VON DER HEYDEN GROUP FINANCE plc

Reference: **VDHGF 53-2021**

COMPANY ANNOUNCEMENT

The following is a Company Announcement by Von der Heyden Group Finance p.l.c. [C 77266] (the 'Company') of 14 East, Level 8, Sliema Road, Gzira, GZR 1639, Malta pursuant to the Listing Rules issued by the Listing Authority.

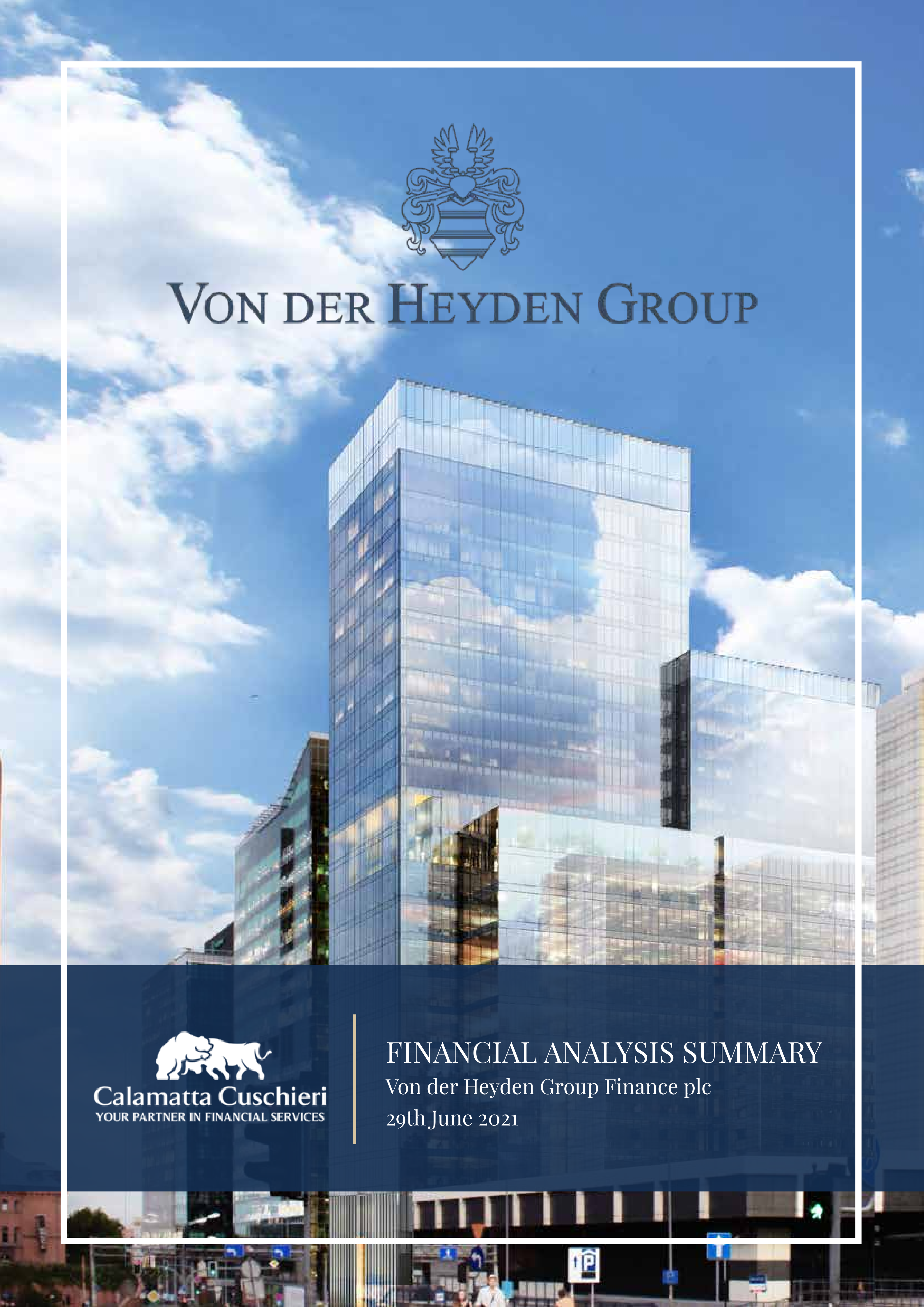
QUOTE

It is being announced that the updated Financial Analysis Summary 2021 of the Company dated today, 29 June 2021, has been approved for publication and is available herewith. It is also available for viewing on the Company's website at: https://vonderheydengroup.com/investor-relations/#reportandpublications

UNQUOTE

Dr. Karen Coppini
Company Secretary

29 June 2021



Von der Heyden Group

FINANCIAL ANALYSIS SUMMARY

Von der Heyden Group Finance plc

29th June 2021

Calamatta Cuschieri

YOUR PARTNER IN FINANCIAL SERVICES

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

29th June 2021

Dear Sirs,

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

The purpose of the financial analysis is that of summarising key financial data appertaining to Von der Heyden Group Finance p.l.c. (the "Issuer") and Timan Investments Holdings Ltd (the "Guarantor"), where the latter is the parent company of the Von der Heyden "Group". The data is derived from various sources or is based on our own computations as follows:

(a) Historical financial data for the three years ending 31 December 2018, 2019 and 2020 has been extracted from the audited financial statements of the Issuer and the Guarantor.

(b) The forecast data for the current financial year ending 31 December 2021 has been provided by management.

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

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

(e) The principal relevant market players listed in Part 3 of the document have been identified by management. Relevant financial data in respect of competitors has been extracted from public sources such as the web sites of the companies concerned or financial statements filed with the Registrar of Companies.

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

Yours sincerely,

Nick Calamatta
Director

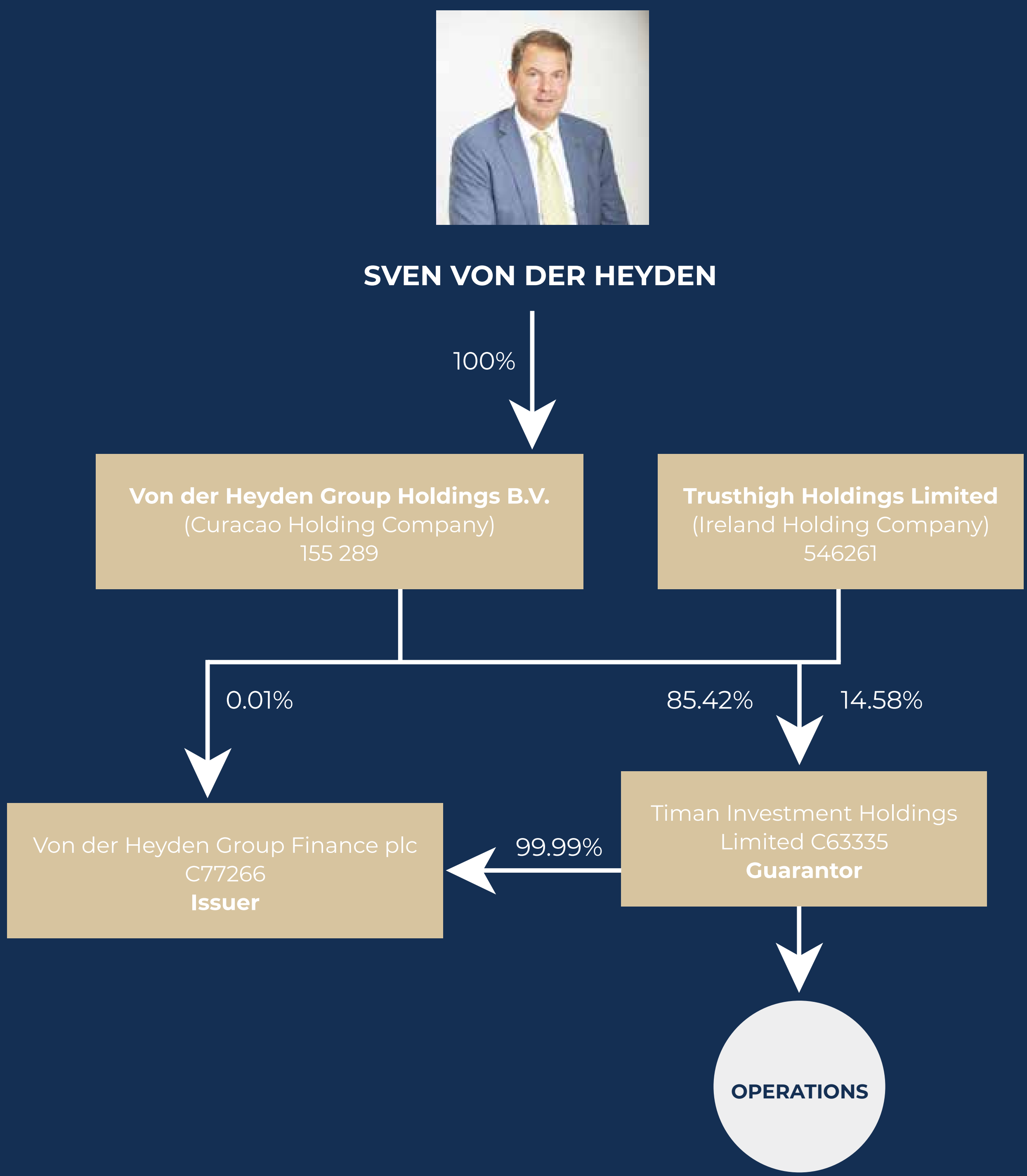
Table of Contents

Part 1

Information about the Issuer and the Guarantor

1.1 Issuer and Guarantor's Key Activities and Structure

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



Issuer and Guarantor's Key Activities and Structure

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

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

The Group is involved in real estate development, real estate investments and leasing, hotel management, hospitality and travel business, real estate brokerage, asset management and sale of fuel by the Group's fuel stations. It has operations in Germany, Poland, Ukraine, Spain, Portugal, Italy, Montenegro, and Malta.

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

- Von der Heyden Group Holdings B.V. - 3,249,924 class A Ordinary shares (85.4%) of €1 each fully paid up; and
- Trusthigh Holdings Limited - 554,717 class B Ordinary shares (14.6%) of €1 each fully paid up.

In terms of its Memorandum and Articles of Association, the Guarantor is controlled by Von der Heyden Group Holdings B.V. and, accordingly, the Group is ultimately controlled by Mr. Sven von der Heyden. The Guarantor acts as the parent company of the Group and its principal Malta registered subsidiaries are the Issuer and IBB Hotel Management Europe Ltd ("IHME"). As at 31 December 2020, the Group had 37 subsidiary entities (2 of which are immaterial and as such not consolidated) and 7 associated entities registered in Germany, Poland, Ukraine, Spain, Portugal, Italy, Malta, Montenegro, and the Netherlands. Amongst others, the Group's associates include Bogenhausener Tor Immobilien S.à r.l. ("BTI"), a company that was involved in the development of the Bavaria Towers Munich project, and IBB Hammetts Operations Limited, an operator of food & beverage outlets and event facilities in Malta.

Normally, the Group sets up a hotel operating company where it operates a hotel. Hotels, whether owned and managed or just managed, are all managed under the "IBB" brand. IBB Hotel Management Europe Limited has taken over the management of all the portfolio of hotels held by the Group providing services such as corporate accounting, a common online booking platform, revenue management and marketing & sales.

History of the Von der Heyden Group

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

The Group has established itself as a niche boutique player targeting top quality results by developing high-quality office buildings, owning and managing hotel and residential properties in Europe and including Germany, Poland, Spain and Portugal. The Group's business activities are currently organised across four lines of business:

- Real estate developments, investments and services;
- Hotel Accommodation and Catering;
- Asset management; and
- Private equity, venture capital and capital markets.

Real estate developments, investments and services

Real estate development

The real estate development business line includes the identification and development of sites for office, retail and mix-use commercial, or residential purposes. This business line also provides development of hotels that are owned or managed by the Group, as well as the refurbishment and rehabilitation of historic and landmark buildings. During 2020, the Group was mainly focused on the development of the Andersia Silver project in the city of Poznan, Poland with an investment value exceeding €100m.

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

- Portugal- the Lagoa residential project development; and
- Montenegro –the Reževići residential project development;

Real estate investments

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

Hotel Accommodation and Catering

The hotel management business line includes the management of hotels under the IBB Hotel Collection brand in Germany, Poland and Malta. The IBB Hotel Collection is divided into three key brands: the IBB Blue representing the 3-star offering, the IBB representing the 4-star offering, and the Cugó Gran brand, representing highly sophisticated boutique hotels.

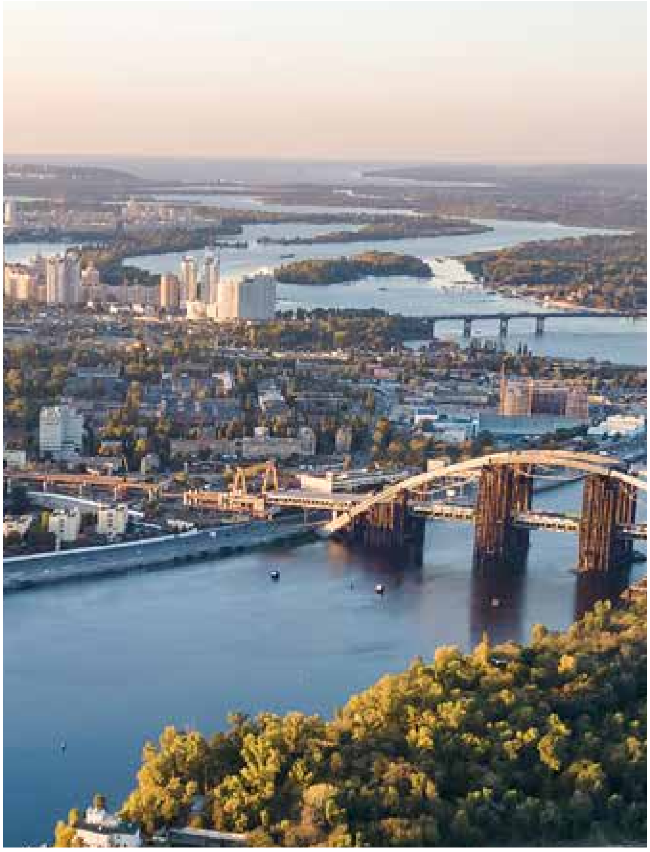
See also: www.ibbhotels.com and www.cugrogran.com

Real estate services

In 2020, the Group has expanded its geographic footprint to Sardinia with the launch of a real estate services arm in one of the world's most exclusive luxury locations; Costa Smeralda, Sardinia, Italy, providing a specialist perspective and bespoke brokerage service in the real estate market to buyers and property owners.

Asset management

Through the setting up of Von de Heyden Asset Management in October FY20, a licensed asset management company in Ukraine, the Group is expected to launch and register its first real estate investment fund dedicated to the Ukrainian commercial real estate market in Q3 FY21.



