

COMPANY ANNOUNCEMENT

The following is a company announcement issued by Phoenicia Finance Company p.l.c. [C 88958] (hereinafter the “Company”) of The Phoenicia Hotel, The Mall, Phoenicia Peak Capital, Floriana FRN 1478, pursuant to the Listing Rules of the Malta Financial Services Authority:

Quote

The Company announces that the updated Financial Analysis Summary of the Company, prepared by Curmi & Partners Ltd, is available for viewing hereunder and on the Company’s website, via the following link: <http://www.phoeniciafinance.com/financial-analysis-summary/>.

Unquote

BY ORDER OF THE BOARD

29 September 2020



Dr. Stephanie Shaw
COMPANY SECRETARY



PHOENICIA FINANCE
COMPANY P.L.C.

FINANCIAL ANALYSIS SUMMARY

September 2020

**CURMI &
PARTNERS**

PHOENICIA FINANCE CAPITAL

Parent Company



Phoenicia
Hotel
Company



Phoenicia
Peak
Capital



Phoenicia
Malta Ltd

28th September 2020

The Directors
The Phoenicia Malta
The Mall
Floriana,
FRN1478
Malta

Dear Sirs

Phoenicia Finance Company p.l.c. – Financial Analysis Summary

In accordance with your instructions, and in line with the requirements of the Listing Authority Policies, we have compiled the Financial Analysis Summary Update 2020 (“the FAS Update 2020”) set out on the following pages. A copy of this report is also attached to this letter.

The purpose of the FAS Update 2020 is that of summarising key financial data appertaining to Phoenicia Finance Company p.l.c. (“the Issuer” or “PFC”), in addition to Phoenicia Hotel Company Limited (“PHCL”) and Phoenicia Malta Limited (“PML”) (collectively, “the Guarantors”). The Issuer and the Guarantors are collectively referred to as “the Group”. The data is derived from various sources, as disclosed, or is based on our own computations as follows:

1. Historical financial data for the three years ended 31st December 2017, 31st December 2018 and 31st December 2019 have been extracted from the Group’s audited Combined Financial Statements and the Issuer’s audited financial statements.
2. The forecast data for the financial year ending 31st December 2020 have been extracted from the Issuer and Group’s financial projections as prepared and provided by management.
3. Our commentary on the financial results and position of the Issuer and of the Group is based on the explanations set out by management of the Group.
4. The ratios quoted in the following pages have been computed by us applying the definitions set out and defined in the Section 8 of the Analysis.
5. The comparable companies listed in Section 7 of the FAS Update 2020 have been identified by us. The relevant financial data in respect of such companies has been sourced from publicly available information, mainly financial statements filed with the Registrar of Companies or websites providing financial data.

The FAS Update 2020 is meant to assist potential investors by summarising the more important financial data of the Group. The FAS Update 2020 does not contain all data that is relevant to potential investors and is meant to complement, and not replace, the information made available in the public domain by the Group. The FAS Update 2020 does not constitute an endorsement by our firm of the securities of the Issuer or Group and should not be interpreted as a recommendation to invest in any of

the Issuer's or the Group's securities. We shall not accept any liability for any loss or damage arising out of the use of the FAS Update 2020. As with all investments, potential investors are encouraged to seek professional advice before investing in the securities of the Issuer or Group.

Yours sincerely,



Karl Falzon
Head of Capital Markets & Research
For and on behalf of
Curmi and Partners Limited

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1 OVERVIEW OF THE ISSUER

1.1 History and Development of the Issuer

Phoenicia Finance Company plc (“the Issuer” or “PFC” or “the Company”) is a public limited liability company that was established on the 23rd October 2018 to act as the financing arm of The Phoenicia Malta Group of companies (“the Group”). The principal object of the Issuer is to carry on the business of a finance company, including managing the cash flow requirements of the Group, mainly the business carried out by the two main operating companies: Phoenicia Hotel Company Limited (“PHCL”), Phoenicia Peak Capital and Phoenicia Malta Limited (“PML”) (collectively, “the Guarantors”). In this respect, the Issuer is mainly dependent on the business prospects of the Guarantors. The Issuer operates exclusively in and from Malta.

1.2 Shareholding of the Issuer

The authorised and issued share capital of the Company is €250,000 divided into 250,000 ordinary shares of a nominal value of €1 each share, and are fully paid up and subscribed for. The shares are allotted and taken up by PML, except for 1 share, which is subscribed for, allotted and taken up by Mr Mark Shaw, the ultimate beneficial owner of the Group.

1.3 Directors

The Board of Directors of the Company consists of five directors who are entrusted with setting the overall direction and strategy of the Company.

As at the date of the Financial Analysis Summary Update 2020 (“FAS 2020”), the Board of Directors of the Issuer is constituted as follows:

Mark D. Shaw	Chairman
Jean Pierre Ellul Castaldi	Executive Director
Mario P. Galea	Non-Executive Director
Benjamin Muscat	Non-Executive Director
Etienne Borg Cardona	Non-Executive Director

2 OVERVIEW OF THE GROUP

2.1 History of the Group

The Group owns, manages and operates The Phoenicia Malta (“the Hotel” or “the Phoenicia”), an iconic five star hotel situated in Floriana. The Hotel was built in the 1930s, but opened for business in 1947 as Malta’s first luxury hotel.

The Phoenicia currently comprises 136 rooms, 8 of which are luxurious suites. Additionally, Phoenicia also offers conference and banqueting facilities, along with food and beverage outlets within the Hotel premises. The footprint of the Hotel covers less than 10 percent of the broader site, which comprises of over 40,000 sqm of premium land made up of various zones that are not yet fully exploited.

The Phoenicia has been a member of the Leading Hotels of the World (“LHW”) network since December 2015, reinforcing its position in the luxury accommodation segment on an international level. A major refurbishment project (“the Refurbishment”) was undertaken in recent years to upgrade the facilities and restore the Hotel and the surrounding sites. This meant that the Hotel was closed for around 17 months, from November 2015 to (mid) April 2017, when it could operate at around 75% capacity, opening at full capacity in November 2017. As part of the Refurbishment, the Hotel embarked on a project of completion of the Spa building in Q3 of 2019 together with the upgrading of a number of other areas of the hotel. The Spa will entail an indoor swimming pool, 5 treatment rooms, a gym, studio, sauna, steam room, multi jet showers, salt room and a juice bar, and will be managed by the world-renowned French Spa operators, Deep Nature. The Spa is in the final stages of completion, however plans for opening are scheduled for when the pandemic situation, and demand for health and wellbeing services improve.

Key historical developments include the following:

1935	PHCL (previously known as “Malta Hotels Company Limited”) was incorporated in the United Kingdom for the purpose of acquiring by emphyteutical title the land over which the Premises was subsequently constructed.
1947	The Phoenicia Hotel celebrated its official opening in 1947.
1961	PHCL granted the Premises on sub-emphyteusis to Ms. Agnes Graham.
1965	PHCL was registered as an overseas company in Malta.
1966	Ms. Agnes Graham transferred the sub-emphyteusis over the Premises to Holtours Limited.
1997	The Phoenicia Hotel was renamed to “Le Méridien Phoenicia”.

2007	PML (previously Cuffe (Malta) Limited) was incorporated on 8 June 2007, for the purpose of acquiring the sub-emphyteusis over the Premises from Holtours Limited. The hotel was renamed as “The Phoenicia Malta”.
2013	Acquisition of the Phoenicia Group by the current owner.
2016	The Phoenicia Hotel was closed for refurbishment in November 2015 up to April 2017.
2017	Major refurbishment project completed and the Phoenicia Hotel was re-opened for business on 15 April 2017.
2018	Major refinancing by PFC via issue of the €25million 4.15% Unsecured Bond 2023-2028.
2018	First full-year of operations following the refurbishment, which enhanced the Hotel’s performance and consolidated its position as one of the top performers in the five star segment.

