs (Y-axis) vs the maturity of both Issuers and MGSs (X-axis), in their respective maturity bucket, to which the spread premiums can be noted. The graph illustrates on a stand-alone basis,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

As at 20 September 2023, the average spread over the Malta Government Stocks (MGS) for corporates with maturity range of 1-10 years was 56 basis points. Meanwhile, the Qawra Palace p.l.c. bond is trading at a spread of 110 basis points over the equivalent MGSs.

Therefore, as at this same date, the Bond was trading at a premium of 54 basis points in comparison to the market of comparable corporate bonds. The above analysis is based on an industry-matching basis.

Part 4 - Glossary and Definitions

Income Statement	
Revenue	Total revenue generated by the Group/Company from its principal business activities during the financial year.
Costs	Costs are expenses incurred by the Group/Company in the production of its revenue.
EBITDA	EBITDA is an abbreviation for earnings before interest, tax, depreciation and amortisation. It reflects the Group's/Company's earnings purely from operations.
Operating Profit (EBIT)	EBIT is an abbreviation for earnings before interest and tax.
Depreciation and Amortisation	An accounting charge to compensate for the decrease in the monetary value of an asset over time and the eventual cost to replace the asset once fully depreciated.
Net Finance Costs	The interest accrued on debt obligations less any interest earned on cash bank balances and from intra-group companies on any loan advances.
Net Income	The profit made by the Group/Company during the financial year net of any income taxes incurred.

Profitability Ratios	
Growth in Revenue (YoY)	This represents the growth in revenue when compared with previous financial year.
Gross Profit Margin	Gross profit as a percentage of total revenue.
EBITDA Margin	EBITDA as a percentage of total revenue.
Operating (EBIT) Margin	Operating margin is the EBIT as a percentage of total revenue.
Net Margin	Net income expressed as a percentage of total revenue.
Return on Common Equity	Return on common equity (ROE) measures the rate of return on the shareholders' equity of the owners of issued share capital, computed by dividing the net income by the average common equity (average equity of two years financial performance).
Return on Assets	Return on assets (ROA) is computed by dividing net income by average total assets (average assets of two years financial performance).
Return on Capital Employed	Return on capital employed (ROCE) measures the relative profitability of a company after taking into account the amount of capital used during a relative financial performance.
Cash Flow Statement	
Cash Flow from Operating Activities (CFO)	Cash generated from the principal revenue producing activities of the Group/Company less any interest incurred on debt.
Cash Flow from Investing Activities	Cash generated from the activities dealing with the acquisition and disposal of long-term assets and other investments of the Group/Company.
Cash Flow from Financing Activities	Cash generated from the activities that result in change in share capital and borrowings of the Group/Company.
Capex	Represents the capital expenditure incurred by the Group/Company in a financial year.
Free Cash Flows (FCF)	The amount of cash the Group/Company has after it has met its financial obligations. It is calculated by taking Cash Flow from Operating Activities less the Capex of the same financial year.

Balance Sheet	
Total Assets	What the Group/Company owns which can de further classified into Non-Current Assets and Current Assets.
Non-Current Assets	Assets, full value of which will not be realised within the forthcoming accounting year
Current Assets	Assets which are realisable within one year from the statement of financial position date.
Inventory	Inventory is the term for the goods available for sale and raw materials used to produce goods available for sale.
Cash and Cash Equivalents	Cash and cash equivalents are Group/Company assets that are either cash or can be converted into cash immediately.
Total Equity	Total Equity is calculated as total assets less liabilities, representing the capital owned by the shareholders, retained earnings, and any reserves.

Total Liabilities	What the Group/Company owes which can de further classified into Non-Current Liabilities and Current Liabilities.
Non-Current Liabilities	Obligations which are due after more than one financial year.
Total Debt	All interest-bearing debt obligations inclusive of long and short-term debt.
Net Debt	Total debt of a Group/Company less any cash and cash equivalents.
Current Liabilities	Obligations which are due within one financial year.
Financial Strength Ratios	
Current Ratio	The Current ratio (also known as the Liquidity Ratio) is a financial ratio that measures whether or not a company has enough resources to pay its debts over the next 12 months. It compares current assets to current liabilities.
Quick Ratio (Acid Test Ratio)	The quick ratio measures a Group's/Company's ability to meet its short-term obligations with its most liquid assets. It compares current assets (less inventory) to current liabilities.
Interest Coverage Ratio 1	The interest coverage ratio is calculated by dividing EBITDA of one period by cash interest paid of the same period.
Interest Coverage Ratio 2	The interest coverage ratio is calculated by dividing EBITDA of one period by finance costs of the same period.
Gearing Ratio	The gearing ratio indicates the relative proportion of shareholders' equity and debt used to finance total assets.
Gearing Ratio Level 1	Is calculated by dividing Net Debt by Net Debt and Total Equity.
Gearing Ratio Level 2	Is calculated by dividing Total Liabilities by Total Assets.
Gearing Ratio Level 3	Is calculated by dividing Net Debt by Total Equity.
Net Debt / EBITDA	The Net Debt / EBITDA ratio measures the ability of the Group/Company to refinance its debt by looking at the EBITDA.
Other Definitions	
Yield to Maturity (YTM)	YTM is the rate of return expected on a bond which is held till maturity. It is essentially the internal rate of return on a bond and it equates the present value of bond future cash flows to its current market price.

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