Private equity, venture capital and capital markets

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

The Group has continued its strategy of investing in luxury-related services and the leisure industry and, following the setting up of a real estate services arm in Costa Smeralda, Sardinia, Italy, the Group has also launched Von der Heyden Yachting that has commenced its luxury yacht chartering operations in the second quarter of 2021.

The Group's key activities are further described in section 1.3 of this Analysis.

1.2 Directors and Key Employees

The Issuer is currently managed by a board of five directors who are responsible for the overall direction and management of the company. The board consists of two executive directors who are entrusted with the company's day-to-day management, and three non-executive directors, two of which are also independent of the issuer. The main function of the Board is to monitor the operations of the company and that of its Guarantor in view of the bond Issue.

NAME	DESIGNATION
Mr Antonio Fenech	Executive director, Chairman
Mr Robert Hendrik Rottinghuis	Executive director, CEO
Mr Joseph M Muscat	Independent, non-executive director
Mr Jozef B Borowski	Non-executive director
Mr Robert C Aquilina	Independent, non-executive director

The business address of all the directors of the Issuer is the registered office of the Issuer. Dr Karen Coppini acts as the company secretary.

The board of directors of the Guarantor comprises of the following:

NAME	DESIGNATION
Mr Sven von der Heyden	Executive director and Chairman
Mr Javier Errejon Sainz de la Maza	Executive director
Mr Antonio Fenech	Executive director

Mr Francis J. Vassallo resigned from his post of independent non-executive director of the Guarantor on 31 December 2020. The business address of all the directors of the Guarantor is the registered office of the Issuer. Dr Nicholas Formosa acts as the company secretary.

The senior management team of the Group consists of:

NAME	DESIGNATION
Mr Robert Hendrik Rottinghuis	Group CEO
Mr Javier Errejon Sainz de la Maza	Managing Director
Mr Antonio Fenech	Executive Director, Business Development
Ms Tiana Vella	Head of the Group's Human Resources
Mr Adam Karol Trybusz	Head of Poland Operations
Mr Alexander Schreiter	Head of German Operations
Mr Dmitry Havrylenko	Managing Director Asset Management Company Ukraine

As per the latest audited financial statements, the average number of employees employed by the Group during 2020 was 284 (FY19: 307), whilst the Issuer had an average of 6 employees (FY19: 6).

1.3 Major Assets owned by the Group

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

OWNING COMPANY	BUSINESS ACTIVITY	PRINCIPLE ASSETS/ OPERATIONS	STATE & COUNTRY	% OWNER-SHIP
Andersia Property Sp. z o.o	Real Estate Investment	Holding Company (100% in Andersia Retail)	Poznan, Poland	67%
Andersia Retail Sp. z o.o.	Real Estate Investment	4th Phase in Poznan 40,000sqm office development	Poznan, Poland	67%
Nowy Swiat 5 Sp. z o.o.	Real Estate Investment	Central Business District plot 3,750sqm	Warsaw, Poland	100%
Von der Heyden & Partners Sp. z o.o.	Real Estate Investment	Owner - Plots of land, measuring 4,150 sqm	Warsaw, Poland	100%
Von der Heyden Development Sp. z o.o.	Real Estate Investment	Development company	Warsaw, Poland	100%
KASA Invest-ments GmbH	Real Estate Investment	Owner - 982sqm Residential Building	Various, Germany	50%
DGDV Capital Limitada	Real Estate Investment	Owner - 5,000sqm Residential Project	Algarve, Portugal	25%
Hot Spot Real Estate Limited	Real Estate Investment	Owner - 10,187sqm plot of land in Budva	Podgorica, Montenegro	100%
Donaupassage Hotel Betriebs GmbH	Hotel Management	Operator - IBB Hotel Passau (3*)	Passau, Germany	100%
IBB Blue Hotel Betriebs GmbH	Hotel Management	Operator- IBB Blue Hotel (3*) Berlin - Airport & IBB Blue Hotel Pader-born (3*)	Passau, Germany	100%
IBB Hotels Deutschland Betriebs GmbH	Hotel Management	Operator - (1) IBB Hotel Ingelheim (4*) & (2) IBB Hotel Altmühltal Eichstätt (4*)	Passau, Germany	100%

OWNING COMPANY	BUSINESS ACTIVITY	PRINCIPLE ASSETS/ OPERATIONS	STATE & COUNTRY	% OWNER-SHIP
Lublin Grand Hotel Management Sp. z o.o.	Hotel Management	Operator - IBB Grand Hotel Lublinianka (4*)	Lublin, Poland	75%
Lublin Grand Hotel Sp. z o.o.	Real Estate Investment	Owner - IBB Grand Hotel Lublinianka	Lublin, Poland	75%
Andersia Tower Hotel Management Sp. z o.o.	Hotel Management	Operator - IBB Hotel Andersia (4*)	Poznan, Poland	74%
Dlugi Targ Hotel Management Sp. z o.o.	Hotel Management	Operator - IBB Hotel Dlugi Targ (4*)	Lublin, Poland	50%
Dlugi Targ Sp. z o.o.	Real Estate Investment	Owner - IBB Hotel Dlugi Targ	Lublin, Poland	50%
IBB España 2004 S.L.	Hotel Management	Operator - IBB Recoletos Coco Salamanca (4*)	Menorca, Spain	100%
IBB Hotel Management Europe Limited	Hotel Management	The hotel management company for all the IBB Hotels	Gzira, Malta	100%
Senglea Hotel Operations Limited	Hotel Management	Operator - Cugó Gran Macina Grand Harbour	Gzira, Malta	100%
IBB Hammett's Operations Limited	Hotel Management	Operator - Hammett's Gastro Bar, Hammett's Macina Restaurant & Sheer Bastion	Gzira, Malta	50%
Urbelia Bailen S.L.	Private Equity & Other Investments	Operator - Petrol Station Bailen	Madrid, Spain	50%
Urbelia Ciudad Real S.L.	Private Equity & Other Investments	Operator - Petrol Station Ciudad Real	Madrid, Spain	50%
Asset Management Company Von der Heyden Group	Private Equity & Other Investments	Asset Management Company	Kiev, Ukraine	100%
Von der Heyden Real Estate Services	Private Equity & Other Investments	Real Estate Brokerage & Other Services	Sardinia, Italy	50%
Von der Heyden Yachting Limited	Luxury Yacht Chartering	Ownership and yachting chartering	Gzira, Malta	100%

Key Developments

During 2020, despite the arduous economic conditions caused by the continuing global pandemic, the Group managed to limit the impact on the Accommodation and Catering Segment, while compensating for the revenue lost through higher revenues in the real estate development and investment segment.

The Group closed FY20 with a significantly strong cash position of €27.9m (FY19: €6.3m) an increase of €21.6m with the borrowings of the Group dropping by 9.7% or €9.1m to €84.5m (FY19: €93.6m). The Group managed to exceed the projected €25.1m end of year cash position published in last year's Financial Analysis Summary (FAS), through a significant effort of cost control, property investment returns and cash management.

The Group's real estate segment was limitedly impacted by the COVID-19 pandemic. In fact, during 2020, the Group had a very successful year in the real estate development segment generating €12.3m in residual revenue on disposal. This mainly was a result of the Group's investment in the Bavaria Towers, which generated the highest rate of return on equity for the Group so far in its A-Class real estate portfolio.

For 2021, Andersia Silver, in the city of Poznan, Poland with a total estimated development cost exceeding €100m is the main flagship development project of the Group. In the development segment the group also has underway two residential projects, the Atrium Liberdade in Algarve, Portugal and the new development in Reževići, on the coast of the Budva Municipality of Montenegro. The Group is in an advanced due diligence stage to conclude an acquisition of a 40% holding in an office and commercial property in the capital of Montenegro. The Group has also intensified its focus on Italy and is in a promise of sale agreement to acquire a property in Lucca for renovation and eventual resale while assessing a number of other opportunities in the retail and commercial segments.

Following sale of the fully occupied A Class Blue Tower in late 2019, forming part of the Bavaria Towers project in Munich, as well as one of the Group's luxury boutique hotels Cugó Gran Menorca in Spain in 2020, 2021 is a year for the development of new projects that should be on the market in 2022 and beyond.

In 2020, COVID-19 had a devastating impact on the Hotel Accommodation and Caterings segments. 2021 is still proving a challenging year due to the prolonged and restrictive measures imposed by Governments on travel and the delays in rolling out measures to facilitate travel for vaccinated people across the EU.

The Group has managed to prove itself resilient despite the sustained losses in the Hotel and Catering Groups, by significantly limiting the cash outflow, through cost control, restructuring and benefiting from several schemes that various Governments have enacted to support the Hotel accommodation sector, most revenues accruing for these schemes have been or are expected to be received in 2021.

The Group still sees an opportunity for future growth in the Hotel segment however the Group's sees itself divesting its operations in the 3-star segment and shifting its efforts in the luxury segment. This led to IBB Hotel Collection commencing a process of repositioning of the brand offering by ceasing operations of IBB Hotel in Passau City Centre as from April of 2020, and also the operation of Hotel Salamanca in late 2020, in both cases through an amicable agreement with the landlords. In terms of acquisitions the Group is in advanced due diligence for the acquisition of two Hotel properties in Tuscany Italy to add to the Cugó Gran brand offering in terms of operations and also hold the assets in its property investment portfolio. The Group is also in due diligence stage on another property in Spain.

In the private equity sphere, the fuel stations operations in Spain, are set to expand. In 2021 the partner in the venture and operating of the stations, exercised the option to increase his shareholding to 50% in line with the original investment agreement. This will align the interest of the two parties in expanding this business to the targeted 25-30 petrol stations by sharing equally in in the investment required.

The Group has continued its strategy of investing in luxury related services and the leisure industry and set up a luxury yachting chartering venture, Von der Heyden Yachting that has just commenced its chartering activity. The Group is also expected to invest in a UK start-up, Blu Label Limited a company active in the online sustainable fashion sector allowing consumers through an application to track the carbon foot-print of the garments they purchase, amongst others.

FURTHER DETAILS ABOUT PROJECTS AND ASSETS OWNED BY THE GROUP:

- The Real estate development, investments and services segment

Current office development projects

GERMANY

Bavaria Towers – In 2020, the Group's financial performance has, for the third year, been positively impacted by its associate Bogenhausener Tor Immobilien S.à r.l. (BTI) having sold the Blue Tower in Q4 2019, which formed part of the Bavaria Towers office and hotel development in the city of Munich, Germany. In 2021, BTI is also expecting to receive a further dividend of around €2.5m before the final closure of all outstanding issues with the main contractor.

POLAND

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

As a result of COVID-19 impact on the hospitality sector, the Group designed an alternative layout of the building, replacing the hotel component with additional office component. The project now comprises of three underground levels with 267 parking spaces and an office tower of 26 floors with almost 40,000sqm GLA of office space. The plot would still have additional potential for another smaller building of circa 3,000sqm. In line with the original plans, the new design in architecture and mechanical installations are being performed by Pracownia Architektoniczna Ewy I Stanisława Sipińskich and PKEnergy Paweł Krych studios, respectively. Construction started in summer 2020 and underground works are to be completed in summer of this year, followed by the above ground works. The project is currently being commercialised and is in advance negotiations for a number of prelease agreements. The project is expected to be completed by the end of 2023.

PORTUGAL

Atrium Liberdade – In 2019, the Group concluded a shareholder agreement for a 25% investment in a 5,000sqm residential development project in Lagoa, Algarve, Portugal, consisting of 33 apartments including 35 parking spaces.

Financing for this project is expected to be granted by a local bank. The project qualifies as urban redevelopment and therefore provides for certain attractive fiscal measures. The project is expected to be completed in the first half of 2023. As a result of COVID-19 and the change in residential demand patterns, the Group together with the local architect and co-developer prepared an alternative layout of the building, replacing the larger town houses and penthouses into smaller apartment units, essentially increasing the number of units and decreasing the average size of each.

Prospective office and residential development projects:

POLAND

Nowy Świat Atrium – This project will be located in the very heart of Warsaw at Nowy Świat 5 Street, close to the Warsaw Stock Exchange, Liberty Corner and the most exclusive retail area in Warsaw. To apply for the required building permits for a 3,750sqm office development with a 2-3 floor underlying car park, the Group started legal proceedings to obtain the right of way easement by necessity on the neighbouring plots owned by the City of Warsaw. Given the current stalemate regarding the permitting process it cannot be foreseen when this project can commence.

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

GERMANY

KASA Investments – The Group, through the subsidiary KASA Investments GmbH, has held various residential real estate assets in Germany over the past 25 years. Over recent years it sold various properties using the positive momentum on the German real estate market to downsize the portfolio. Currently, the entity holds just under 1,000sqm in one remaining property in Eastern Germany, in the city of Plauen.

MONTENEGRO

Reževići land in Blizikuce, Budva Municipality, Montenegro – During 2020, the Group set up a wholly owned company in Montenegro (Hotspot Real Estates Limited) and acquired its first property, which comprises of a land of 10,187sqm. Based on the extract from the relevant zoning plan, the land constitutes one urban parcel, and the Group aims to develop a net development area of 9,500sqm serviced apartments. The site is on the coastal slopes of Blizikuce, benefiting from sea views over the famous Sveti Stefan Peninsula and close to the Crvena Glavica beach. The project is presently at planning stage, with formal submissions being made to the competent authorities with works expected to commence Q1 2022 and completed in 2023.

Podgorica Business Tower - The Group is close to securing the acquisition of 40% of the equity of a company incorporated in Montenegro that is currently developing an 11-floor business tower building over a 1,100sqm footprint in the heart of Podgorica, the capital city of Montenegro. The tower will offer over 7,000sqm of office space on 7 floors above ground level, around 700sqm of retail space at ground level, and 108 parking spaces spread across 3 underground levels.

ITALY

Lucca Residential Villa – The Group is in a promise of sale agreement to acquire a residential villa in Lucca, with a total gross area of 2,000 sqm. The Group intends to renovate this 16th century villa with the prospect of operating as a luxury bed and breakfast operation and eventually selling the property at a capital gain as there are very few comparable properties in this segment, if any. The project is presently in design stage and works are expected to commence in Q3 2021.

Real estate investments segment

The Group presently holds two hotel properties in its real estate investments portfolio. The first hotel is Hotel Długi Targ, located in the heart of Gdansk Old Town, Poland. This property consists of three historical semidetached city houses that have been converted into a 4-star hotel. The second property is Grand Hotel Lublinianka, at the centre of the city of Lublin, Poland.

In 2021, the Group entered into an advanced due diligence procedure for two hotel properties in Tuscany, Italy and if successfully concluded would lead to an investment of around €15m.