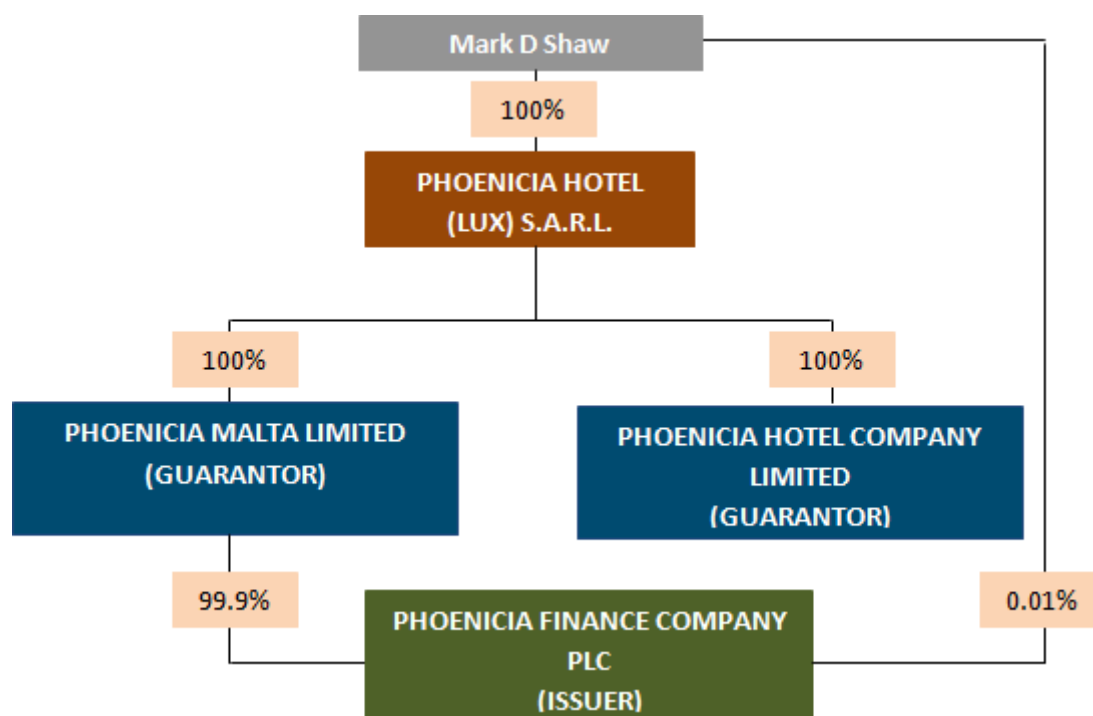
Phoenicia has changed owners along the years, as the sub-emphyteusis over the Hotel has been granted and acquired by four different owners since 1935. The current shareholder acquired the Group in 2013, which is also when the underlying debt of PML was assigned to a new lender Teramy SARL (“Teramy”) from National Asset Management Agency (“NAMA”). The total debt assigned to Teramy amounted to €21 million (“the Teramy Secured Loan”). In 2018, the Group successfully refinanced the Teramy Secured Loan as well as other bank borrowings through the €25million bond issue.

2.2 Organisational Structure

The Phoenicia is owned and operated by 2 companies that are controlled by Phoenicia Hotel (LUX) SARL, the parent of the Group. The Hotel is owned by PML, a private limited liability company that principally acts as the property holding company of the Group. PML leases the Phoenicia premises to the operating company of the Group, PHCL. On the basis of an operating lease agreement, PHCL pays rental income arising from the lease of investment property to the asset owning company PML.

The organisational structure of the Group is illustrated in the diagram on the next page. As stated above, the Issuer’s principal activity is that of acting as the financing arm of the Group

and is thus dependent upon the operations and performance of the Phoenicia Group entities, namely PML and PHCL.



As at the date of FAS 2020, the Group employs an average of 108 full-time employees. The key members of the Phoenicia Group's Hotel are the Issuer's executive directors and the Phoenicia Hotel's Executive Management Team.

2.3 Overview of the Guarantors

2.3.1 Phoenicia Malta Limited

PML was established in 2007 to act as the property holding company of the Group. PML owns the premises on which the Phoenicia Hotel is built under the title of perpetual sub-emphyteusis.

The main operating activity of PML is to lease the Phoenicia premises to PHCL by virtue of a lease agreement, which is renewable every year. Rental agreement is currently at €2.5million per annum, assuming a complete development of the hotel. Rent is paid on a monthly basis in advance and the agreement is renewable every three years. In 2019, the rent charged was €2.4million, due to the pending works on the Spa. In terms of its memorandum of association, PML is empowered to secure and guarantee any debt, liability, or obligation of

any third party.

2.3.2 Phoenicia Hotel Company Limited

PHCL was incorporated in the United Kingdom in 1935 and registered in Malta in 1965. PHCL is responsible for the operations of the Phoenicia Hotel. Through PHCL the Group provides hospitality services which can be further divided into three major segments; hotel accommodation (“Rooms”), restaurants and bars, conferencing and banqueting (“Catering”) and other minor divisions (“Other”).

Rooms

The Rooms segment is the most important source of income for the Group, accounting for 69% of the Group’s revenue in 2019. The Hotel has a capacity of 136 rooms, 8 of which are luxury suites. Room revenue is generated through various channels, including online bookings made on the Hotel’s official website, global distribution systems, LHW reservation systems and other online travel agents.

Catering

The Catering segment covers the Hotel’s food and beverage facilities, which can be further subdivided into the operations of the Hotel’s restaurants and bars and the Hotel’s conference and banqueting services offered at the Phoenicia. The Hotel operates 5 food and beverage outlets and 650 sqm of conference and banqueting facilities used to cater for large events, weddings, conferences and meeting rooms. Catering revenue accounted for 29% of Group’s revenue in 2019.

Other

Phoenicia also generates a small portion of its revenue from other activities such as the sub-leasing of two establishments and a tour-operating desk for commercial purposes as well as ancillary services such as telephone and airport transfers.

The Phoenicia has been a member of the LHW network since December 2015. This membership further establishes the Hotel’s position in the luxury hotel segment and provides access to global loyalty programmes, namely the American Express Travel’s Fine Hotels and Resorts, and is presently the only local hotel to be given this prestigious accolade.

The Phoenicia Hotel terminated the hotel management agreement entered into between PHCL and Campbell Gray Hotel Limited, with effect from 25 March 2019. The termination did not have any material impact on the Guarantor’s operations. The hotel reverted to trading as an independent hotel for the foreseeable future, with continuous investment in operational excellence. The Phoenicia Hotel’s membership in “The Leading Hotels of the World”,

governed by a hotel membership agreement entered into between the PHCL and LHW in 2015, continues to reinforce the Phoenicia Hotel's position in luxury accommodation on an international level.

3 MAJOR ASSETS OF THE GROUP

3.1 The Phoenicia Hotel

The Phoenicia is a prestigious five-star hotel situated in Floriana that is owned by PML and operated by PHCL. The Hotel has a capacity of 136 rooms, including 8 luxury suites, 3 restaurants, 2 bars and conference amenities.



The Hotel invested around €29.4million in the Refurbishment program which resulted in a revaluation of the property in 2017 and is valued at €86.4million as at 31st December 2019. The Hotel was entirely closed for 17 months, from November 2015 to (mid) April 2017 and operated at circa 75% capacity until completion of works in November 2017. As part of the Refurbishment, the Hotel embarked on a project of completion of the Spa building in Q3 of

2019 together with the upgrading of a number of other areas of the hotel. The Spa will entail an indoor swimming pool, 5 treatment rooms, a gym, studio, sauna, steam room, multi jet showers, salt room and a juice bar, and will be managed by the world-renowned French Spa operators, Deep Nature. The Spa is in the final stages of completion, however plans for opening are scheduled for when the pandemic situation, and demand for health and wellbeing services improve.

Hotel Metrics and Combined Financial Information	2017	2018	2019	2019	2020
KPIs	Actual	Actual	Forecast	Actual	Forecast
Revenue (€000)	6,777	12,933	15,214	13,265	3,758
Gross Operating Profit (€000)	1,260	5,224	6,556	5,218	(335)
EBITDA (€000)	919	4,673	5,970	4,906	(580)

Benchmark Performance

Occupancy level	76%	74%	73%
Average Room Rate (ARR) (€)	159	166	169
Revenue per available room (RevPAR) (€)	121	123	124

Phoenicia Performance

Room Revenue	4,611	9,069	10,309	9,169	2,357
Overall occupancy	74%	79%	82%	79%	26%
Gross Operating Profit Margin	19%	40%	43%	39%	-9%
ARR (€)	213	232	253	233	182
RevPAR (€)	157	183	208	185	47

Source: Management information; Combined Financial Statements; MHRA Reports

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Following the closure, the Hotel has shown significant improvements in its business offering and performance metrics. The 2018 full year results illustrate the improvement in the Hotel's performance following the refurbishment, with both revenue and EBITDA nearly doubling to €12.9million and €4.7million respectively.