REAL ESTATE SERVICES IN SARDINIA

Von der Heyden Group Real Estate. In 2020, the Group has expanded its geographic footprint to Sardinia with the launch of a real estate services arm in one of the world's most exclusive luxury locations, Costa Smeralda, Sardinia, Italy. Von der Heyden Group Real Estate provides a specialist perspective and bespoke brokerage service in the real estate market to buyers and property owners. Current indications expect this year to be positive, with numerous exclusive rental transactions achieved and some sales in the pipeline, with luxury holidays in that region already showing strong demand on the back of successful vaccination programs in Europe and the US.

Hotel Accommodation and Catering Segment

The Group manages its hotels through its brand IBB Hotel Collection www.ibbhotels.com. The Malta registered entity IBB Hotel Management Europe Limited acts as the management company for all the hotels within the chain. IBB Hotel Collection currently operates 9 hotels, of which 2 of the hotel properties in Poland are owned by the Group. The Group's hotel portfolio consists of 5 hotels in the 3 and 4-star category in Germany, 3 in the 4-star category in Poland, and a Cugó Gran boutique hotel in Malta.

As part of the IBB Hotel Collection new strategy to build the luxury accommodation segment through a focus on the Cugó Gran brand, the Group ceased operations of three Hotels in 2020, two of which in Spain and one in Germany. Additionally, the Group is seeking to grow the Cugó Gran brand through the acquisition of two Hotel properties in Tuscany, Italy and it also in the final stages of securing a long-term hotel operations agreement for a property in the 5-star segment in the very centre of Seville Spain.

IBB HOTEL COLLECTION

HAMMETT'S COLLECTION

HOTEL OPERATIONS

Germany

IBB Hotel Passau Süd

IBB Hotel Passau Süd - Is a 4-star hotel located only 3km away from the historical city centre of Passau. The hotel offers 63 elegant rooms and 2 apartments, as well as a conference area that can host up to 85 guests.

The hotel IBB Passau Süd had a good performance in 2020 in spite of the COVID-19 pandemic challenges during the year.

The Group forecasts a slightly improved sales performance both in terms of room revenue and catering for 2021. The Group is expecting a similar occupancy level to 2020 at 56.5% with an average room rate of €55.1, mainly due to the fact that in the first 5 months for 2021 the Hotel managed to secure a number of long stay patrons however at slightly discounted rates.

	Forecast 2021	Actual 2020	Var. 21/20
	000's	000's	%
Rooms Revenue (Euro)	740	713	3.8%
F & B Revenue (Euro)	118	115	2.6%
OOD Revenue (Other Operating Department)	23	38	-39.5%
Rooms Sold	13	13	0.0%
Occupancy %	56.5%	55.3%	2.3%
Average Daily Rate (Euro)	55.1	56.5	-2.4%
Revenue Per Available Room (Euro)	31.2	31.2	-0.2%

Source: Management Forecasts and Results

IBB Blue Hotel Berlin-Airport

	Forecast 2021	Actual 2020	Var. 21/20
	000's	000's	%
Rooms Revenue (Euro)	656	573	14.5%
F & B Revenue (Euro)	97	79	22.8%
OOD Revenue (Other Operating Department)	52	39	33.3%
Rooms Sold	11	10	10.0%
Occupancy %	36.6%	30.6%	19.5%
Average Daily Rate (Euro)	58.5	61.7	-5.2%
Revenue Per Available Room (Euro)	21.4	18.9	13.2%

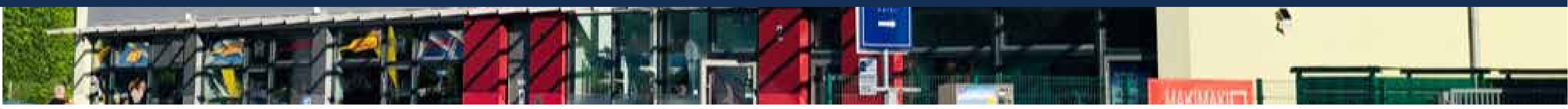
Source: Management Forecasts and Results

IBB Blue Hotel Berlin-Airport - Is a 3-star hotel which offers a comfortable stay in a convenient location – ten minutes away from Brandenburg Berlin Airport. This hotel forms part of the IBB Hotel Collection Blue brand, reserved for 3-star hotels providing high-quality services in most attractive locations at affordable prices. The hotel comprises of 84 double rooms, the 'Blue Lobby' bar, one bistro, and two conference rooms. The full potential of IBB Blue Hotel Berlin-Airport is expected to unlock with a full return of the travel-industry after the opening of the new Berlin-Brandenburg airport.

The Group expects IBB Berlin to see a substantial increase in room revenue for 2021 when compared to 2020, an increase of 14.5%. The will also be complimented by increase of 22.8% in catering revenue. Although a low occupancy level of 36.6% is forecasted for 2021, occupancy levels would still have increased by 19.5% over the occupancy levels achieved in 2020. In the first 5 months of 2021, the imposed lockdown on hotel operations, with hotels being allowed to only cater for business travellers, significantly limited the potential recovery for 2021. The first tourist travellers were allowed in beginning of June 2021.

The average room rate is being forecasted slightly below that achieved in 2020 at around €58.5 due to market trends and the strategy adopted in the first months of the year to selling long stay offers to guests at a discounted rate, hence reducing the ADR. The Group expects a better recovery for the second half of the year as restrictions on tourism travellers also from outside of Germany are lifted. The hotel is also seeing the bookings of large events as also corporate companies are lifting their travel bans for employees.

IBB Blue Hotel Paderborn



IBB Blue Hotel Paderborn - Is a 3-star hotel opened by the Group during June 2017 in the heart of East-Westphalia, which is an interesting destination for business people as well as tourists due to its easy accessibility. The hotel is situated in a modern building in the city centre of Paderborn, close to the shopping area, university and train station. The hotel comprises of 49 spacious rooms with a modern design finished to very high standards.

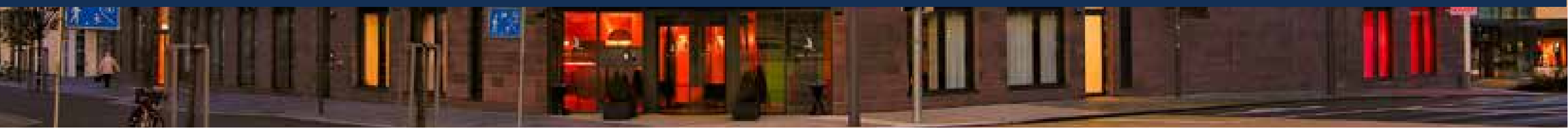
For 2021, the Group expect IBB Paderborn to achieve a slightly improved level of room revenue when compared to 2020 (+1.7%). Unfortunately, the revenue of food and beverage has also been substantially decreased compared to 2020 (-28.3%) due the prolonged Covid-19 restrictions. However, the food and beverage business does not contribute really to the bottom-line of this very hotel.

	Forecast 2021	Actual 2020	Var. 21/20
	000's	000's	%
Rooms Revenue (Euro)	410	403	1.7%
F & B Revenue (Euro)	38	53	-28.3%
OOD Revenue (Other Operating Department)	6	12	-50.0%
Rooms Sold	7	7	0.0%
Occupancy %	38.8%	40.9%	-5.2%
Average Daily Rate (Euro)	59.1	54.7	8.0%
Revenue Per Available Room (Euro)	22.9	22.4	2.3%

Source: Management Forecasts and Results

The occupancy for 2021 (38.8%) has been forecasted below the level of 2020 (-5.2%) while the ADR was forecasted to be 8% above 2020 to a level of €59.1. The occupancy of the hotel during 2020 and 2021 remained consistent due to the dependency on a client from the construction industry securing a significant number of rooms for its site employees during the period.

IBB Hotel Ingelheim



IBB Hotel Ingelheim – Is a 4-star hotel which offers 103 double rooms and six studios. Additional facilities include a boardroom hosting up to 12 guests, a breakfast restaurant, a bar, and coffee shop. The hotel is located in the downtown city centre of Ingelheim called Neue Mitte, 300m from the train station and 3km from a motorway exit (A60).

The IBB Ingelheim forecasts for 2021 show a slight improvement in the rooms' revenue when compared to 2020, with an expected room rate similar to that achieved in 2020 of €86.2. The revenue from the catering operations is expected to substantially increase as COVID-19 restrictions are being lifted.

The forecasts are based on a phased occupancy performance with a slow start in the first six month of 2021, and with gradual increases during the latter months of the year.

	Forecast 2021	Actual 2020	Var. 21/20
	000's	000's	%
Rooms Revenue (Euro)	708	683	3.7%
F & B Revenue (Euro)	173	109	58.7%
OOD Revenue (Other Operating Department)	28	40	-30.0%
Rooms Sold	8	8	0.0%
Occupancy %	20.6%	20.1%	2.8%
Average Daily Rate (Euro)	86.2	85.7	0.5%
Revenue Per Available Room (Euro)	17.8	17.2	3.4%

Source: Management Forecasts and Results

IBB Hotel Ingelheim is very dependent on the business travel generated by Boehringer Ingelheim, a multi-national pharmaceutical company and major employer in the city that in the past generated a lot of business travel. Due to COVID-19 restrictions and delays in the vaccination program the restart of operations was delayed.

However, since Boehringer Ingelheim started their vaccination program of their over 50,000 employees demand for the hotel is expected to increase. The Group expects the hotel to reach pre-pandemic levels of occupancy only in 2022.

For the tourism segment the Hotel expects improved numbers between July and September 2021, however the cancellation of tour operated group travel due to the still imposed restrictions will slow the desired recovery. For the catering segment the hotel expects to be in a position to open the restaurant as from September 2021 in the evenings.

IBB Hotel Altmühltal Eichstätt

IBB Hotel Altmühltal Eichstätt – On 1 July 2020, the Group opened this beautiful hotel in the city of Eichstätt, a small but economically stable city in Germany near Ingolstadt (where the headquarters and main production plant of the car maker Audi is located). The hotel is made up of 90 rooms, a modern Bavarian Wirtshaus (restaurant), and 40 underground parking spaces.

Hotel IBB Eichstätt commenced operations in July 2020 and had to be closed in October 2020 due to COVID-19 restrictions and therefore, it only operated for 3 months in 2020.

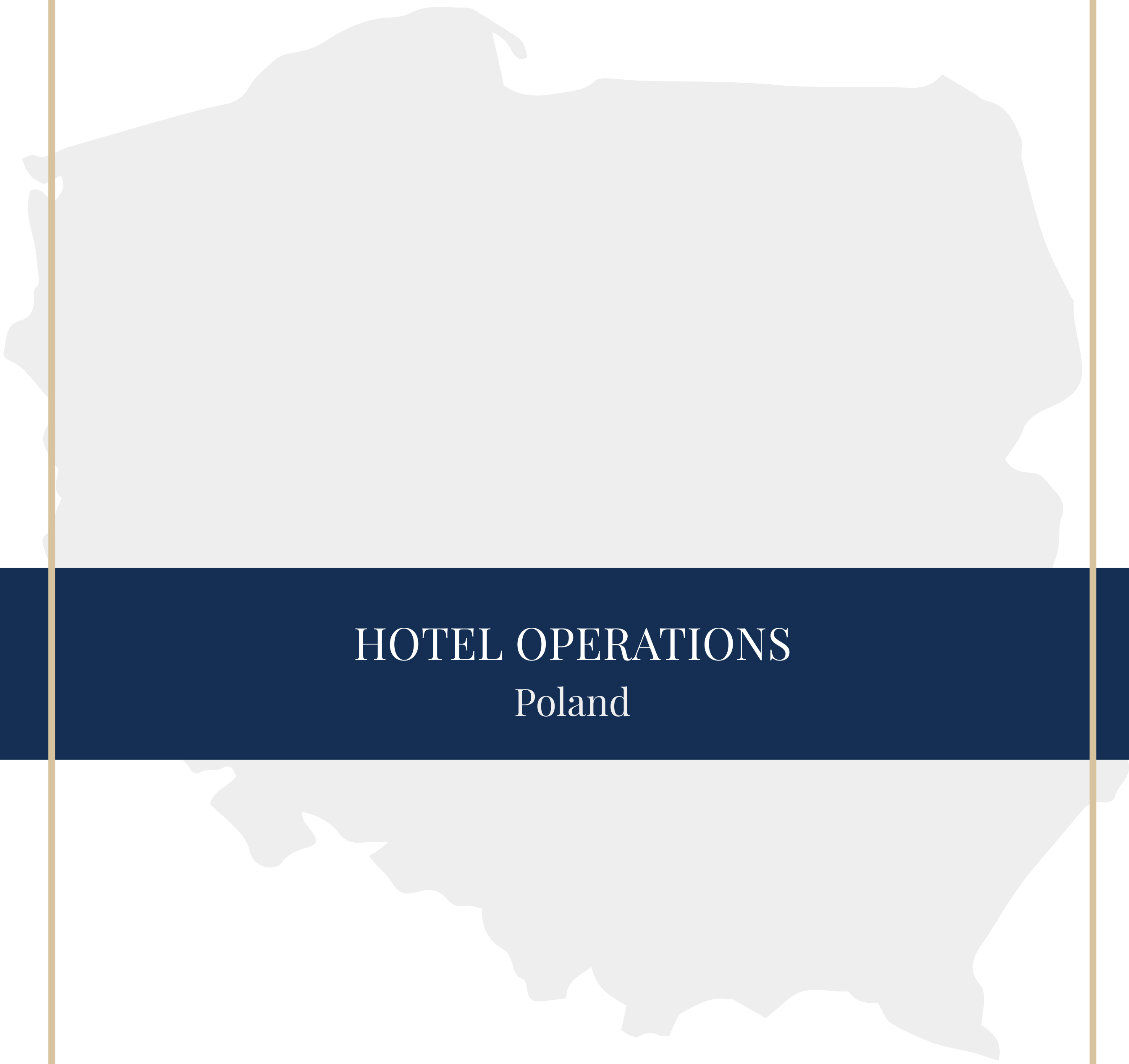
The forecasts for 2021 cover a 7-month operating period since the hotel could only start operating from the beginning of June this year. Occupancy levels are only expected to start to recover in the months of July and August 2021, that so far show very good prospects. The occupancy forecasted for 2021 is of around 31% with an average room rate €84.3.

	Forecast 2021	Actual 2020	Var. 21/20
	000's	000's	%
Rooms Revenue (Euro)	862	431	100.0%
F & B Revenue (Euro)	594	242	145.5%
OOD Revenue (Other Operating Department)	33	16	106.3%
Rooms Sold	10	6	66.7%
Occupancy %	31.1%	31.3%	-0.6%
Average Daily Rate (Euro)	84.3	83.1	1.5%
Revenue Per Available Room (Euro)	26.2	26.0	0.9%

Source: Management Forecasts and Results

DEVELOPMENTS- Germany

IBB Hotel Passau City Centre – In 2020, the hotel owner commenced a huge overhaul of the hotel, which resulted in the hotel to temporarily close its doors. In view of this, the Group terminated the contract following an amicable agreement reached with the owner with no penalties being incurred and the landlord in fact contributing substantially to the termination packages for the employees. The hotel was a 4-star 129-room hotel located in the heart of a picturesque city at the convergence of the three rivers; Donau, Ilz and Inn. The Group ceased the operations of this Hotel in April 2020.



HOTEL OPERATIONS

Poland

IBB Grand Hotel Lublinianka

IBB Grand Hotel Lublinianka - Is a 4-star hotel in the centre of Lublin, Poland, which consisted of a 5,700 sqm renovation project with an investment value of €11.7m completed in 2002. Grand Hotel Lublinianka is one of the most recognised, iconic and award-winning buildings in the city of Lublin, dating back to 1899.

The hotel has won first prize in the "Building of the Year 2007" award organised by the Polish Association of Civil Engineers and Construction Technicians, the Ministry of Infrastructure and the General Office of Building Control; first place in the "CEE Best Project Awards 2008" in the 'Best Hotel Development Project 2008' category in a competition organised by the CEPIF (Central Eastern European Property and Investment Fair), and International Herald Tribune, granted by participants of the Central and Eastern Europe real estate markets during the CEPIF Fairs in 2008 in Warsaw; as well as a second place in the 'Quality Awards' in the "CEE Hotel & Leisure Development of the year 2007" category.

Furthermore, for the Grand Hotel Lublinianka renovation project, Mr Sven von der Heyden received a personal award for 'Preservation of historical buildings', granted by the Polish Minister of Culture in 2002. The Grand Hotel Lublinianka comprises of 72 rooms. There are also two restaurants, a banquet room and various fitness facilities, including a sauna, a gym and a Turkish steam bath.

	Forecast 2021	Actual 2020	Var. 21/20
	000's	000's	%
Rooms Revenue (PLN)	2,266	1,938	16.9%
F & B Revenue (PLN)	994	815	22.0%
OOD Revenue (Other Operating Department)	202	144	40.3%
Rooms Sold	10	10	0.0%
Occupancy %	38.4%	39.5%	-2.8%
Average Daily Rate (PLN)	224.5	185.5	21.0%
Revenue Per Available Room (PLN)	86.2	73.3	17.6%

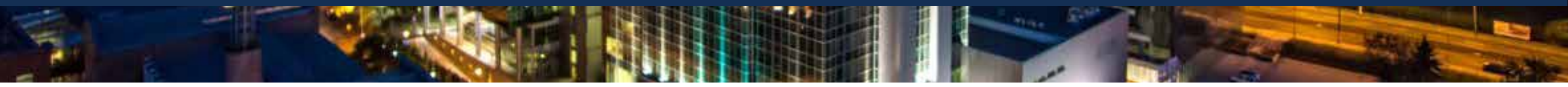
Source: Management Forecasts and Results

The nearly fully refurbished Grand Hotel Lublinianka, which is partly owned by the Group (75%) through its subsidiary company Lublin Grand Hotel Sp.z o.o. ("LGHS"), opened its doors to guests in 2002. The Grand Hotel Lublinianka is operated by the Group's IBB Hotel Collection through its subsidiary company Lublin Grand Hotel Management Sp.z o.o. ("LGHM"), of which the Guarantor is a 74.77% shareholder.

The forecast for 2021 for IBB Grand Hotel Lublinianka shows a substantial increase in rooms revenue of around 16.9% and an increase in catering revenue of 22%. The increase in room revenue is expected to come from the ability of the hotel to improve the average room rate from 2020 by 21%, even though the occupancy levels are expected to be close to those achieved last year at 38.4%. The renovation works done to the Hotel rooms in 2020/ 2021 will assist the Hotel in securing higher ADR.

The hotel expects both the business and individual travellers segments to recover from September 2021, while the corporate segment to recover in 2022 as international companies retract employee travel bans.

IBB Hotel Andersia



IBB Hotel Andersia - Is a 4-star hotel located in the Andersia Tower which was completed in August 2007, right in the centre of Poznań, surrounded by prestigious buildings, including Poznań Financial Centre, Andersia Business Centre and Stary Browar Shopping Mall.

It is a modern deluxe hotel which offers 172 rooms and apartments with an executive floor, retail outlets, restaurants, conference centre, banquet and ballrooms which can host up to 800 people. The hotel is also recognisable by its spa and wellness facilities, offering a large pool area, jacuzzi, saunas and a gym. 250sqm of the ground floor is designated to Casinos Poland. The hotel is operated by the Group's IBB Hotel Collection through its subsidiary company Andersia Tower Hotel Management Sp.zo.o., of which the Guarantor is a 73.62% shareholder.

	Forecast 2021	Actual 2020	Var. 21/20
	000's	000's	%
Rooms Revenue (PLN)	7,635	7,177	6.4%
F & B Revenue (PLN)	3,012	3,731	-19.3%
OOD Revenue (Other Operating Department)	635	563	12.8%
Rooms Sold	26	24	8.3%
Occupancy %	40.8%	37.7%	8.4%
Average Daily Rate (PLN)	297.9	302.7	-1.6%
Revenue Per Available Room (PLN)	121.6	114.0	6.7%

Source: Management Forecasts and Results

In 2021, Hotel IBB Andersia is forecasting an increase in rooms revenue of 6.4%, with a reduction of food and beverage revenue of 19.3%. The occupancy forecasted for 2021 (40.8%) will be above 2020 (37.7%), while the ADR is forecasted to be slightly below 2020 due to the drop of the published rates in the city of Poznan.

Forecasted rooms revenue is based on the following 3 main segments:

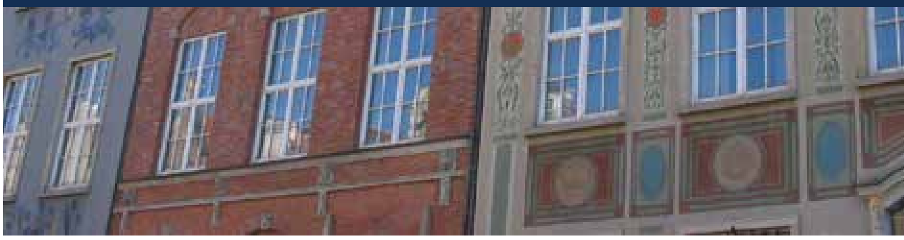
- Strong 'individual' segment with last minute pick up with guest more willing to use higher standard room;
- 'Corporates' still weak at least till end of summer and with a slow return of guest by the end of the year;
- 'Company' is expected to be the strongest segment as more smaller companies travelling using online travel agencies, which do not belong to the corporate segment because they do not want to be bound by contracts;

In the case of catering revenues these have been forecasted conservatively due to the lack of bookings for conferences as client's wait for restrictions to be lifted.

IBB Hotel Dlugi Targ – Is a 4-star hotel in three historical semi-detached city houses offering 89 rooms with prime retail space on the ground floor of approximately 1,000sqm which has been rented out to a casino operator. It opened its doors in April 2018.

The 2021 forecast for the hotel IBB Dlugi Targ foresees a substantial increase in rooms revenue of around 48.1% over 2020 and an increase of 32.1% in the catering revenue. The occupancy will be close to 36% which represents an increase of 17% compared to 2020. The ADR will be close to PLN274 which represents an increase of 27% compared to 2020. The increased level of vaccinations and lifting of restrictions should benefit the leisure tourism segment that is expected to be the main source of revenue. The business segment remains however a challenge. Due to the higher occupancy and the opening of a new restaurant on the ground level, the catering revenue is forecasted to substantially increase in 2021.

IBB Blue Hotel Dlugi Targ



	Forecast 2021	Actual 2020	Var. 21/20
	000's	000's	%
Rooms Revenue (PLN)	3,197	2,158	48.1%
F & B Revenue (PLN)	1,003	759	32.1%
OOD Revenue (Other Operating Department)	172	205	-16.1%
Rooms Sold	12	10	20.0%
Occupancy %	35.9%	30.7%	17.0%
Average Daily Rate (PLN)	273.9	214.8	27.5%
Revenue Per Available Room (PLN)	98.4	66.0	49.2%

Source: Management Forecasts and Results

HOTEL OPERATIONS

Malta

Cugó Gran Macina Grand Harbour Hotel

	Forecast 2021	Actual 2020	Var. 21/20
	000's	000's	%
Rooms Revenue (Euro)	601	300	100.3%
F & B Revenue (Euro)	58	33	75.8%
OOD Revenue (Other Operating Department)	24	16	50.0%
Rooms Sold	3	2	50.0%
Occupancy %	41.2%	33.3%	23.8%
Average Daily Rate (Euro)	188.3	155.1	21.4%
Revenue Per Available Room (Euro)	77.6	51.6	50.3%

Source: Management Forecasts and Results

Cugó Gran Macina Grand Harbour Hotel – Is a luxury boutique hotel situated in the historic Macina building, which was built in 1554 during the reign of Grand Master Claude de la Sengle, after whom Senglea is named. The property comprises of 21 spacious double rooms and suites fully refurbished, and offers stunning views of the capital Valletta, as well as Fort St. Angelo in Vittoriosa. The Macina was originally used to hoist masts and other heavy cargo onto ships docked in the Grand Harbour and, later, as the headquarters of the Labour Party.

The hotel also includes the "Sheer Bastion", a rooftop venue for exclusive events. Additional facilities include the Hammett's Macina Restaurant on the ground floor with terrace, an outdoor rooftop pool on the second floor, as well as an area which is designated for use as a spa. The Group operates this hotel, officially named Cugó Gran Macina Grand Harbour, under a management and operating agreement which was entered into on 13 January 2017 through its subsidiary company Senglea Hotel Operations Ltd which, in turn, is wholly-owned by the Guarantor. The restaurant on the ground floor with terrace and the Sheer Bastion are under management through its joint venture IBB Hammetts Operations Limited.

As per forecasts, the Cugó Gran Macina Hotel is expected to see a substantial recovery in room revenue and the catering revenue in 2021. Occupancy is expected to reach 41.2% which represents an increase of 23.8% compared to 2020. The ADR will be close to €188 which also represents an increase of 21.4% from 2020.
The pace of roll-out of the vaccination programs in Malta and in the countries that impact tourist arrivals especially from Europe assisted in the recovery. However, the UK keeping most EU countries, including Malta on the amber list up until recently, limited the pace of recovery.

The hotel has changed its sales and marketing efforts, investing resources in alternative markets particularly Germany, Benelux and Scandinavian, while UK reconsiders their holiday program.

HOTEL OPERATIONS
Spain

DEVELOPMENTS- Spain

IBB Recoletos Coco Salamanca – In late 2020, the Group took the decision to cease the operations of this hotel which due to the Group's decision to move into the 5-star segment. The Group managed to terminate the contract of this hotel through an amicable agreement reached with the landlord. Previously, the hotel formed part of the Group's 4-star segment and it offered 74 fully equipped double rooms. It is located close to Plaza de Toros in Salamanca - a UNESCO World Heritage city.

Hotel Cugó Gran Menorca – It is a meticulously restored old Menorcan farmhouse which provides guests with the services of a 5-star hotel having the privacy of a luxury villa. Situated on a 250-acre estate, the property featured 12 superior rooms, a 25-metre outdoor pool in exquisitely landscaped gardens, its vineyard, as well as a gym and massage treatment room. In late 2020 the Group received an attractive offer for the acquisition of the property which was sold in October of 2020.

Prospective opportunities in the accommodation segment:

Italian hospitality market – During 2020, the Group started to explore opportunities in the Italian hospitality market and entered into a promise of sale agreement to acquire a luxury real estate property in Italy for the purpose of restoring and reselling. The Group is close to signing the first promise of sale agreement for the acquisition of a property in Lucca, Tuscany and a second property in Siena, Tuscany, assets of which will be positioned for the 5-star segment in line with IBB Collections brand repositioning strategy.

OTHER MARKETS – The Group is also considering another hotel in the 5-star segment in Spain.

Food and Beverage Operations in Malta:

IBB Hammett's Operations Limited - The Group, through its subsidiary IBB Hotel Collection Holding S.L., entered into a joint venture in May 2017 with the principal object being the operation of 3 catering establishments. Despite the pandemic and the drop in revenues experienced during 2020, the Group continued to invest in the Hammett's restaurants chain in Malta and it has now reached 4 restaurants and an events space, namely:

Hammett's Gastro Bar
Tigne Seafront, Sliema Malta,
opened in July 2017

1

2

The Sheer Bastion
Cugó Gran Macina Grand Harbour
Hotel opened in December 2017

Hammett's Maċina Restaurant
Cugó Gran Macina Grand Harbour
Hotel opened in March 2018

3

4

Hammett's Mestizo
Triq Schreiber, Saint Julian's,
opened in September 2020

During 2020, the Group has managed to operate these restaurants close to operational break-even and believes that, once the pandemic restrictions are over, this segment will see a significant rebound. Additionally, as experienced during 2020, this joint venture allows the possibility for the Group to further expand its food and beverage operations through any opportunities that may continue to arise in Malta in the future. The Group expects to open the fifth restaurant in Q3 2021.

With the loosening of restrictions and customers being allowed back to restaurant in June 2021, albeit still with some restrictions, and the allowance of events such as weddings, revenues for the first month have increased by threefold with the Group expected to recover part of the losses for the year and enter into profit territory in the Q4 2021.

Asset management

In the last quarter of 2019, the Group opened an office in Kyiv, Ukraine and hired a team of highly skilled real estate and asset management professionals to set up a licensed Asset Management Company in Ukraine. During 2020, the Asset Management Company managed to obtain its asset management licence and is currently in an advanced stage to conclude the licencing and launch of its first real estate investment fund dedicated to the Ukrainian commercial real estate market. The Liberty Real Estate Opportunity Fund will invest primarily in the logistics, office and residential segments of the market, mainly focussed on cash generating assets with some limited exposure to developments as well.

LIBERTY REAL ESTATE

OPPORTUNITY FUND

JOINT STOCK COMPANY
"CLOSED-END NON-DIVERSIFIED VENTURE CORPORATE INVESTMENT FUND"
LIBERTY REAL ESTATE OPPORTUNITY

The decision to invest in a real estate investment fund is in line with the Von der Heyden Group's continued growth strategy as a renowned first mover in emerging markets. The Group believes that the conditions seem right to enter this emerging market due to the improved political and economic situation, while still offering attractive yields on real estate investments and selected developments, despite COVID-19.

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

FUEL STATIONS BUSINESS IN SPAIN

Urbelia Business S.L. was incorporated in December 2017 to run low-cost petrol stations with washing centres in Spain. The initial objective was to build 2 low-cost petrol stations in Bailen and Ciudad Real, via Urbelia Bailen S.L. and Urbelia Ciudad Real S.L. respectively. The plan is to run a portfolio of some 25 to 30 petrol stations. The shareholders of Urbelia Business S.L. are Timan Investments Holdings Ltd (50%) and Urban Oil Wash S.L (50%), the joint venture partner.