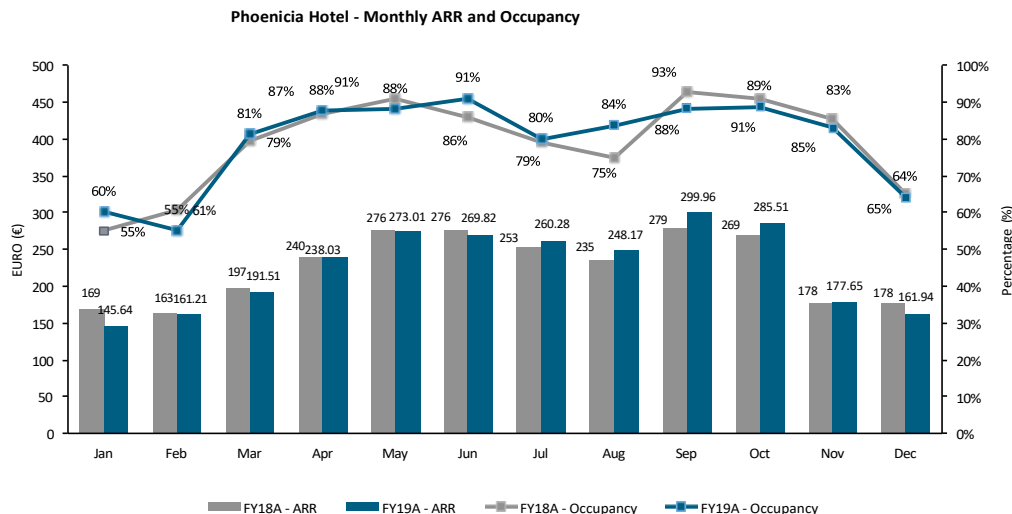
The improved performance in 2018 can be attributed to increased capacity available and higher RevPAR. The occupancy rate during the year improved to 79% in 2018 compared to 74% a year earlier. The Hotel also reported higher revenue per available room ("RevPAR") and average room rate ("ARR"), increasing to €183 and €232 respectively. Phoenicia generated a higher ARR and RevPAR compared to the average of the 5 star hotels in Malta ("the Industry"). In 2019 the Hotel consolidated the positive performance as occupancy levels remained in line with 2018 at 79% whilst ARR and RevPAR increased marginally to €233 and €185 respectively. Management noted that the market in 2019 was generally weaker than forecast, particularly its main market, the United Kingdom ("UK"), due to the uncertainties caused by longer-term Brexit negotiations. Nonetheless, Phoenicia continued to show growth over the previous year and continued to compare favourably to the market. The Phoenicia's

¹ Gross Operating Profit estimate is a hotel KPI that differs from the operating profit (as per financial statements) as it excludes the impact of insurance, management fees, depreciation and amortisation

peak months include May, June, September and October. Management notes that Phoenicia's seasonality pattern could be considered particular in that it reflects a more linear revenue stream than that of the market.

Management expect the Hotel's 2020 annual performance to be significantly impacted by the Covid-19 pandemic as a result of the containment measures put in place during the year as well as the impact it has had on demand overall. The Hotel experienced curtailment of its business in March 2020 due to the Pandemic, which coincide with the opening of the peak season. Occupancy levels for the year are forecasted to decline to c. 26%, whilst RevPAR is expected to decline by 75% to €47. Management anticipates that the recent restrictions imposed by the UK on travel to Malta, will have a significant impact on demand from the UK market, which is one of the Hotel's strongest markets.

Following the lifting of legal notices by the Government, the Hotel has re-instated the food and beverage operation at the swimming pool in June, and on 1 July 2020, the hotel welcomed its first guests to the hotel once again. In response to the new environment resulting from the pandemic, management adjusted its strategy, targeting the local market and opening the poolside to non-hotel guests for summer. Management notes that the relatively moderate decline in forecast ARR also reflects its view that the Hotel is generally able to sustain rates at certain levels.



4 INDUSTRY OVERVIEW

4.1 Economic Update²

Malta's economy continued to grow in 2019, albeit at a slower pace than the previous year. Real GDP, which rose by 4.4%, was boosted by domestic demand, primarily from government expenditure and gross fixed capital formation ("GFCF"). The domestic economy continued to be driven by the services sector, which contributed 5.9% to the 6.8% nominal GDP growth for 2019. The labour market showed favourable improvements in 2019 as unemployment reached new lows. The unemployment rate stood at 3.2% for the fourth quarter of 2019, below the structural level of unemployment (4.0%) and the average rate for the euro area (7.4%).

As a result of the coronavirus pandemic and the unprecedented containment measures introduced by the government, economic activity decelerated significantly in the first quarter of 2020. Real gross GDP declined to 0.5% from 4.8% in the fourth quarter of 2019. Domestic demand declined by 3.3%. This contraction was driven by an 18.5% decline in GFCF and a 3.0% decline in private expenditure. The impact on private expenditure was broad based whilst the decline in GFCF was primarily a result of lower investment in travel equipment. On the other hand, government expenditure increased by 9.3%, partially offsetting the contractions in GFCF and private consumption. Labour market conditions remained somewhat resilient with the employment rate increasing slightly to 74.6% and unemployment marginally above the previous quarter at 3.3%. It is important to note that since the first local case was registered in March, the impact of Covid-19 is not fully captured by Q1 2020 data. As a result of the tight labour market and the high level of uncertainty for businesses, employers were reluctant to let go of employees, particularly full timers, and instead opted to reduce the number of hours worked.

All euro area countries are expected to register negative growth rates in 2020, with economic activity in Malta expected to contract by 4.8% for the year. GDP growth is expected to rebound in 2021 by 5.8%

4.2 Tourism and Hospitality³

The local tourism industry continued to experience year on year growth, however the expansion moderated in 2019 following three consecutive years of double digit growth in tourist arrivals. Tourist arrivals increased by 5.9% in 2019, as the number of tourists coming to Malta exceeded 2.7 million, 2.4 million of which travelled for leisure purposes.

In 2019, the number of tourist nights exceeded 2018 levels by 4.1%. Nights spent in collective accommodation remained relatively flat, declining by 0.1%, whilst total guest

² Central Bank of Malta Annual Report 2019; Central Bank of Malta Quarterly Review 2020:3

³ MHRA Survey Q4 2019 and Year to Date; Central Bank of Malta Annual Report 2019; EY Covid-19 industry pulse report: Tourism

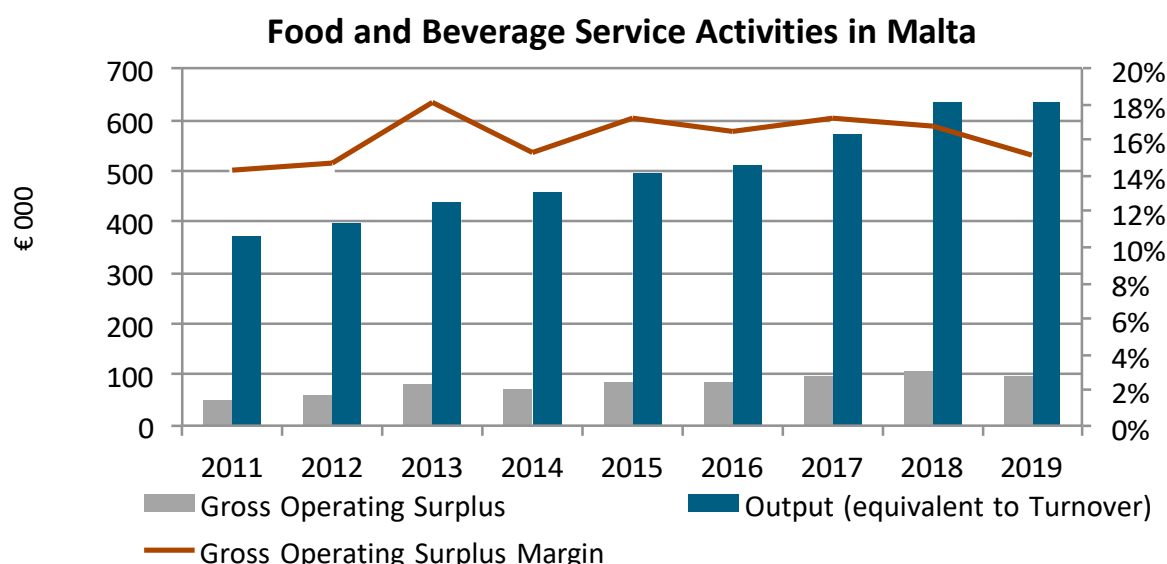
nights in private accommodation and non-rented accommodation continued to gain popularity, increasing by 2% and 14% respectively.

The five star hotel sector average reported a 2% YoY increase in room rates to €169 from €166 whilst RevPAR was in line with 2018 at €124. On the other hand, on average, five star hotels reported a decline in occupancy levels from 74.2% in 2018 to 73.3% in 2019.