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

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

The positive aspect of the recovery of both petrol stations is that people are very sensitive to petrol prices and that plays in favor of Urbelia due to the low-cost petrol model. Additionally, Urbelia has signed a contract with one of the main utilities company in Spain Iberdrola to install fast charging points for electrical cars which is the long-term future of mobility.

During the FY21, the partner in the venture exercised his right to acquire 19,000 shares at a pre-agreed amount bringing the shareholding arrangement between the two parties to and a 50:50 joint venture.

The forecast of FY21 includes the results for the period January to March 2021 of the thereon classified subsidiary Urbelia Business S.L. and its two subsidiaries Urbelia Bailen S.L. and Urbelia Ciudad Real S.L. At Group consolidation level, the assets and liabilities as at end of March 2021 of the aforementioned subsidiaries were eliminated. The below tables shows the situation for the Income Statement for the period ending 31 March 2021 as compared to the FY20 as well as the balance sheet situation as at the date that the disposal of shares was incurred as compared to the end of FY20.

INCOME STATEMENT

	Urbelia Business		Urbelia Bailen		Urbelia Ciudad	
	2021	2020	2021	2020	2021	2020
	Period up to March	Full Year	Period up to March	Full Year	Period up to March	Full Year
	€000s	*€000s*	*€000s*	*€000s*	*€000s*	*€000s*
Revenue	12	-	332	1,122	163	611
Staff Costs	(18)	(74)	(9)	(38)	(9)	(37)
Depreciation and amortisation	-	-	(9)	(15)	(7)	(26)
Operating expenses	(18)	(451)	(297)	(722)	(158)	(460)
Finance income/ (expenses)	6	(18)	(3)	(2)	(4)	-
Taxation	-	25	-	(4)	-	15
(Loss)/ Profit after tax	(18)	(518)	14	341	(15)	103

BALANCE SHEET

	Urbelia Business		Urbelia Bailen		Urbelia Ciudad	
	2021	2020	2021	2020	2021	2020
	As at 31.03.21	As at 31.03.20	As at 31.03.21	As at 31.03.20	As at 31.03.21	As at 31.03.20
	€000s	*€000s*	*€000s*	*€000s*	*€000s*	*€000s*
Total Net Assets	104	108	350	385	412	385
Total Net Liabilities	365	354	187	220	67	50

CHARTERING OF YACHTS IN SARDINIA

Von der Heyden Yachting - the Group has continued its strategy of investing in luxury related services and the leisure industry and, following the above mentioned real estate services in Sardinia, the Group has expanded its operations in the luxury yachting industry. Recently, the Group launched Von der Heyden Yachting and it is expected that it will commence its luxury yacht chartering operations during 2021.

SUSTAINABLE FASHION IN THE UK

Blu Label Limited – The Group is in an advance stage of participating as seed investor in Blu Label Limited a UK company. The company is a digital start-up company in the sustainable fashion industry. The company has developed its own product to support the fashion industry efforts to achieve environmental sustainability target by seeking to be more transparent to consumers in their efforts to produce more sustainable fashion wear.

COVID-19 Operational Update

IBB Hotel Collection:

The pandemic had a devastating impact on the Group's hospitality chain. The prolonged and restrictive measures imposed by governments over 2020 and the first half of 2021, the number of waves that this pandemic has resulted in, the delays in rolling out the vaccines, and ability of countries to reach herd immunity thresholds within reasonable timeframes have seen this pandemic extend itself also to 2021.

Management took immediate steps to address the drop in demand through the implementation of a cost reduction plan through the termination of all non-permanent employments in all hotels and central functions and the reduction of staff in all hotels down to the minimum necessary. The Group still benefits from rental reductions on the Hotel properties it operates and benefited from various government's support schemes especially in Poland and Germany, whilst the support of the Maltese Government is little in comparison.

The first six months of 2021 have seen a process of gradual easing of restrictions in various countries however travel and occupancy are still well below desired levels. As a result of the cost reduction measures, restructuring efforts and financial support, that saw what initially was provided as loans converted into grants, the group is expected to receive a further €3m in grants. The Group expects IBB Hotel collection to close the year with a loss in the region of slightly below €1m in 2021, which is a massive improvement versus the 2020 results of cica €4m.

Real estate development and investments:

The Group's real estate segment was limited impacted by the COVID-19 pandemic. In fact, during 2020, the Group had a very successful year in the real estate development segment generating €12.3m in revenue. This mainly was a result of the Group's investment in the Bavaria Towers, which generated the highest rate of return on equity for the Group so far in its A-Class real estate portfolio. 2021 is a year of development as a number of projects are underway. The Group expects the economic recovery underway post pandemic to increase demand for office space and residential units in the markets in which it operates.

Operational costs and the workforce:

As a result of the immediate decisions taken by the Group following the COVID-19 outbreak, which mainly included cost control and restructuring, the Group managed to reduce its cost of sales by 19% in 2020.

Staff costs were reduced by 30% a reduction of €2.4m. In 2021, the Group expect that the staff costs will relatively remain in line with the reductions made in 2020 benefiting from the efficiencies of the restructuring efforts carried out and the tight control measures maintained on other costs.

Cashflow:

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

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

The plan enacted by management in early 2020 bore fruit as the Group ended FY20 in a significantly strong cash position of €27.9m (FY19: €6.3m) an increase of €21.6m, which has also exceed previous expectations. As noted earlier, this also helped the Group to lower its financial leverage position. The Issuer also settled the bond coupon payment which was due at the end of the first quarter of 2021.

The Group has updated its cash flow forecasts for the coming 12-month period ending 31 December 2021 and it expects to end the year with a cash and cash equivalents of €27.3m. The forecasts prepared by the Group indicate that sufficient cash will be generated throughout this financial year and the Group should be in a position to meet all of its financial commitments, including the next bond interest due on 8 March 2022.

Outlook for 2021

The Group expects 2021 to still be a challenging year due to the longer-term effects of COVID-19 on the economy. Despite the inflationary concerns, the very low interest rate scenario is expected to prevail as governments, corporates and banks keep fueling the economy on the back of low interest rates. Mindful of the current risks, the Group strategy remains cautious. The Group plans to continue investing in assets that generate a satisfactory rate of return and that are expected to hold or appreciate in value during varying economic cycles, with a special focus on distressed situations in interesting locations.

The Group's forecasts for FY21 capture the actual trading results for the 3-month period (1 January to 31 March 2021) and the financial projections for the remaining 9-month period (1 April to 31 December 2021). The assumptions utilised in arriving at FY21 forecasts are described in section 1.3 and part 2 of this Analysis.

Part 2

Historical Performance and Forecasts

In 2017, the Group issued a €25m 7-year 4.4% bond via a subsidiary company, Von der Heyden Group Finance plc. Said bond is currently listed on the official list of the Malta Stock Exchange. The allocation of the net bond proceeds is further described in section 5.1 of the Securities Note, forming part of the Prospectus dated 30 January 2017. Timan Investments Holdings Limited provided a guarantee in favour of the bondholders.

The Issuer is intended to serve as a vehicle through which the Group will continue to finance its current and future projects and/or enabling the Group to seize new opportunities arising in the market. Therefore, its assets are intended to consist primarily of loans issued to Group companies. The Issuer's audited financial statements for the three years ended 31 December 2018, 2019 and 2020 are presented in sections 2.1 to 2.3 of the Analysis. Forecasts are based on management's projections for the year ending 31 December 2021.

The Group's historical financial information for the three fiscal years ended 31 December 2018, 2019 and 2020 is set out in the audited consolidated financial statements of the Group in sections 2.4 to 2.6 of the Analysis. Forecasts are based on management's projections for this year.

At the time of publication of this Analysis, the Issuer and the Guarantor consider that their respective future performance is intimately related to the performance of the Group. The Issuer and Guarantor believe that generally, they shall be subject to the normal business risks associated with the sectors in which the Group and subsidiary companies are involved and operate as disclosed in this Analysis. Other than the potential protracted issues that COVID-19 could continue to present on the hotel operations, the Group does not anticipate any trends, uncertainties, demands, commitments or events outside the ordinary course of business that could be deemed likely to have a material effect on the upcoming prospects of their respective companies and that of the Group, at least up to the end of the of 31 December 2021.

2.1 Issuer's Income Statement

INCOME STATEMENT FOR THE YEARS ENDED 31 DECEMBER	FY18A	FY19A	FY20A	FY21F
	€000s	*€000s*	*€000s*	*€000s*
Finance income	1,544	1,645	1,411	1,389
Finance cost	(1,142)	(1,145)	(1,142)	(1,142)
Net interest earned	**402**	**500**	**269**	**247**
Administrative expenses	(310)	(264)	(236)	(156)
Movement in expected credit losses of financial instruments	32	3	(28)	-
Profit before tax	**124**	**239**	**5**	**91**
Taxation	-	(48)	48	-
Profit after tax	**124**	**191**	**53**	**91**

RATIO ANALYSIS	FY18A	FY19A	FY20A	FY21F
	€000s	*€000s*	*€000s*	*€000s*
Gross Profit Margin (Net interest earned/ Finance income)	26.0%	30.4%	19.1%	17.8%
Net Margin (Profit for the year / Finance Income)	8.0%	11.6%	3.8%	6.6%

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

At 31 December 2020, the Issuer had on-lent and made available from its net bond proceeds an amount of €15.1m (FY19: €21.7m) to various companies of the Von der Heyden Group, resulting in an interest income of €1.4m (FY19: €1.6m) and a corresponding interest expense of €1.1m (FY19: €1.1m). The loans provided to the various related companies have been made in accordance with the parameters as set out in the Issuer's Prospectus.

The net interest earned for the FY20 was of €0.3m (FY19: €0.5m), which is stated after bank interest received and the amortisation of bond issue costs. After considering administrative expenses and movements in expected credit losses, the Issuer's results for FY20 noting a small profit (FY19: €0.2m).

In FY20, the parent company, TIMAN Investments Holdings Ltd, applied the group losses relief provisions and surrendered unabsorbed trading losses to the Issuer, setting off the tax liability of FY19. Thus, the Issuer reported an income tax credit for FY20.

The Issuer's performance in FY20 was mainly in line with that forecasted in last year's FAS, with actual net profit before tax falling short of forecasts by less than €0.1m. Net finance income was marginally lower than forecasted. This was a result of early loan repayments from related parties, principally resulting from the sale of the Cugo' Gran Menorca property, Spain. Administrative expenses were marginally lower than expected, however this was offset by the negative movement in expected credit losses on financial instruments of €28k, which given its inherent unpredictability was not anticipated in previous forecasts.

The Issuer expects to generate finance income of €1.4m in FY21 from its strong lending position to Group and related companies. Finance costs are expected to remain in line with FY20 at €1.1m. Administrative expenses are anticipated to be €0.2m, resulting in an expected profit after tax of €0.09m. The Issuer is anticipating that as per FY20, the company is expecting to avail itself of the group loss relief for FY21, and thus no tax charge is being forecasted.

2.2 Issuer's Financial Position

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER	FY18A	FY19A	FY20A	FY21F
	€000s	*€000s*	*€000s*	*€000s*
Assets				
Non-current assets				
Loans receivable	20,277	19,049	13,340	18,089
Current assets				
Loans and other receivables	4,108	4,487	2,415	3,757
Cash and cash equivalents	1,402	2,555	10,367	4,406
	5,510	**7,042**	**12,782**	**8,163**
Total assets	**25,787**	**26,091**	**26,122**	**26,252**
Equity and liabilities				
Capital Reserves				
Share Capital	250	250	250	250
Retained earnings	(171)	20	73	164
Total equity	**79**	**270**	**323**	**414**
Non-current liabilities				
Deferred taxation	-	9	-	-
Borrowings	24,792	24,833	24,875	24,917
	24,792	**24,842**	**24,875**	**24,917**
Current liabilities				
Trade and other payables	916	979	924	921
Total liabilities	**25,708**	**25,821**	**25,799**	**25,838**
Total equity and liabilities	**25,787**	**26,091**	**26,122**	**26,252**

As at FY20, the Issuer's total assets of €26.1m are mainly made up of loans and receivables, which represent the loans granted to the Group and related parties. In FY20, total loans and receivables amounted to €15.8m, a decrease of €7.7m from FY19, when they stood at €23.5m.

During FY20, the Issuer received €9.6m (FY19: €2.0m) in loan repayments from group and related parties, arising mainly on the sale of the part-owned Blue Tower forming part of the Bavaria Towers office and hotel development in the city of Munich, Germany, as well as from the sale of the Cugó Gran Menorca property, Spain. On the other hand, during FY20, the Issuer disbursed a loan for €3m in relation to its participation in the Andersia Silver Project, an office tower with a planned development cost of over €100m in the centre of Poznań, Poland. The project will be the fourth and final development phase at the Anders Square in a public private partnership with the City of Poznań. As a result of this, the cash and cash equivalents increased to €10.4m in FY20, an increase of €7.8m from FY19, where cash reserves stood at €2.6m.

Total liabilities mainly consist of the bonds in issue, and this is not expected to change until the eventual maturity of these bonds in 2024. Given the limited trading activity of the Issuer, total liabilities in FY20 did not experience any significant movements from FY19. Total equity experienced a slight increase in FY20 when compared to the prior year, which reflects the Issuer's net profit for the year. In view of the forecasted profitability in FY21, the Issuer expects total equity to increase by this amount.

Actual financial position for FY20 is mainly in line with that set out in last year's FAS. The main differences are that actual loans and receivables granted were €3.9m lower than forecasted, correspondingly actual cash was circa €3.9m higher.

For FY21, the total assets of the Issuer are expected to be in line with that of FY20. The Issuer is forecasting that during FY21, in order to ensure that the Issuer continues to generate an adequate return on its cash resources, further loans will be provided to the Group's parent company for the purpose of placing these funds in short-term investment project. This will ensure that in an economic environment where the scope for generating interest income on surplus funds is very restricted, the Issuer will sustain a positive net interest and operating profit margin. The Issuer's liabilities for FY21, are also expected be in line with FY20, with the principal movement being in borrowings, as a result of the amortisation charges arising from the Bond issue costs.

2.3 Issuer's Cash Flows Statement

CASH FLOWS STATEMENT FOR THE YEARS ENDED 31 DECEMBER	FY18A	FY19A	FY20A	FY21F
	€000s	*€000s*	*€000s*	*€000s*
Net cash flows (used in)/from operating activities	(570)	(399)	1,219	(1,211)
Net cash flows generated from/ (used in) investing activities	(1,127)	1,552	6,604	(4,750)
Movement in cash and cash equivalents	(1,697)	1,153	7,823	(5,961)
Cash and cash equivalents at start of year	3,099	1,402	2,555	10,367
Increase in loss allowance under IFRS 9 – cash and cash equivalents	-	-	(11)	-
Cash and cash equivalents at end of year	**1,402**	**2,555**	**10,367**	**4,406**

** FY19 and FY18 figures as presented in last year's FAS have been reclassified in line with the audited financials for FY20.*

For FY20, the Issuer reported a positive cash flow from operating activities of €1.2m (FY19: negative €0.4m) as a result of significant interest received from group and related parties. Cash from investing activities was of €6.6M, principally as a result of loan repayment from a related party following the sale of the Cugó Gran Menorca property, Spain. In line with prior year, the Issuer did not perform any financing activities.

The Issuer's cash flow in FY20 exceeded previous expectations with a positive cash movement of €7.8m compared to that forecasted of €3.9m. This was mainly due to an earlier loan repayment from the sale of Cugó Gran Menorca property as mentioned above, which in turn was slightly offset by a loan to group and related parties for €3.0m in relation to the Group's participation in the Andersia Silver project.

In FY21, the Issuer forecasts cash outflows in operating activities to decrease to negative a €1.2m, as a result of accumulated interest, which the Issuer expects repayment at a later period. Further loans to related parties are anticipated by the Issuer during FY21 to ensure that the Company generates an adequate return on its resources. No cash flow from financing activities are expected, resulting in an anticipated negative movement in cash and cash equivalents of €6.0m, principally as a result of further investing cash to allow the Group to continue financing its various projects.

2.4 Group's Income Statement

INCOME STATEMENT FOR THE YEARS ENDED 31 DECEMBER	FY18A	FY19A	FY20A	FY21F
	€000s	*€000s*	*€000s*	*€000s*
Revenue	23,842	25,884	23,506	11,466
Cost of sales	(4,647)	(4,393)	(3,556)	(2,441)
Gross Profit	**19,195**	**21,491**	**19,950**	**9,025**
Other operating income	330	542	3,223	5,192
Administrative expenses	(19,812)	(19,650)	(21,090)	(11,070)
EBITDA	**(287)**	**2,383**	**2,083**	**3,147**
Depreciation and amortisation	(1,227)	(1,197)	(1,099)	(1,046)
Depreciation re IFRS 16	-	(3,815)	(3,752)	(3,587)
EBIT	**(1,514)**	**(2,629)**	**(2,768)**	**(1,486)**
Allowance for expected credit gains/ (losses)	(872)	703	(53)	(25)
Other gains/(losses)	(1,062)	301	2,338	27
Interest income and other related income	1,247	701	794	414
Interest expense and other related expenses	(2,672)	(4,171)	(3,916)	(2,992)
Share in profit from associates	17,867	3,145	3,121	1,050
(Loss)/profit before tax	**12,994**	**(1,950)**	**(484)**	**(3,012)**
Income tax credit/(expense)	135	(253)	(1,264)	15
(Loss)/profit after tax	**13,129**	**(2,203)**	**(1,748)**	**(2,997)**
Other comprehensive (loss)/income:				
Movement in currency translation reserve	(499)	109	(1,048)	(18)
Other comprehensive income	-	-	-	-
Movement in fair value	3,049	1,445	(1,034)	154
Total comprehensive (loss) / income for the year	**15,679**	**(649)**	**(3,830)**	**(2,861)**

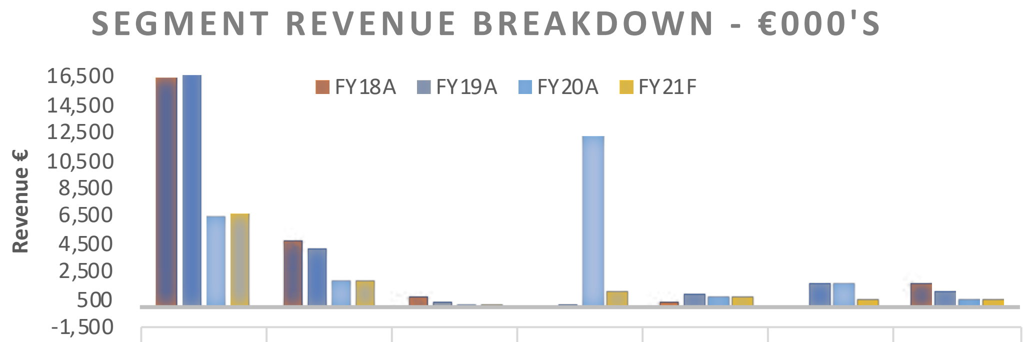
RATIO ANALYSIS
PROFITABILITY

	FY18A	FY19A	FY20A	FY21F
Growth in Total Revenue (YoY Revenue Growth)	23.2%	8.6%	-9.2%	-51.2%
Gross Profit Margin (Gross Profit / Revenue)	80.5%	83.0%	84.9%	78.7%
EBITDA Margin (EBITDA / Revenue)	-1.2%	9.2%	8.9%	27.4%
Operating (EBIT) Margin (EBIT / Revenue)	-6.4%	-10.2%	-11.8%	-13.0%
Net Margin (Profit for the year / Revenue)	55.1%	-8.5%	-7.4%	-26.1%
Return on Common Equity (Net Income / Total Equity)	32.7%	-4.9%	-4.1%	-7.6%
Return on Assets (Net Income / Total Assets)	12.9%	-1.7%	-1.2%	-2.2%

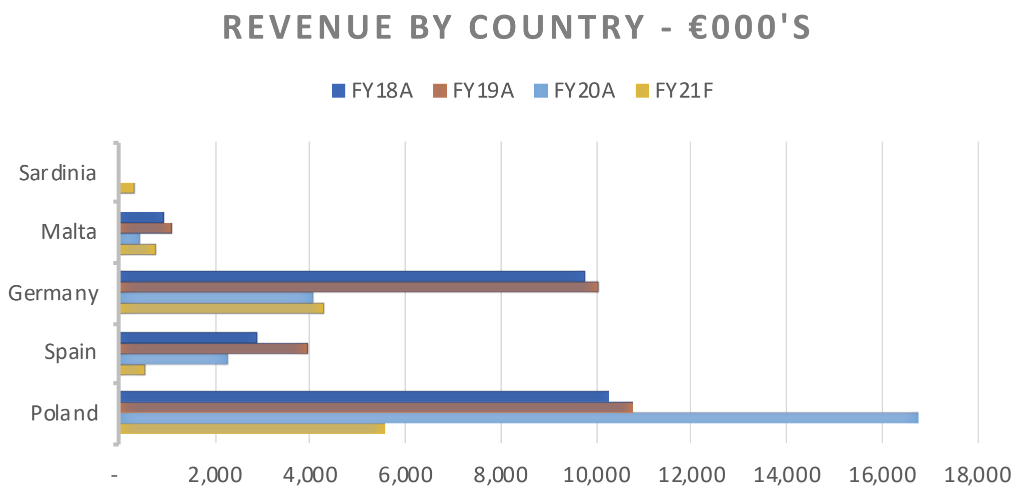
During the FY20, despite the COVID-19 outbreak and the arduous economic conditions caused by the continuing global pandemic and impact on the countries in which the Group operates especially the tourism and hospitality related sectors, the Group managed to limit the impact on the accommodation and catering segment, while compensating for the revenue lost through higher revenues in the real estate development and investment segment. In this regard, the Group reported a very successful year in the real estate development segment generating €12.3m (FY19: €0.2m) in revenue and also recognised €2.3m in net fair value gains (FY19: €0.4m) in relation to the value of its investment properties.

The Group as at FY20 held, for capital growth and income generation various investments around Europe. During FY20, the principal revenue streams were the real estate development and accommodation & catering. More specifically, the real estate contributed to 52.1% of the Group's total revenue (FY19: 0.7%), while the accommodation & catering contributed to 35.4% (FY19: 84.4%). This illustrates the negative impact of the pandemic on the latter segments, which was offset by the exponential growth of the real estate development segment.

From a geographical point of view, Poland and Germany remain the key markets for the Group, where in FY20 these countries represented 71.2% and 17.3% of the total Group revenue (FY19: 41.7% and 38.8%, respectively). The Group's revenue by segment and geographical markets is illustrated below:



	Accomodation	Catering	Admin & consulting	Development	Lease income	Fuel	Other
FY18A	16,374	4,760	641	-	370	-	1,697
FY19A	17,661	4,182	347	178	840	1,598	1,078
FY20A	6,526	1,789	49	12,255	675	1,734	478
FY21F	6,730	1,882	144	1,039	639	507	525



For the third year, the Group's financial performance has been positively impacted by its associate Bogenhausener Tor Immobilien Sarl (BTI) having sold the Blue Tower in Q4 2019 that formed part of the Bavaria Towers office and hotel development in the city of Munich, Germany. The majority of the €12.3m revenue generated from the real estate segment was due to the promotion fee earned by the Group for its involvement in the sale of the office tower. It is gross of the contractual fee due to one of the Group's directors amounting to €6m for his role in managing the project over the 14 years of its development, and for the successful closure of the sale. This has been included in the directors' fees for the year. For FY20, after other costs this investment left a positive contribution of €3.2m. It is important to point out that this revenue is being shown under Poland not Germany, as the company which received the promotion fee is registered in Poland.

The Group recorded a consolidated turnover for FY20 of €23.5m, slightly lower than the FY19's record revenue of €25.9m (a decrease of €2.4m or 9.2%). The slight decline is two-fold; one resulting from circa €4.0m due to the discontinued operations of two of the Group's hotels in Passau City Centre as from April of 2020 and in Salamanca in late 2020. In both cases the exits were achieved through an amicable agreement with the landlord. The other decrease is owed to the global impact on operations caused by the pandemic. The Group's hospitality franchise IBB Hotel Collection is currently undergoing the repositioning of the brand by exiting the three-star segment offering that has proven vulnerable in times of downturn. The recent times have demonstrated stronger returns for investing further in the 4 and 5-star asset segment of this brand which have the ability to generate better revenues in challenging periods.

The Group managed to generate an EBITDA of €2.1m in FY20 (FY19: €2.4m). The Group was able to achieve such positive results within the current unprecedented environment as a result of its real estate contribution and also due to the prompt cost-saving actions taken by management to conserve cash flows and mitigate the negative repercussions of the pandemic.

During FY20, the Group's results were also impacted by an unrealised loss on exchange on the Polish Zloty of €1.0m (FY19: Gain of €0.1m), and further unrealised exchange losses of €0.8m (FY19: €0.1m). Additionally, the Group incurred €4.9 m in depreciation and amortisation (FY19: €5.0m) and an interest income of €0.8m (FY19: €0.7m), with an interest expense of €3.9m (FY19: €4.2m).

Overall, the Group reported a loss before tax of €0.5m in FY20 (FY19: €2.0m). The increase in fair value of investment property and the share of profits from associates resulted in the Group to incur a tax expense of €1.3m in FY20 (FY19: €0.3m), which resulted in a loss after tax of €1.8m (FY19: €2.2m). The Group's variance analysis on the financial performance achieved in FY20 when compared with previous projections is discussed in detail in section 2.4.1.

CONSOLIDATED FORECASTS FOR FY21:

REVENUE

	GROUP	
	FY21	FY20
	€000s	*€000s*
Revenue by geographical region:		
Poland	**5,588**	16,744
Spain	**524**	2,289
Germany	**4,267**	4,077
Malta	**769**	396
Sardinia	**318**	-
	11,466	23,506
Revenue by category of activity:		
Accomodation	**6,730**	6,526
Catering	**1,882**	1,789
Lease	**639**	675
Administration & consulting	**144**	49
Development	**1,040**	12,255
Other	**1,031**	2,212
	11,466	23,506

The revenue forecast for the Group for 2021 is of €11.4m of which €8.6m is from the accommodation (€6.7m) and catering segment (€1.9m), an increase of 3.1% and 5.2% respectively over FY20. However, the overall revenue for FY21 is expected to decrease by 51.2% when compared to FY20. This drop is directly linked to revenue related to the real estate development segment, namely through BTI, which in FY20 generated a revenue amounting to circa €12.4m, while for FY21 forecast this is reported at €1.0m, a drop of 91.5% over the previous year.

As was the case in previous year, the Group revenue expectations are based on the management team's ongoing assessments of each hotel operation based on market information available from travel agencies and destination management companies. The Group also benchmarks its expected volumes in line with competitor analysis. This is done through webinars and through the use of software such as 'OTA insight' to get objective insight in occupancy and market developments worldwide.

OTHER OPERATING INCOME

During FY21, it is being forecasted that the Hotel Group will be receiving circa €3.0m in grants arising from various tourism related State support schemes in Germany and Poland to continue support the hotel operations during this pandemic. More specifically, amounts received in Germany are forecasted at €1.4m and in Poland €1.6m.

In Poland, the State support scheme was carried out in 2 stages, called PFR 1.0 and PFR 2.0. The first fund PFR 1.0 has been fully allocated in the forecast while the second one has been fully considered in the forecast for two Hotels, i.e. Dlugi Targ Hotel and Lublin Grand Hotel. A further €0.5m for Hotel Andersia Tower was not included in the FY21 forecasts, as management prefers to be conservative in its estimates.

Other operating income also includes further COVID-19 related rent concessions which should materialise in FY21.

	GROUP	
	FY21	FY20
	€000s	*€000s*
Lease concessions	**1,639**	937
Gain on lease terminations	**15**	515
Government grants	**3,025**	1,106
Other	**513**	665
	5,192	3,223

STAFF COSTS

The staff costs net of directors fees, forecasted for FY21 are around 11% below those of FY20. This is mainly due to the decision taken by IBB Hotel Collection to cease operations in IBB Hotel in Passau City Centre in April 2020, and the IBB Hotel Salamanca in late 2020. In both cases the termination was achieved through an amicable agreement with the landlord.

OPERATING EXPENSES

The other operating expenses of FY21 are forecasted at circa 39% below the amount of FY20. This reduction is mainly due to the following:

- The operating costs in one of the Spanish subsidiaries Timan Investments España S.L. have been forecasted to the minimum considering that Hotel Cugó Gran Menorca was sold in Q4 2020;
- The cease of operations for 2 hotels, IBB Passau City Centre and IBB Salamanca as described above. As a result, the operating expenses have been reduced by circa €1m compared to FY20;
- Due to a change in the classification of the petrol station operation in Spain to an associate company from a subsidiary for consolidation purposes as of FY21, the operating expenses of the petrol station activity are not shown in the forecast from Q2 2021 onwards, resulting in a drop of €1.5m in operating expenses;

OTHER GAINS/ LOSSES

In FY20, the Group reported €2.3m in other gains, mainly due to the increase in fair value of the Andersia Silver project. In the forecasts for FY21, management has taken a conservative approach and is not including any fair value gains. The Andersia Silver project will be valued again by a professional valuer at the year-end of FY21.

INTEREST INCOME AND INTEREST EXPENSE

Interest income in FY21 is being forecasted at €0.4m, which represents half of that earned in FY20. This drop is mainly due to the expected repayment of loans granted to other related parties and to third parties.