The sustained growth experienced in recent years has been halted in 2020 as a result of the Covid-19 pandemic. The tourism industry is expected to be one of the worst hit sectors. According to a study carried out by EY Malta, hoteliers are expecting the pandemic to significantly impact profitability in 2020 as a result of an increase in cancellations, new reservations having ceased and large conferences being postponed to 2021.

4.3 Food and Beverage⁴

The food and beverage sector comprises of restaurant and mobile food services, beverage serving activities, event catering and other food services. The number of food and beverage enterprises in Malta increased to circa 2,900 in 2019, increasing by 5% over the previous year. The total turnover generated by these enterprises remained in line with the previous year, amounting to €631.8 million in 2019. Gross operating surplus declined by 10.6% to €95.7 million in 2019, following two consecutive years of solid growth. Since 2011, gross operating surplus grew by an annual compound growth rate of 7.8%.



⁴ NSO NACE56; Central Bank of Malta 'Household expenditure in Malta and the RPI Inflation Basket'.

5 PERFORMANCE AND FINANCIAL POSITION OF THE ISSUER

The Issuer was registered on the 23rd October 2018, and thus has no trading record or operational history before this date. The Issuer was incorporated to act as a financing vehicle of the Group and is therefore dependent on the financial and operational performance of the Group.

The financial information presented for the Issuer represents the un-audited financial information for the period from the 23rd October 2018, being the date of incorporation, to the 31st December 2018 (“2018”), the audited financial information for the period from the 23rd October 2018 to the 31st December 2019 (“2019”), covering a 14-month period, and the unaudited financial statements provided by management for the 12-month period from 1st January 2019 to 31st December 2019. The forecasted financial statements for the year 31st December 2020 (“FY2020”) have been provided by the management of the Group. This section also includes references to forecast financial statements provided by management for 2020, which are based on certain assumptions. Events and circumstances may differ from expectations; therefore, actual results may vary considerably from projections.

5.1 Statement of Comprehensive Income

Phoenicia Finance Company plc	2018 Oct'18-Dec'18 Actual	2019 Oct'18-Dec'19 Actual	2019 Jan'19-Dec'19 Actual	2019 Jan'19-Dec'19 Forecast	Variance	2020 Jan'20-Dec'20 Forecast
<i>Statement of comprehensive income (€000)</i>						
Finance Income	74	1,265	1,191	1,185	1%	1,273
Finance Costs	(80)	(1,227)	(1,147)	(1,108)	4%	(1,153)
Net Interest Earned	(6)	39	45	78	-42%	121
Administrative expenses	(15)	(85)	(70)	(50)	40%	(65)
Expected credit losses	(13)	(13)	-	-	-	-
Loss before tax	(34)	(59)	(25)	28	-	55
Tax (expense) / credit	-	21	-	(25)	-	(19)
Profit for the year - total comprehensive income	(34)	(39)	(25)	2	-	36

Source: Phoenicia Finance Company plc annual reports; Management information

PFC was set up as a special purpose vehicle, acting as the finance company for the Group and thus, income is to be generated from interest receivable on advances to Group companies. In 2019, PFC reported finance income of €1.3million, €1.2million of which related to interest on loan to parent company and €24k as a commitment fee for period of unutilised loan. Finance costs amounted to €1.2million, relating to interest on the bond of €1.1million and amortisation of bond issue costs of €117k. In 2020, the Issuer is projected to receive €1.3million from interest receivable from Group companies and incur €1.2million in finance costs, comprising of interest payable to bond holders and bond amortisations costs. The results in 2020 will reflect a full year of operations as opposed to the 14-month period shown for 2019.

5.2 Statement of Cash Flows

Phoenicia Finance Company plc	2018 Oct'18-Dec'18 Actual	2019 Oct'18-Dec'19 Actual	2019 Jan'19-Dec'19 Actual	2019 Jan'19-Dec'19 Forecast	Variance	2020 Jan'20-Dec'20 Forecast
<i>Statement of cash flows (€000)</i>						
Net cash (used in) / generated from operating activities	(1)	6	7	124	-94%	(74)
Net cash (used in) / generated from investing activities	(22,439)	(24,189)	(1,750)	(2,051)	-15%	(125)
Net cash generated from / (used in) financing activities	24,930	24,644	(254)	-	-	-
Net movement in cash and cash equivalents	2,490	461	(1,997)	(1,927)	4%	(199)
Cash and cash equivalents at beginning of year	-	-	2,459	2,490	-1%	461
Cash and cash equivalents at end of year	2,490	461	461	563	-18%	262

Source: Phoenicia Finance Company plc annual reports; Management information

The issuer raised €25million through the bond issue in 2018, which was then loaned out to related parties to refinance existing borrowings and to complete the Refurbishment. As stated earlier, 2019 audited financial information covers the period from the 23rd October 2018 to the 31st December 2019, thus capturing the cash flows from the bond issue, whilst 2019 forecasts covered the 12-months following the bond issue. In 2020, management are anticipating cash outflows of €0.2million, resulting in a cash balance of €0.3million as at 31st December 2020.

5.3 Statement of financial position

Phoenicia Finance Company plc Statement of financial position (€000) - 31st December	2018 Actual	2019 Actual	2019 Forecast	Variance	2020 Forecast
ASSETS					
Non-current assets					
Financial assets	22,499	24,176	24,550	-	24,301
Deferred tax asset	-	21	-	-	-
Total non-current assets	22,499	24,196	24,550	-	24,301
Current assets					
Other receivables	41	182	-	-	399
Financial assets	-	56	-	-	56
Cash and cash equivalents	2,490	461	563	-18%	262
Total current assets	2,531	699	563	24%	717
Total assets	25,030	24,895	25,113	-1%	25,017
EQUITY AND LIABILITIES					
Issued Capital	250	250	250	-	250
Accumulated losses	(34)	(39)	(32)	20%	(3)
Total Equity	216	211	218	-3%	247
Non-current liabilities					
Interest-bearing borrowings	24,402	24,511	24,595	-	24,627
Total non-current liabilities	24,402	24,511	24,595	-	24,627
Current liabilities					
Interest-bearing borrowings	72	45	-	-	45
Trade and other payables	341	127	341	-63%	98
Total current liabilities	413	172	341	-49%	143
Total liabilities	24,814	24,684	24,936	-1%	24,770
Total equity and liabilities	25,030	24,895	25,154	-1%	25,017

Source: Phoenicia Finance Company plc annual reports; Management information

The Issuer's balance sheet reflects its role as the financing arm of the Group with total assets of €24.9million at the end of 2019, mainly made up of the loan to parent company (€24.2 million), cash (€461k) and other receivables (€182k) relating to prepayments for administrative expenses and amounts due from the parent company for expenses paid by PFC. On the liability side, the loan to the parent company was financed by the issue of the €25million 4.15% Unsecured 2023-2028 Bond ("the Bond Issue").

6 PERFORMANCE AND FINANCIAL POSITION OF THE GROUP

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

The Group does not have a statutory requirement to prepare consolidated financial statements. However, management prepared combined financial statements for FY2017-FY2019 based on an aggregation of the audited financial statements of PML, PHCL and PFC⁵, and after taking into consideration intercompany and consolidation adjustments ("the Combined Financial Statements"). The Combined Financial Statements for FY2017, FY2018 and FY2019 have been audited by Ernst & Young Malta Limited, Independent Auditors, as stated in their report. Combined Financial Statements are also provided on the basis of management forecasts, taking into account applicable consolidation adjustments.

The following financial information is extracted from the Combined Financial Statements of the Group for the three years ended 31st December 2017 to 31st December 2019. The forecasted financial information for the year 31st December 2020 ("FY2020") has been provided by the management of the Group. This section also includes references to forecast financial statements provided by management for 2020, which are based on certain assumptions. Events and circumstances may differ from expectations; therefore, actual results may vary considerably from projections.