The interest expense in the FAS 2021 is being forecasted at €0.9m below the amount of FY20. The drop in interest expense is mainly due to the reduction of loans to other related parties and to third parties and from third parties at Guarantor's level. Finance lease interest which is also reported at circa €0.1m lower that accrued in FY20, being reported this year at €1.2m.

SHARE OF PROFIT FROM ASSOCIATE

Included in this year's forecasted profit is the share on profit from the associate BTI which this year is estimated to reach €1.1m, following a dividend distribution which is expected to happen in the coming months.

OTHER COMPREHENSIVE INCOME

The other comprehensive income of €0.2m forecasted in FY21, mainly reflects management's estimates of the increase in the valuation of Lublin Grand Hotel Sp z o.o. due to the investments made by the company this year to renovate the third floor of the hotel.

In view of the considerations discussed above, the Group is forecasting a loss after tax of €3.0m, with a total comprehensive loss for FY21 of €2.9m.

2.4.1 Group's Variance Analysis

INCOME STATEMENT	Dec-2020F	Dec-2020A	Variance
	€000s	*€000s*	*€000s*
Revenue	26,167	23,506	(2,661)
Cost of sales	(4,032)	(3,556)	476
Gross Profit	**22,135**	**19,950**	**(2,185)**
Other operating income	776	3,223	2,447
Administrative expenses	(20,351)	(21,090)	(739)
EBITDA	**2,560**	**2,083**	**(477)**
Depreciation and amortisation	(1,190)	(1,099)	91
Depreciation re IFRS 16	(3,788)	(3,752)	36
EBIT	**(2,418)**	**(2,768)**	**(350)**
Allowance for expected credit gains/(losses)	88	(53)	(141)
Other gains/(losses)	142	2,338	2,196
Interest income and other related income	410	794	384
Interest expense and other related expenses	(3,228)	(3,916)	(688)
Share in profit from associates	-	3,121	3,121
(Loss)/profit before tax	**(5,006)**	**(484)**	**4,522**
Income tax credit/(expense)	(555)	(1,264)	(709)
(Loss)/profit after tax	**(5,561)**	**(1,748)**	**3,813**

The Group's revenue amounted to €23.5m in FY20 which when compared to previous forecasts amounts to a variance of €2.7m. The main reason behind such a drop is a direct result of the COVID-19 pandemic which confronted the hospitality industry in particular with unprecedented challenges.

During FY20, the Group reported other operating income in terms of concessions related to leases, gains upon termination of leases as well as grants provided by Governments to help companies deal with the pandemic. In the forecasts, the lease concessions were accounted for by allocating this gain over the remaining useful life of the asset in terms of lower depreciation and not fully through the forecasted income statement of FY20, which resulted in a positive variance of €2.5m.

Additionally, the Group's actual results for FY20 were impacted by the increase in fair valuation of one of the development projects in Poznan through the Polish subsidiary Andersia Retail Sp. z o.o., the gain of which had not been forecasted at FAS preparation of FY20. This resulted in a positive variance of €2.2m as shown under other gains. Also contributing to a lower loss than originally forecasted, is the share of profit arising from the associate BTI which contributed €3.1m during FY20.

Interest income is also higher than that previously budgeted and this mainly resulted from third party interests coupled with other related party interest at the Guarantor's level. While on the other hand, the actual results showed a higher interest expense which resulted from higher-than-expected finance costs as charged by banks and third parties.

Given that the Group's results showed an overall improvement on profits when compared to previous budgets, this affected the tax charge for the year which was higher by €0.7m. Based on the above, the Group reported a loss after tax of €1.7m, a positive variance of €3.8m when compared to previous forecasts.

2.5 Group's Financial Position

STATEMENT OF FINANCIAL POSTION AS AT 31 DECEMBER

	FY18A	FY19A	FY20A	FY21F
	€000s	*€000s*	*€000s*	*€000s*
Assets				
Non-current assets				
Intangible assets	203	179	132	72
Property, plant and equipment	42,619	38,633	27,012	25,980
Right of use assets	-	41,167	36,782	32,882
Investment property	17,441	17,681	23,989	33,930
Loans and other receivables	11,534	10,642	7,483	7,120
Investment in associates	21,520	24,674	3,601	2,233
Other financial assets	206	220	1,082	1,831
Deferred tax assets	553	672	1,007	863
Total non-current assets	**94,076**	**133,868**	**101,088**	**104,911**
Current Assets				
Inventories	156	145	139	88
Trade and other receivables	9,356	7,260	5,774	5,640
Current tax receivable	95	194	49	3
Cash and cash equivalents	3,803	6,318	27,906	27,257
Total current assets	**13,410**	**13,917**	**33,868**	**32,988**
Total assets	**107,486**	**147,785**	**134,956**	**137,899**
Equity and Liabilities				
Share capital	3,805	3,805	3,805	3,805
Share Premium Account	4,445	4,445	4,445	4,445
Other reserves	6,245	6,442	3,363	3,518
Currency translation reserve	(649)	(661)	(1,350)	(1,364)
Retained earnings	13,661	14,915	16,339	13,357
Non-controlling interest	17,402	15,314	14,383	14,460
Total equity	**44,909**	**44,260**	**40,985**	**38,221**
Liabilities				
Non-current Liabilities				
Provisions for other liabilities and charges	41	-	-	-
Borrowings	19,256	16,218	14,126	26,345
Debt securities in issue	24,792	24,832	24,225	24,263
Finance lease liabilities	-	38,595	35,173	31,636
Deferred tax liability	3,244	3,791	4,392	4,342
Total non-current liabilities	**47,333**	**83,436**	**77,916**	**86,586**
Current Liabilities				
Trade and other payables	5,752	6,069	4,443	5,471
Finance lease liabilities	-	3,284	5,059	5,270
Current tax payable	146	53	642	205
Borrowings	9,346	10,683	5,911	2,146
Total current liabilities	**15,244**	**20,089**	**16,055**	**13,092**
Total liabilities	**62,577**	**103,525**	**93,971**	**99,678**
Total equity and liabilities	**107,486**	**147,785**	**134,956**	**137,899**

RATIO ANALYSIS - FINANCIAL STRENGTH

	FY18A	FY19A	FY20A	FY21F
Gearing 1 (Net Debt / (Net Debt and Total Equity))	52.5%	66.4%	58.0%	62.0%
Gearing 2 (Total Liabilities / Total Assets)	58.2%	70.1%	69.6%	72.3%
Gearing 3 (Net Debt / Total Equity)	110.4%	197.2%	138.1%	163.3%
Net Debt / EBITDA	(172.8)x	36.6x	27.2x	19.8x
Current Ratio (Current Assets / Current Liabilities)	0.9x	0.7x	2.1x	2.5x
Quick Ratio (Current Assets - Inventory / Current Liabilities)	0.9x	0.7x	2.1x	2.5x
Interest Coverage 1 (EBITDA / Cash interest paid)	(0.1)x	1.1x	1.1x	1.8x
Interest Coverage 2 (EBITDA / Finance costs)	(0.1)x	0.6x	0.5x	1.1x

In FY20, the Group recorded a decrease of 8.7% or €12.8m in its total assets (FY19: increase of 37.5% or €40.3m). This drop was mainly as a result of a decrease of €11.6m in property, plant and equipment which mainly reflects the sale of Cugo' Gran Menorca property and the annual depreciation. The decrease in the investment in associates of €21.1m, which mainly reflects the investment in BTI, was net off by a corresponding increase in cash reserves of €21.6m on a comparative basis.

The Group's total liabilities decreased by €9.6m to €94.0m in FY20 (FY19: €103.5m). This decrease was predominantly due to a decrease of €9.1m in total borrowings, which represent the repayment of loans from associates, banks, coupled with the repayment of finance lease liabilities. Movements in total equity mainly reflects the results achieved in FY20.

As a result of the return generated from the Bavaria Towers, coupled with a significant effort of cost control and cash management, the Group managed to achieve a record liquidity of cash and cash equivalents of €27.9m as well as a significant improvement in the gearing ratio of the Group. More specifically, the gearing (Net Debt / Net Debt and Total Equity) declined to 58.0% in FY20 from 66.4% in FY19.

The Group's financial position was in line with previous forecasts, with actual total assets exceeding forecasts by 1.4% or €1.9m. More specifically, property, plant and equipment (PPE), was lower than budgeted by €10.7m as a result of the sale of Cugó Gran Menorca which was not previously forecasted tp be consluded in FY20. This was, however off-set by higher than expected investment property (fair value gains on the Andersia Silver project), investment in associate (better than projected return from BTI), trade receivables and cash reserves (Group managed to control its costs better than forecasted). From the liabilities perspective, the Group managed to accelerate the repayment of higher than expected borrowings as a result of its strong liquidity, with actual total liabilities €1.3m or 1.3% lower than previously budgeted.

CONSOLIDATED FORECASTS FOR FY21:

ASSETS

The Group's total assets are forecasted to amount to €137.9m in FY21, which represents an increase of €2.9m compared to FY20. This is mainly due to a forecasted increase in investment property, which will be partially set off with a decrease in PPE, right of use assets and investments in associates.

In FY21, PPE is forecasted at €26.0m which is €1.0m below the amount of 2020. This is mainly due to a change in this year's perimeter of consolidation of the petrol station business being now a Joint venture instead of a subsidiary. PPE of €0.6m related to that business activity is not included in the Group´s consolidated PPE.
The Group's companies whose properties are classified under PPE as at end of FY21 are: Lublin Grand Hotel Sp. z o.o. (owner of IBB Hotel Lublinianka) and the subsidiary Dlugi Targ Sp. z o.o. (owner of IBB Hotel Gdansk).

The right of use asset forecasted in FY21 is expected to continue decreasing in line with the depreciation. The reduction of the right of use amounts to circa €3.9m for FY21. As at end of FY21, the Group's forecasted right of use assets are made up of leased assets held at Gzira 14 East Limited, Andersia Tower hotel Management Sp. z o.o., Senglea Hotel Operations Ltd, IBB Hotel Deutschland Betriebs GmbH (operator of two hotels), IBB Blue Hotel Betriebs GmbH (operator of two hotels) and Donaupassage Hotel Passau Betriebs GmbH (operator of one hotel).

Investment property is forecasted at €33.9 in FY21, which is €9.9m higher than FY20. This is mainly related to the Andersia Silver project, where the Group is currently undergoing the fourth and final development phase of Andersia Silver, Poznań's highest A-Class building, after Poznań Financial Center, Andersia Tower and Andersia Business Center, completed in 2001, 2007 and 2012, respectively. The Group is forecasting a €9.9m increase in investment property, as in August 2021 it expects to complete the underground works corresponding to the construction of the 3 underground floors of the Andersia Silver project.

The Group companies whose properties are classified as Investment property as at end of FY21 are namely: Von der Heyden & Partners Sp. z o.o. (Wegorzewo Project), Andersia Retail Sp. z o.o. (Silver Project), Hotspot Real Estate Limited (land for development in Montenegro), Timan Investments España (plot of land in Cala Llonga, Mahon) and Nowy Swiat 5 Sp. z o.o. (office project in Warsaw).

Based on the expected dividend of BTI in FY21, investment in associates are forecasted to decrease by €1.4m to €2.2m in FY21 when compared with last year.

Other assets are expected to fluctuate in line with the Group's normal course of business, with other financial assets planned to increase as a result of the expected investment by the Group's parent in different funds within the portfolio.

WORKING CAPITAL

In FY20, the Group managed to close the year with a positive working capital position (current assets – current liabilities) of €17.8m due to the ability of the Group to generate a positive cash flow despite the challenges of the pandemic.

Based on the FY21 forecasted figures, the working capital position is expected to be €19.9m improving the strong working capital position of FY20. This improvement is mainly due to the renegotiation terms of the €4.3m loan for the financing of Hotel Lublin Gran Hotel in Q1 2021 which has been extended to 2024. In FY20, this loan was fully classified with current liabilities as a short-term borrowing.

TOTAL EQUITY AND LIABILITIES

Total equity and liabilities in FY21, are forecasted to amount to €137.9m, which represents an increase of €2.9m compared to FY20. This is mainly due to an expected increase in total borrowings of €5.2m, partial netted off with the negative movement in equity as a result of the forecasted loss for FY21 as further explained in section 2.4.

The Group is forecasting a total borrowings of €89.7m (FY20: €84.5m), an increase of €5.2m over the previous year.

	2021 FULL YEAR		2020 FULL YEAR	
	Forecast	%	Actual	%
	FY2021	FY2021	FY2020	FY2020
	€000s		*€000s*	
Long Term Borrowings	**82,243**	**100%**	**73,447**	**100%**
Bank borrowings	14,281	17%	10,678	15%
Loans from associates	377	0%	0	0%
Loans from other related parties	2,523	4%	2,819	4%
Loans from UBOs (SVDH)	100	0%	0	0%
Loans from third parties	8,917	11%	418	1%
Bonds payable	24,263	30%	24,221	33%
Other borrowings	146	0%	138	0%
FINANCE LEASE LIABILITY (LT)	31,636	38%	35,173	48%
Short Term Borrowings	**7,416**	**100%**	**11,043**	**100%**
Bank borrowings	436	6%	4,607	42%
Loans from associates	0	0%	73	1%
Loans from other related parties	1,062	15%	485	4%
Loans from UBOs (SVDH)	31	0%	0	0%
Loans from third parties	605	8%	819	7%
Other borrowings	12	0%	0	0%
FINANCE LEASE LIABILITY (ST)	5,270	71%	5,059	46%
Total Borrowings	**89,659**		**84,490**	

The majority of the borrowings arise from:

- Finance lease liability which makes up 41.2% at €36.9m (FY20 :€40.2m) of the total borrowings,
- Bonds payable amounting to 27.1% of total borrowings at €24.3m (FY20 : €24.2m),
- Loans from financial institutions amounting to 16,4% of total borrowings at €14.7m (FY20 : €15.3m),
- Loans from third parties at 10.6% at €9.5m (FY20: €1.2m) of total borrowings.

The finance lease liabilities as per IFRS 16 represents the amount recognized by the lessee on its statement of financial position regarding its leases measured on a discount basis. IFRS 16 requires the lessee to remeasure the liabilities in case there are changes in future payments. A portion of each periodic payment represents the interest expense and the remainder is a reduction of the lease liabilities.

For the FAS 2021 management has not considered any change in the leases and the reduction of the finance lease liabilities in 2021 amounts to €3.3m compared to 2020.

The Bond payable amounts in the forecast 2021 €24.3m and is net of the Group investment in its own bonds.