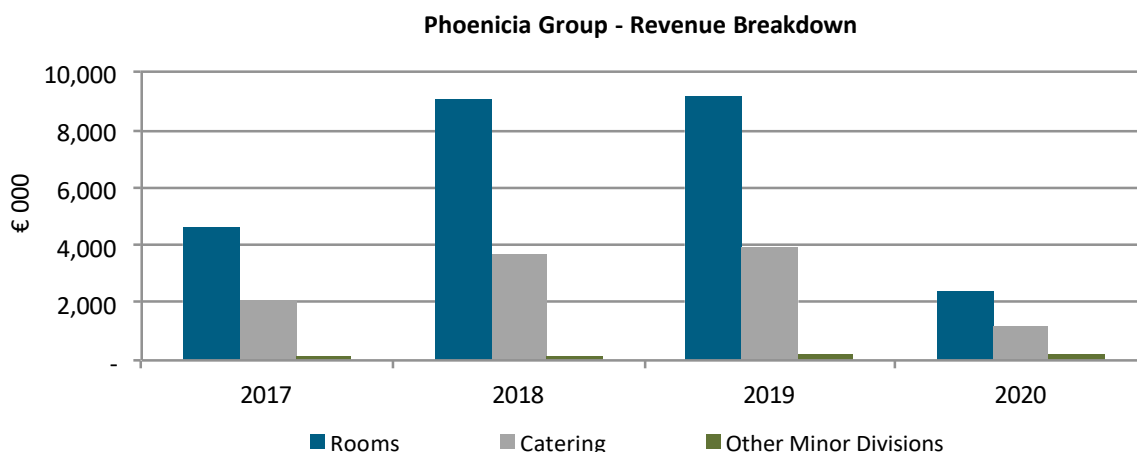
⁵ The audited financial statements of the Guarantors have been prepared in accordance with IFRS as adopted by the European Union and comply with the Companies Act, Cap. 386 of the Laws of Malta

6.1 Statement of Comprehensive Income

Combined Financial Statements Statement of comprehensive income (€000) - 31 December	2017 Actual	2018 Actual	2019 Actual	2019 Forecast	Variance	2020 Forecast
Revenue	6,777	12,933	13,265	15,214	-12.8%	3,758
Cost of sales	(4,857)	(6,954)	(7,197)	(8,131)	-11.5%	(3,227)
Gross Profit	1,920	5,979	6,068	7,082	-14.3%	532
Administrative expenses	(2,081)	(3,050)	(3,071)	(3,023)	1.6%	(2,895)
Selling and marketing expenses	(466)	(572)	(691)	(724)	-4.5%	(474)
Other income	-	-	333	-	-	-
Operating Profit	(633)	2,356	2,638	3,335	-20.9%	(2,838)
Finance Costs	(1,458)	(1,714)	(1,794)	(1,725)	4.0%	(1,776)
Break fee on other loan	-	(3,383)	-	-	-	-
Profit before tax	(2,091)	(2,741)	845	1,610	-47.5%	(4,613)
Tax expense	2,203	645	45	(748)	-106.0%	(23)
Profit for the year	112	(2,096)	890	862	3.2%	(4,636)
Revaluation of PPE	38,418	-	-	-	-	-
Re-estimation of deferred tax liability	-	1,801	-	-	-	-
Total comprehensive income for the year	38,530	(295)	890	862	3.2%	(4,636)
EBITDA	919	4,673	4,906	5,970	-17.8%	(580)

Source: Combined Financial Statements, Management information

As illustrated by the Group's financials for 2018 and 2019, the Hotel has performed strongly following the re-opening. The Group generates revenue from three business segments: Rooms, Catering and Other ancillary revenue. The Group is also expecting to start generating revenue from its Spa in Autumn 2020.



Source: Management Information; Combined Financial Statements; Curmi and Partners Ltd

The Group reported top line growth of 90.8% to €12.9million in 2018 of which €9.1million was generated from room revenue, marking the first full year of operations at full capacity for the Hotel since 2014. The Hotel enjoyed higher ARR and RevPAR following the Refurbishment, while occupancy levels stood 79% in 2018. Revenue from restaurant and bars doubled to €2.6million, while revenue from conferences and banqueting increased 70.7% to

€1.3million, boosted by an increased marketing budget and exposure gained during the wedding fair.

The Group's performance in 2019 was generally in line with 2018, with marginal improvements in occupancy and ARR resulting in improved revenue and stable EBITDA. The revenue composition was largely unchanged, with Rooms revenue accounting for 69% of total revenue, marginally higher than the previous year at €9.2million. Total revenue increased by 2.6% to €13.3million. The variance from forecasts is mainly due to marginally lower RevPAR than expected. Management indicated that this was mainly due to uncertainties over Brexit that affected travel plans from the United Kingdom ("UK"), a strong market for the Hotel. Nonetheless, management noted that although the market in 2019 was weaker than expected, RevPAR continued to grow year-on-year and continued to compare favourably to the market.

During 2019, cost of sales increased by 3.5% to €7.2million. Gross profit margin deteriorated slightly from 46.2% to 45.7% in 2019 as cost of sales increased at a marginally faster rate than revenue. EBITDA improved to €4.9million (2018: €4.7million), boosted by a one-off income from unclaimed advances by previous shareholders of the Group which were released in 2019. EBITDA excluding this one-off income ("Adjusted Ebitda") amounted to €4.6million.

Selling and marketing expenses increased to €0.7million in 2019, reflecting an increase in the membership fee to LHW. On the other hand, administrative expenses remained in line with last year, as a decrease in management fees, from the termination of the Hotel's management agreement with CGHL, was more than off-set by an increase in other administrative related costs, particularly relating to HR. The Hotel reported the first profit before tax since the refurbishment project which amounted to €0.9million.

As a result of the coronavirus pandemic and the containment measures taken by governments globally, the Group's performance is expected to be significantly weaker in 2020. The Group is expecting revenue to fall by 72% to €3.8million, with occupancy levels dropping to 26% in 2020. RevPar and ARR are also expected to decline to €47.4 and €181.8 respectively. The catering segment is also being impacted as a result of weddings and conferences being cancelled or postponed to 2021.

In order to safeguard the financial health of the business, management have considered and implemented cost cutting measures whilst ensuring that the hotel was prepared to welcome guests once restrictions were lifted. Operating expenses, in aggregate, are expected to decline by 40% mainly from reductions in variable payroll costs, in addition to management efforts to increase efficiency and flexibility within all departments. The Group has also made some adjustments to the overall strategy of the Hotel to maximise revenue, namely by targeting the domestic market as well as making the pool facilities accessible to non-residents. The Group is also benefitting from various government schemes such as wage supplements, the Teleworking Grant Scheme and tax deferrals. Despite this, management are expecting an

operating loss of €2.8million and are not expecting to generate positive EBITDA in 2020. A loss before tax of €4.6million is also expected to be incurred.

6.2 Statement of Cash Flows

Combined Financial Statements <i>Statement of cash flows (€000) - 31 December</i>	2017 Actual	2018 Actual	2019 Actual	2019 Forecast	Variance	2020 Forecast
Net cash generated from / (used in) operating activities	2,051	4,766	4,036	6,245	-35.4%	(485)
Net cash (used in) / generated from investing activities	(6,156)	(4,917)	(1,585)	(1,918)	-17.4%	(2,713)
Net cash (used in) / generated in financing activities	4,601	2,651	(3,552)	(3,416)	4.0%	4,663
Net movement in cash and cash equivalents	496	2,501	(1,101)	911	-220.8%	1,465
Cash and cash equivalents at beginning of year	(698)	(202)	2,299	2,299	0.0%	1,198
Cash and cash equivalents at end of year	(202)	2,299	1,198	3,210	-62.7%	2,663

Source: Combined Financial Statements, Management information

The Hotel reopened in 2017, enabling the Group to generate positive cash flows from operations of €2.1 million for the year. Cash outflows of €6.2million are related to the refurbishment project, which were substantially lower than the previous year. The Group raised additional bank financing of €5.7 million in 2017.

2018 was the first full financial year where the Hotel was able to operate at full capacity, following the refurbishment project. Consequently, cash inflows from operating activities increased twofold compared to 2017 to €4.8million. Cash outflows relating to the refurbishment project continued to decline, and amounted to €4.9million in 2018. Cash flows from financing came in at €2.7million, mainly coming from the net impact of the proceeds from the bond issue (+€25million), refinancing of existing loans (-€22million) and interest paid (-€3million).

In 2019 cash inflows from operations declined to €4.0million, mainly due to working capital movements which included a decrease in trade and other payables of €531k as a result of timing of invoices. The variance between projected and actual cash flows generated from operating activities is due to lower revenue generated, which resulted in lower profitability. Cash used in investing activities continued on its downward trajectory as the majority of the costs related to the refurbishment project were incurred in previous years. In 2019, the Group repaid €1.7 million in bank loans as well as €1.7 million in interest.

Due to the Covid-19 pandemic, the Hotel experienced a total curtailment of its business from March to June 2020 together with a substantial reduction in demand expected for the rest of the year. As a result, the Group is expecting cash used in operations to amount to €0.5million. However management notes that meanwhile the Group has continued with the works relating to the completion of the Spa whilst also refreshing a number of locations within the Hotel. Net cash used in investing activities is expected to amount to €2.7million, mainly reflecting the work carried out on the Spa. Cash flows from financing are expected to come in at

€4.7million driven by a drawdown on a banking facility amounting to €6million under the MDB Covid-19 Assist Programme.

6.3 Statement of Financial Position

Combined Financial Statements <i>Statement of financial position (€000) - 31 December</i>	2017 Actual	2018 Actual	2019 Actual	2019 Forecast	Variance	2020 Forecast
ASSETS						
Non-current assets						
Property, plant and equipment	86,726	87,146	86,399	87,525	-1.3%	86,855
Deferred tax asset	2,203	2,887	2,980	2,242	32.9%	2,980
Other non-current assets	50	50	50	-	-	50
Total non-current assets	88,979	90,083	89,429	89,767	-0.4%	89,884
Current assets						
Inventories	210	186	197	204	-3.1%	185
Trade and other receivables	735	785	734	837	-12.2%	123
Cash and cash equivalents	10	2,500	1,198	3,211	-62.7%	2,663
Total current assets	955	3,470	2,130	4,251	-49.9%	2,972
Total assets	89,934	93,553	91,559	94,018	-2.6%	92,856
EQUITY AND LIABILITIES						
Capital and reserves						
Share capital	13	13	13	13	0.0%	13
Deferred shares	839	839	839	839	0.0%	839
Revaluation reserve	34,584	36,323	36,260	36,323	-0.2%	36,260
Retained earnings	438	(1,595)	(644)	(733)	-12.2%	(5,280)
Total equity	35,874	35,579	36,469	36,442	0.1%	31,833
Non-current liabilities						
Interest-bearing loans and borrowings	36,923	46,046	44,446	44,704	-0.6%	50,886
Deferred tax liability	6,534	4,733	4,761	4,733	0.6%	4,761
Total non-current liabilities	43,457	50,779	49,208	49,436	-0.5%	55,647
Current liabilities						
Trade and other payables	8,611	5,010	3,953	6,328	-37.5%	3,445
Interest-bearing loans and borrowings	1,780	1,946	1,910	1,710	11.7%	1,910
Current tax payable	-	38	20	102	-80.6%	23
Bank overdraft	212	201	-	-	-	-
Total current liabilities	10,602	7,195	5,882	8,141	-27.7%	5,377
Total liabilities	54,059	57,974	55,090	57,577	-4.3%	61,024
Total equity and liabilities	89,934	93,553	91,559	94,018	-2.6%	92,857

Source: Combined Financial Statements, Management information

Following the increase in total assets in 2017, which was driven by the revaluation of the property undertaken by the Group, total assets increased further in 2018, amounting to €93.6million as at 31st December 2018. This growth was driven by the increase in cash and cash equivalents to €2.5million (2017: €10k). Deferred tax asset increased to €2.9million (2017: €2.2million) mainly due to temporary differences relating to tax losses and capital allowances.

Total liabilities increased to €58.0million in 2018 compared to €54.1million in 2017. Interest bearing loans and borrowings increased to €46.0million (2017: €36.9million) as a result of

the bond issue (+€24.4million). Current borrowings were largely unchanged at €1.9million. Trade and other payables declined to €5.0million in 2018 from €8.6million a year earlier mainly driven by the progress in the refurbishment project which meant lower capital creditors at year-end. The deferred tax liability declined to €4.7million in 2018 (2017: €6.5million) after a change in estimates by Management in relation to depreciation rates used for PPE.

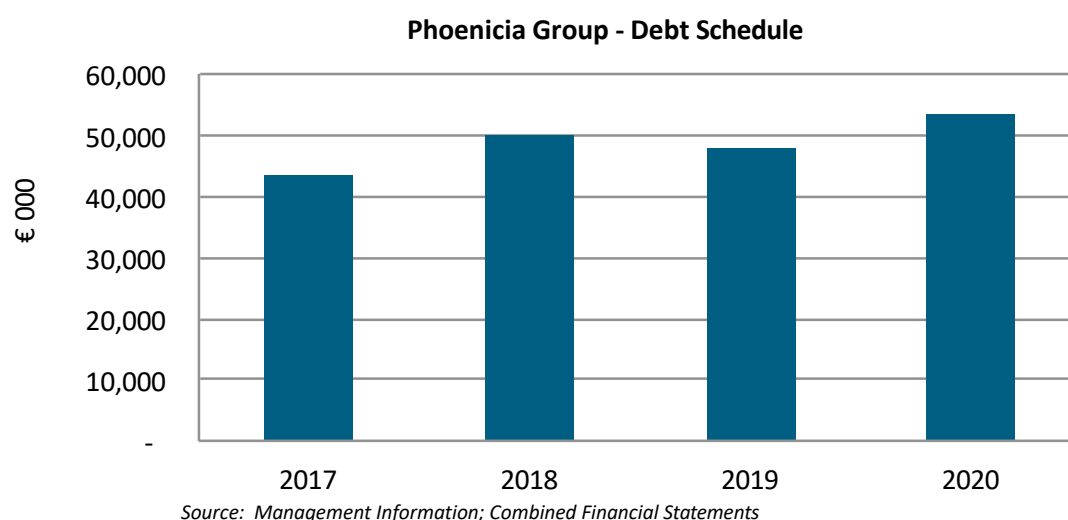
During 2019, total assets declined to €91.6million, primarily due to lower cash and cash equivalents which declined from €2.5million to €1.2million as at 31st December 2019. The deferred tax asset increased to €3.0million (2018: €2.9million) as tax losses remained unutilized.

Total liabilities also declined from €58.0million in 2018 to €55.1million at the end of 2019. Interest-bearing borrowings declined by €1.7million, reflecting the repayment of bank loans made during the year. Trade and other payables were also lower, declining to €3.9million (2018: €5.0million) as a result of lower trade payables (-€439k) and the release of €333k relating to unclaimed advances by the previous shareholders of PML. Total equity increased to €36.5million as a result of increased profitability which drove accumulated losses lower to €644k versus €1.6million in 2018.

The financial statements of PML, one of the Guarantors, indicate that as at 31st December 2019 there were certain differences between the amounts being claimed by the contractor and the amounts that have been certified as due based on the assessment of a professional cost consultancy firm engaged by the Group since the inception of the project. Management are of the opinion that no amounts are due and accordingly no provision has been included in the financial statements.

Management expect total assets to amount to €92.9million as at 31st December 2020, as cash and cash equivalents are expected to increase to €2.7million (2019: €1.2million). On the other hand, total equity is expected to decline to €31.8million (2019: €36.5million) as a result of the losses incurred during the year. Accumulates losses are expected to increase to €5.3million versus €0.6million in 2019.

6.4 Borrowings



The Group has been mainly financed through debt over the years. When the Group was acquired by the current ultimate beneficial owner, the underlying debt of PML due to the NAMA was assigned to Teramy. The level of borrowings further increased in recent periods, with the Group funding a major investment project via debt in 2016. In total, the Group raised c.€25million in bank debt since 2016 primarily to finance the Refurbishment of the Hotel, with circa €5million of these bank facilities used to repay a portion of the Teramy debt. The Bond issued during 2018 was partly used for refinancing purposes, repaying part of the Teramy debt and bank debt. Total borrowings as at 31st December 2018 amounted to €49.8million, mainly comprising the bond issue and bank debt. Total borrowings as at 31st December 2019 declined to €47.5million, due to the repayment of a bank loan of €1.7million and the elimination of the bank overdraft of €201k. In response to the Covid-19 pandemic the Group obtained further finance to support working capital and liquidity requirements. As a result, total borrowings are expected to increase to €53.3million in 2020.

Combined Financial Statements	2017	2018	2019	2019	2020
Borrowings Breakdown	Actual	Actual	Forecast	Actual	Forecast
Bank Borrowings	25,375	23,719	21,798	21,845	28,123
Other Borrowings	17,923	1,568	1,826	1,171	571
4.15% Bond	-	24,474	24,595	24,511	24,627
Total Borrowings	43,297	49,761	48,219	47,527	53,321

Source: Combined Financial Statements; Management information

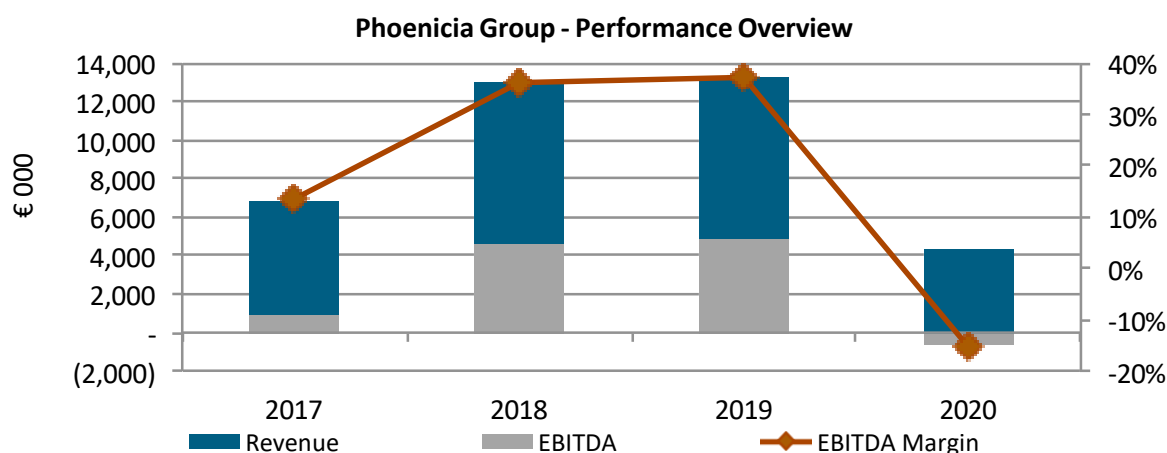
6.5 Evaluation of Performance and Financial Position

The refurbishment project has enhanced the Hotel's performance, achieving higher ARR, RevPAR and occupancy levels following the re-opening. The Hotel implemented a solid recovery in 2018 which further consolidated in 2019. However due to the Covid-19 pandemic this positive trend is not expected to continue through to 2020 as occupancy levels and RevPAR are expected to be significantly weaker for the year.

The Hotel operated at full capacity during 2018, the first year this has happened since 2015. The improvement in financial performance was evident, with EBITDA of €4.7million in 2018 (2017: -€0.6million). This improvement was driven by higher ARR and RevPAR achieved during the year. The Hotel reported loss before tax of €2.7million in 2018, which was mainly driven by a €3.4million charge for early repayment of a debt facility. Excluding this one-off charge, the Hotel would have reported profit before tax of €0.7million.

In 2019, which marked the second full year of operations post the refurbishment, EBITDA amounted to €4.9million, slightly above 2018 levels. Adjusted EBITDA, which excludes a one-off release of funds of €333k, was in line with the previous year at €4.6million. ARR and RevPAR increased marginally, albeit lower than expected due to a weaker UK market than anticipated, as a result of prolonged BREXIT negotiations. Profit before tax improved to €845k, mainly due to the absence of a one-off charge relating to the early repayment fee as well as higher revenue generated during the year.

The hospitality industry has been impacted significantly by the coronavirus pandemic, as catering establishments were shut down and a travel ban was imposed in March. Although many restrictions have been lifted, the Group's operations continue to be impacted by the pandemic. Phoenicia did not accommodate hotel guests for the months between 19 March 2020 and 30 June 2020, and although the hotel started accommodating business in July, occupancy levels for the rest of the year are expected to be significantly lower than the same period last year. Despite efforts to control costs, management does not expect to generate positive EBITDA, due to a significant (72%) decrease in revenue. The management of the Group is continuously assessing and monitoring the situation in order to maximize efficiency and minimize the impact of the pandemic on the Group's operations. However, given that the situation remains fluid, visibility is extremely limited.



Source: Management information; Combined Financial Statements; Curmi and Partners Ltd

Combined Financial Statements	2017	2018	2019	2020
<i>Profitability Ratios - 31 December</i>	Actual	Actual	Actual	Forecast
Gross Profit Margin (Gross Profit / Revenue)	48.1%	46.2%	45.7%	14.1%
Operating Profit Margin (Gross Operating Profit / Revenue)	18.6%	40.4%	39.3%	-8.9%
EBITDA margin (EBITDA / Revenue)	13.6%	36.1%	37.0%	-15.4%
Interest Coverage (EBITDA / Net Finance Costs)	0.6x	2.7x	2.7x	-0.3x
Return on Assets (Gross Operating Profit / Average Total Assets)	2.0%	5.7%	5.6%	-0.4%
Return on Capital Employed (Gross Operating Profit / Average Capital Employed)	2.3%	6.3%	6.1%	-0.4%
Net Profit Margin (Profit for the year / Revenue)	1.8%	-16.2%	6.7%	-123.3%
Return on Equity (Profit for the year / Average Total Equity)	0.7%	-5.9%	2.5%	-12.7%

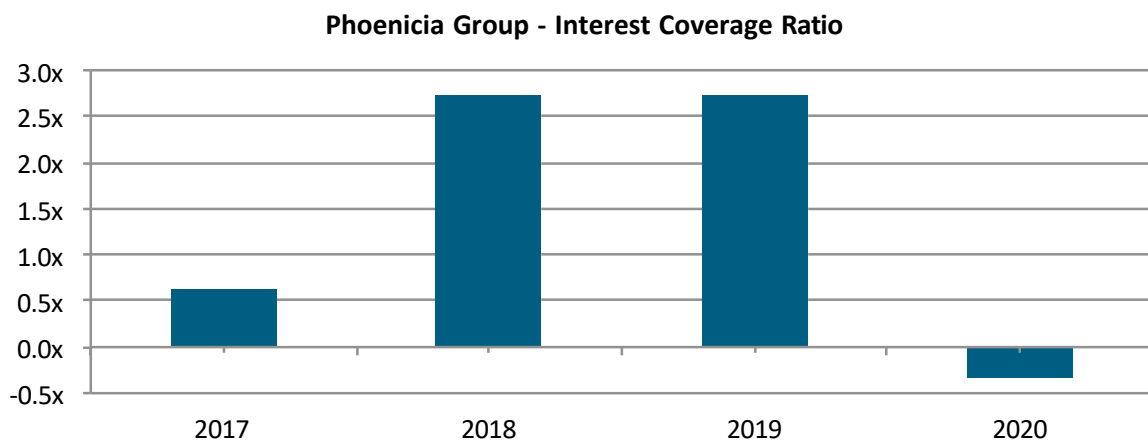
Source: Management information; Combined Financial Statements; Curmi and Partners Ltd

Return on Capital Employed (“ROCE”) and Return on Assets (“ROA”), hereby estimated on the basis of gross operating profit, have improved considerably since the refurbishment was completed.

Interest cover ratios were under pressure during the closure period, driven by negative or substantially diminished EBITDA, with finance costs remaining relatively unchanged. With the normalisation of operations, the Group’s interest cover improved to 2.7x in 2018 (with

this measure excluding the break fee of €3.3 million, a non-recurring finance cost item) and remained stable in 2019. Due to the impact of Covid-19 on EBITDA generation, management expect interest cover ratios to deteriorate to -0.2x whilst finance costs are expected to remain constant at €1.8million.

In 2019, the Group's net profit margin improved to 6.7%, reflecting the absence of the one-off break fee that was incurred in 2018 as well as improved profitability as operations continued to consolidate. Management expect bottom line margins and profitability to be negatively impacted by the coronavirus pandemic, as the Hotel's main operations were halted for a couple of months due to containment measures, with occupancy levels expected to be considerably lower than last year.



Source: Management Information; Combined Financial Statements; Curmi and Partners Ltd

Over the recent period, the Group's liquidity ratios were below 1x, with current liabilities exceeding current assets. In 2017, this was particularly due to an increase in capital payables related to the Refurbishment as well as an increase in trade payables. Capital payables decreased in 2018 and 2019, reflecting the completion of the Refurbishment project. Despite a decrease in current liabilities, the Group's liquidity ratios remained below 1x in 2019, as current assets declined further due to a decrease in cash and cash equivalents. Whilst liquidity ratios below 1x are not uncommon in the industry, with cash inflows from sales mainly received in advance compared to delayed outflows related to suppliers and expenses, the Group's position in this respect was also impacted by the Refurbishment which required liquidity resources to be diverted to the project.

Combined Financial Statements	2017	2018	2019	2020
<i>Statements of Financial Position Ratios - 31 December</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Forecast</i>
Current Ratio (Current Assets / Current Liabilities)	0.1x	0.5x	0.4x	0.6x
Quick Ratio (Current Assets less Inventories / Current Liabilities)	0.1x	0.5x	0.3x	0.5x
Gearing Ratio (1) (Borrowings / {Total Equity + Borrowings})	54.7%	58.3%	56.6%	62.6%
Gearing Ratio (2) (Borrowings / Total Equity)	1.2x	1.4x	1.3x	1.7x
Net Leverage Ratio (Net Borrowings / EBITDA)	47.1x	10.1x	9.4x	-87.3x
Free Cash Flow to Debt (Free cash flow / Borrowings)	-9.6%	-0.5%	6.2%	-1.6%

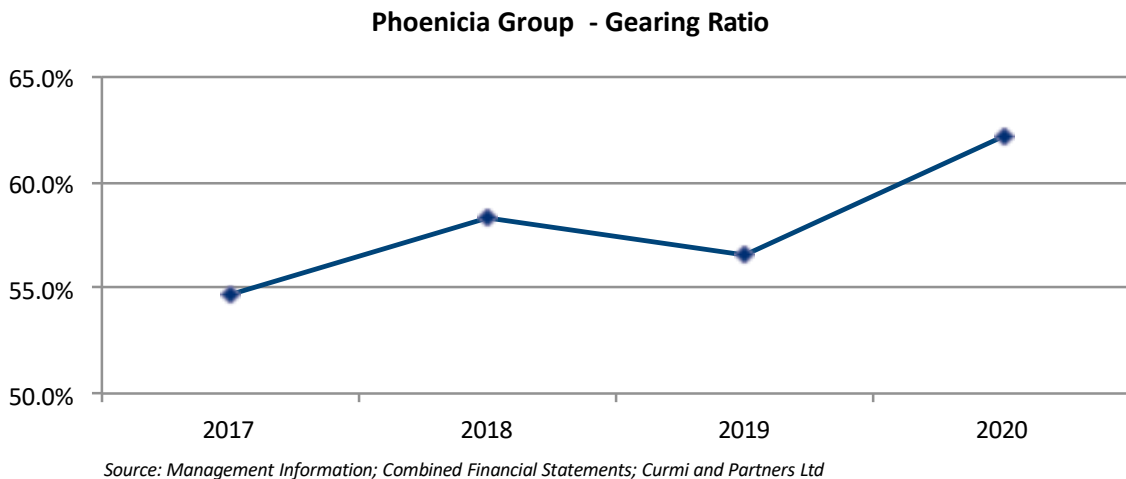
Source: Management information; Combined Financial Statements; Curmi and Partners Ltd

The Group's capital structure has improved following the refurbishment and the re-opening of the Hotel, benefitting from the property revaluation that took place in 2017 as well as from the Hotel's improved operational performance. Gearing, which increased in 2018 as a result of higher borrowings, improved in 2019 reflecting higher equity as a result of an increase in retained earnings and lower borrowings. Phoenicia's net leverage position has continued to improve declining from 47.1x in 2017 to 9.4x in 2019, due to enhanced EBITDA generation and lower debt levels. The improvement in net leverage levels seen over the last two years is expected to cease in 2020 as a result of the pressure from the Covid-19 pandemic on the Group's operations. Management forecasts indicate that the Group will not be able to generate positive EBITDA in 2020.

Free cash flow ("FCF"), hereby estimated by adjusting EBITDA for capital expenditures, changes in working capital (including inventories, trade and other receivables, trade and other payables, and advances from customers) and taxes paid, has improved in the last two years, reflecting the fact that Phoenicia's current major investment cycle has now peaked, with capital expenditure declining substantially. However, management expects FCF to worsen in 2020 due to weak EBITDA generation and higher capital expenditure.

Dividends are not expected to be paid out until the year ending 31st December 2021, in line with restricted payments covenants in place. Furthermore, these covenants stipulate that in the financial years following the year ending 31st December 2021, the Group will not pay any dividends unless the interest cover ratio is not below 3x and the debt-to-total capital ratio does not exceed 60%. Additionally, management notes that the dividend pay-out policy will also be driven by the level of profitability and the Group's overall strategy, including its investment plans.

Management notes that the Group holds development plans that were approved by the Planning Authority to develop an additional 42 rooms in the area known as St. John's Ditch ("the Ditch"). However it is noted that the above projections do not factor the impact for any further development.



7 COMPARABLES

The table below compares a selection of ratios of the Group to those of other issuers and group operating in the local hotel and entertainment industry. It is relevant to note that there could be variances in the mix of operations undertaken by these groups. In particular, certain other corporate groups operate in a diverse range of sectors, with operations not restricted to the hotel sector as is the case for the Group. Furthermore, whilst the Group operates a single property, most other companies operates multiple hotel assets. Other differences could include characteristics of the specific debt instrument.

However, the below comparison of basic credit metrics could be considered a useful indication of the relative financial performance and debt servicing capability of the Issuer. The below ratios are calculated using financials for FY2019 presented in their audited annual financial statements.

Comparables - Hospitality related companies on the MSE

<i>Issuer/ Group</i>	Gearing	Interest Coverage	Net Debt/EBITDA
Phoenicia Group	56.6%	2.7x	9.4x
AX Holdings	19.7%	5.6x	3.2x
International Hotel Investments	39.8%	3.8x	7.7x
Eden Leisure Group	32.5%	6.4x	3.4x
SD Holdings	36.8%	7.4x	2.0x
Tumas Group (Spinola Developments)	29.4%	9.1x	1.0x

Source: Financial Statements, Curmi and Partners Ltd

8 GLOSSARY

Non-current assets	Non-current assets are long-term investments, the full value of which will not be realised within the accounting year.
Current assets	Current assets are all assets that are realisable within one year from the statement of financial position date. Such amounts include trade receivables, inventory, cash and bank balances.
Current liabilities	Current liabilities are liabilities payable within a period of one year from the statement of financial position date, and include trade payables and short-term borrowings.
Non-current liabilities	Long-term financial obligations or borrowings that are not due within the present accounting year. Non-current liabilities include long-term borrowings, bonds and long-term lease obligations.
Total Equity	Total equity includes share capital, reserves, retained earnings and minority interests. It relates to the capital and reserves that are attributable to owners of the company.
Cash flow from operating activities	Cash flow from operating activities illustrates the cash-generating abilities of a company's core activities, and includes cash inflows and outflows that are related to operating activities.
Cash flow from investing activities	Cash flows from investing activities reflect the change in cash position resulting from investments and divestments.
Cash flow from financing activities	Cash flows from financing activities shows the cash inflows and outflows related to financing transactions with providers of funding, owners and the creditors.

Free Cash Flow	A measure of the ability to generate the cash flow necessary to maintain operations. It is the balance after all cash flows for operating activities, fixed asset net investments, working-capital expenditures. The definition of free cash flow may vary; for this purpose it was based on EBITDA adjusting for net investments, working capital and tax.
EBITDA	Earnings before interest, tax, depreciation and amortisation (EBITDA) is a measure of operating profitability. It excludes depreciation and amortisation, and is viewed as measure of a company's core profitability and cash generating ability.
Operating and Financial Ratios	
ARR	Average Room Rate (ARR) is the average price of each room sold during a particular period of time. It is calculated by dividing accommodation revenue by the number of rooms sold.
RevPAR	Revenue per available room (RevPAR). It is calculated by dividing the hotel's total revenue by the number of rooms available and the number of days in the period under consideration.
Occupancy level	Occupancy level is the percentage of available rooms being sold for a certain period of time. It is calculated by dividing the number of rooms sold by total number of rooms available.
Current ratio	The current ratio measures the ability to pay short term debts over the next 12 months. It compares a company's current assets to its current liabilities.
Quick ratio	Similarly to current ratio the quick ratio measures a company's ability to meet its short-term obligations with its most liquid assets. It excludes inventories from current assets.
Gearing or leverage ratio	The gearing or leverage ratio indicates the relative proportion of borrowings and equity used to finance a company's assets. It is estimated by dividing total borrowings by total borrowings plus total equity, or as the ratio of total borrowings to total equity.
Interest Coverage ratio	Interest coverage ratio is generally calculated by dividing a company's EBITDA, or EBIT (operating profit) of one period by the company's interest expense of the same period. It measures the

	ability of the borrower to service the finance costs related to borrowings.
Net Debt to EBITDA	This ratio compares financial borrowings and EBITDA as a metric for estimating debt sustainability, financial health and liquidity position of an entity. It compares the financial obligations to the actual cash profits.
Gross Profit Margin	Gross profit margin is the ratio of gross profit to revenue. It is the percentage by which gross profits exceed cost of sales, and is a measure of profitability at the most fundamental level.
Operating Profit Margin	Operating margin is a measure of profitability that measures the proportion of revenue that is left over after paying for all costs of production incurred in ordinary operations.
EBITDA Margin	Similarly to operating margin, EBITDA margin is a measure of profitability that measures the proportion of revenue that is left over after paying for all costs of production incurred in ordinary operations.
Net Profit Margin	Net profit margin is the ratio of profit for the period to revenues, and is a measure of how much of revenues is converted into bottom line profits.
Return on Assets (ROA)	Return on assets is the ratio of profit for the period or operating profit to average total assets for the period. It measures efficiency in using its assets to generate income.
Return on Capital Employed (ROCE)	This ratio measures efficiency in generating income but takes into consideration the sources of financing. Profit for the period or operating profit is divided by the capital employed (fixed assets plus working capital or total assets less current liabilities)
Return on Equity	Measures the profitability in terms of how much profit is generated in relation to owners' investment.