The loan from banks are mainly made up of two bank loans:
- A loan in the subsidiary Dlugi Targ Sp. z o.o. of €9.96m financing the hotel in Gdansk with the following conditions: interest of Euribor 1m + 2,4% and final repayment date in 2028
- A loan in the subsidiary Lublin Grand Hotel Sp. z o.o of €4.3m financing the hotel in Lublin with the following conditions: interest of Euribor 1m + 2,84% and final repayment date in 2024

The forecasted loans from third parties show an increase of some €8.3m and result from the Polish subsidiary Andersia Retail Sp. z o.o. in charge for the development of the Andersia Silver project. The third party borrowings being forecasted at €8.8m are the direct financing of 50% of the contract value for underground works of the said project. The works are being carried out by the contractor PORR Polska S.a. March 2021 was the commencement month of such project and it is being estimated that it will run up to July/August of FY21. While the contractor is executing works according to the schedule, the subsidiary Andersia Retail S.A. will not need to do any payments in FY21, with deadline for the payments being August of FY22.

2.6 Group's Cash Flows Statement

CASH FLOWS STATEMENT

	FY18A	FY19A	FY20A	FY21F
	€000s	*€000s*	*€000s*	*€000s*
Net Cash (used in) / generated from operating activities	(10,070)	560	(4,248)	(855)
Net Cash generated from / (used in) investing activities	6,957	9,682	34,309	(7,344)
Net cash generated from / (used in) financing activities	393	(7,529)	(9,348)	7,704
Effect of changes in foreign exchange	(384)	(198)	875	(154)
Net movement in cash flows	**(3,104)**	**2,515**	**21,588**	**(649)**
Cash and cash equivalents at beginning of year	**6,907**	**3,803**	**6,318**	**27,906**
Cash and cash equivalents at end of year	**3,803**	**6,318**	**27,906**	**27,257**

RATIO ANALYSIS- CASH FLOW

	FY18A	FY19A	FY20A	FY21F
	€000s	*€000s*	*€000s*	*€000s*
Free Cash Flow (CFO prior to the payment of interest - Capex)	€(12,025)	€1,456	€(8,498)	€(6,453)

** Previously this ratio included interest payments, however this was amended to reflect the CFO excluding interest payments.*

The Group recorded a favourable cash position of €27.9m as of 31 December 2020, an increase of 341.7% from FY19, which stood at €6.3m. More specifically in FY20, the Group reported cash utilised in operating activities of €4.3m (FY19: cash generated of €0.5m). In view of the dividends received from BTI and the sale of the Cugo' Gran Menorca cash generated from investing activities amounted to €34.3m (FY19: €9.7m). Additionally, the Group utilised €9.3m in financing activities (FY19: €7.5m), which resulted in a positive cash flows movement of €21.6m during FY20 (FY19: €2.5m).

As noted earlier, the Group's cash flow position was better than that forecasted last year mainly due to the un-budgeted sale of the Cugo' Gran Menorca. Predominantly, this was partially netted off by a negative variance of €8.5m in cash flows from operating activities.

The Group is forecasting to have cash and cash equivalents as at the end of the FY21 of €27.3m. This is based on a forecasted cash generated from operations of €0.9m, less €7.3m cash expected to be utilised in investing activities and a positive cash flow of €6.0m from financing activities. The expected cash to be utilised in investing activities mainly represents the development expected to be incurred on the Andersia Silver project during FY21, where the Group is currently developing the 4th and final stage of the project in Poznan. Additionally, this includes professional fees and permits relating to the development of the land in Budva, Montenegro and general renovation works in the Group's hotels.

Overall, the strong liquidity position being forecasted by the Group for FY21 will allow it to continue to finance its investments and enable it to seize new opportunities that may arise in the future.

Part 3

Key Market and Competitor Data

3.1 General Market Conditions

3.1.1 European Economic Update[1]

The health of European economies continues to depend on COVID-19 infection rates, the pressures experienced by health care systems, and the duration and severity of containment measures. The new round of restrictions prompted by the wave of infections that took off in late 2020 pushed the European Union (EU) back into recession, even though the decline in activity was far milder than the downturn experienced during the first wave.

However, the development, approval and administration of vaccines is being done in record time and is turning the page on the pandemic. In early quarter 2 of 2021, the pace of vaccination has accelerated as supply constraints have eased. By 10 May, more than 120 million EU citizens, mainly senior older people and other priority groups, have taken the vaccine. The vaccination of younger people is also quickly progressing. This offers the prospect for a return to the freedom we knew before the pandemic and a brightening of the economic outlook. The economy is also benefitting from an improved external continued strong policy support.

As the rebound gains momentum in the EU, the focus of economic policy has to shift from protecting companies and jobs to paving the way for a smooth, sustained, and sustainable, recovery. The Recovery and Resilience Facility (RRF) offers a unique opportunity in this respect. In fact this facility, is also the reason why the EU is now expected to return to its pre-pandemic level of GDP by the end of this year, which is earlier than previously expected. This is critically dependent on the implementation of the RRF within EU member states.

It is also important to bear in mind that unless the virus is controlled everywhere across the globe, it cannot be under control anywhere. Some large developing and emerging economies that are now experiencing a resurgence of the pandemic cannot rely on the rapid availability of vaccines, and their health systems are ill-equipped to cope with a pandemic. This is a tragedy for the millions of people who remain at risk of illness and death. It also represents a global threat, with the risk of new virus mutations making a comeback and paralysing again the global economy. This therefore, requires decisive and concerted efforts on a global scale in order to secure swift worldwide access to affordable COVID-19 vaccines, diagnostics and treatments.

After the historic drop in activity recorded in the first part of 2020 and the rebound in the summer, the EU economy faced another setback in late 2020 as the resurgence of the pandemic prompted a new round of containment measures. With output falling again in the last quarter of 2020 and the first of 2021, by a cumulative 0.9%, the EU was pushed back into recession. However, considering the stringency of the restrictions, the decline in activity was far milder than the downturn in the first half of 2020. Better adaptation of firms and households to the constraints of the pandemic environment, stronger support from global growth and trade, and continued strong policy support helped economic agents cope with the economic challenges.

Economic developments in 2021 and 2022 will be largely determined by how successfully vaccination programmes will tame the pandemic and how quickly governments will lift restrictions. For the EU, the forecast assumes that following a marginal easing of restrictions in the course of the second quarter, progress in vaccinations will enable a more marked easing of restrictions in the second half of the year. In 2022, COVID-19 will remain a public health concern, despite the high share of the population being vaccinated (including refreshed protection when needed, for example due to new variants). It is therefore assumed that some limited containment measures will be in place as needed.

In terms of the RRF, the total EU expenditure expected to be financed by this facility over 2021 and 2022 amounts to EUR 140 billion, or just below 1% of 2019 GDP. The total economic impact generated by the RRF over this forecast horizon is expected to be approximately 1.2% of 2019 EU real GDP. Overall, the EU economy is forecast to grow by 4.2% in 2021 and to strengthen to around 4.4% in 2022 (4.3% and 4.4%, respectively, in the euro area). A stronger-than-previously expected rebound in global activity and trade, and the growth impulse provided by Next Generation EU fund/RRF, help to explain the brighter outlook for all countries compared to the Winter Forecast, as issued by the European Commission. However, differences across countries in the pace of the recovery from the crisis remain substantial.

More specifically, the EU has adapted a multiannual financial framework for the upcoming 2021-2027 period, where a long-term budget of €1,074.3 billion including the integration of the European Development Fund and an additional Next Generation EU recovery instrument of €750 billion, will allow the EU to provide an unprecedented €1.8 trillion of funding over the coming years. Consequent to such funding, the EU and euro area debt-to-GDP ratios are projected to rise further this year, reaching a new peak of around 95% and 102% in the EU and the euro area, respectively, before decreasing slightly in 2022.

As spending opportunities reopen and uncertainty about job and income prospects fade, private consumption will rebound and the household saving rate in the EU is expected to gradually decline from 19.4% in 2020 to 13.6% in 2022, still above its pre-crisis level.

The Headline inflation increased sharply in early 2021 in both the EU and the euro area, reflecting rising energy prices and a host of temporary factors, including tax changes, base effects and the impact of a new weighting scheme of the inflation basket that better corresponds to the substantial changes to consumption patterns triggered by the pandemic. These factors will continue to shape the profile of inflation this year but should wear off gradually next year. The inflation based on, the Harmonised Index of Consumer Prices (HICP), is expected to increase from 0.7% in 2020 to 1.9% in 2021 and to moderate to 1.5% in 2022 (in the euro area, inflation is forecasted to increase from 0.3% in 2020, to 1.7% in 2021 and 1.3% in 2022).

The risks surrounding the above GDP forecasts are high and will remain so as long as the pandemic hangs over the economy. On the epidemiological front, developments concerning the pandemic and the efficiency and effectiveness of vaccination programmes could turn out better or worse than assumed in the central scenario of this forecast. On the economic side, the European Commission's forecast may underestimate the propensity of households to spend, or, on the opposite, consumers' desire to maintain high levels of precautionary savings. Another risk to the outlook is the timing of policy support withdrawal, which if premature could jeopardise the recovery. On the downside, the impact of corporate distress on the labour market and the financial sector could prove worse than anticipated. On the upside, stronger than projected global growth, particularly in the US, could have a more positive impact on the European economy than expected.

3.1.2 European Economic Update[2]

As the COVID-19 vaccine became available, a well-orchestrated and efficient inoculation scheme across Europe was expected. However, the EU's vaccination campaign was challenged by slow vaccine approval processes, pharmaceutical production delays, distribution challenges and fears over side effects with many EU nations temporarily halting the use of the Oxford/AstraZeneca vaccine. All these issues have prolonged and jeopardised nations' efforts to control the pandemic. Currently, Europe is slowly recovering from the third wave of COVID-19 cases despite vaccine rollout. Some countries have seen the numbers of infections raise significantly. By contrast, the UK, the US, and Israel have quickly rolled out mass inoculations.

Despite the many issues faced so far, immunisation efforts in Europe have ramped up. The doses delivered to the EU have substantially increased. The bloc is confident that the vaccination delivery will catch up over the second quarter and will bring down COVIID-19 cases, allowing for a safe and sustainable reopening of travel and tourism in Europe. With the summer season around the corner and a mounting pent-up demand, it is crucial that European nations work together on the implementation of a roadmap to restore a sector that very much relies on people's freedom to travel.

However, prospects for the summer season are mixed as lockdowns have still persisted into 2021 despite the vaccine rollout. While Europe works to overcome hurdles relating to vaccine side effects and supply shortages, inoculation programmes are still expected to accelerate over the summer, bringing down COVID-19 cases and raising hopes of easing restrictions.

Data to January 2021 indicates an 85% plunge in international tourist arrivals to Europe, and travel demand is expected to remain below its pre-pandemic trajectory until 2024. On the other hand, domestic travel is leading the way, with volumes projected to reach 2019 levels in 2022. Based on current studies, travellers' mood is upbeat for summer holidays spurred by the availability of a vaccine, with 56% of Europeans willing to travel by the end of August 2021.

European destinations continued to see major declines in tourist arrivals during Q1/2021, with travel to half of the destinations plummeting more than 90% based on latest available data. Largest falls were registered in Austria (-99%) with strict entry rules in place, and Iceland (-97%), where fully vaccinated visitors from non-Schengen countries are now exempt from testing and quarantine obligations. A number of Central/Eastern European destinations together with Cyprus, Slovenia and Finland, were also amongst the hardest hit, all posting decreases above 93%. Monaco (-41%) was the only destination that did not exceed a 50% decline.

As evidenced through the less restrictive months of 2020, domestic demand will likely return first, while sentiment concerning international travel remains tempered until there's more certainty regarding restrictions easing. Countries such as Germany and the UK are therefore well-positioned, given the huge domestic source base coupled with historic demand for the population to travel. Out of five of the largest tourism markets in Europe, Germany and the UK boast the highest share of domestic travellers as a proportion of total visitation, at 79.3% and 74.4% respectively, according to pre-COVID 2019 figures. Being the two largest suppliers of outbound travellers in Europe as well, both markets therefore also have the potential to further boost domestic demand through the conversion of typical outbound travel towards their domestic markets.

3.1.3 European Real Estate Update[3]

According to Savills research, the pandemic has kept activity in the real estate low. More specifically, investment activity in the Q1 2021 has slowed down considerably on a comparative basis. This is not surprising as most countries were still under strict lockdowns, while travel restrictions and requirements for quarantines upon entry have limited mobility and the ability to view assets. The total volume invested in the 19 markets monitored by Savills was over €52.7 billion, which is 41% down vs the same quarter last year and 18% below the five-year average. The rolling 4-quarter investment volume was close to €210 billion, the lowest since Q3 2014. It is worth noting that Q1 2020 was a record high quarter, and was achieved just before the World Health Organization declared the COVID-19 outbreak a pandemic in March 2020.

Germany was still the largest market despite the 52% YoY (year-on-year) fall, and captured 30% of the total, followed by the UK (-34% YoY) at 25%. France's share dropped just below 10% and annual volumes dropped by -37% YoY. Sweden (-37% YoY) accounted for 8% of the total and Denmark entered for the first time the top five with a share of 5%. Smaller markets relying heavily on cross-border capital such as the Czech Republic, Portugal, Belgium and Luxembourg experienced the steepest falls (over 80%). In Ireland (+107%) and Denmark (+21%), market activity was higher than last year, driven by high activity in the residential market segments.

According to Real Capital Analytics, the volume of cross-border capital invested in Europe dropped by almost 31% YoY in Q1 2021. The UK market attracted over one third of total, followed by Germany at one fifth. France and Denmark accounted for 12% and 11% respectively. The US remained the largest source of capital (40%), despite the fact that it registered a high drop last year (-29% YoY). German and Swedish capital accounted for another 13% each. Overall the share of cross border investment declined slightly from 59% to 57% on average YoY, with the highest drops noted in Czech Republic, Sweden and France. Travel restrictions have constrained the activity of overseas investors, especially from Asia, but also the US and even the UK. European capital increased its share of cross border investment from a five-year average of 46% to 52% in Q1 2021.

A marked shift in sector focus has been recorded over the first quarter of this year. The share of office investment in Q1 dropped for the first time since Q1 2015 to 27% of the total investment activity, compared to its five-year average of 35% (Q1). Similarly, retail share dropped for the first time below 10% to 9%. The share of logistics sector jumped from a five-year average of 12% to 19%, while the alternatives sector (including living and other sectors) saw a further rise to 44% of total. These changes in investor priorities mirror the certainties and uncertainties caused by the pandemic, which has also resulted in an accelerated shift to e-commerce. This has benefited logistics, but harmed retail. Additionally, the pandemic has altered the ways of working, which have made investors more cautious towards offices. Lastly the quality of income streams of the living sectors keeps attracting new players in the sector.

The multifamily segment alone accounted for about one fifth of the total investment volume, up from a 5-year average of 13%. A number of markets stand out with historic high levels of activity. Multifamily captured a record high of 58% of the total in Ireland, over 50% in Spain, 40% in Finland and 37% in Germany. Numerous new specialty funds have been launched and investments have been targeting the few stabilised assets and mostly new development projects.

3.2 Comparative Analysis

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

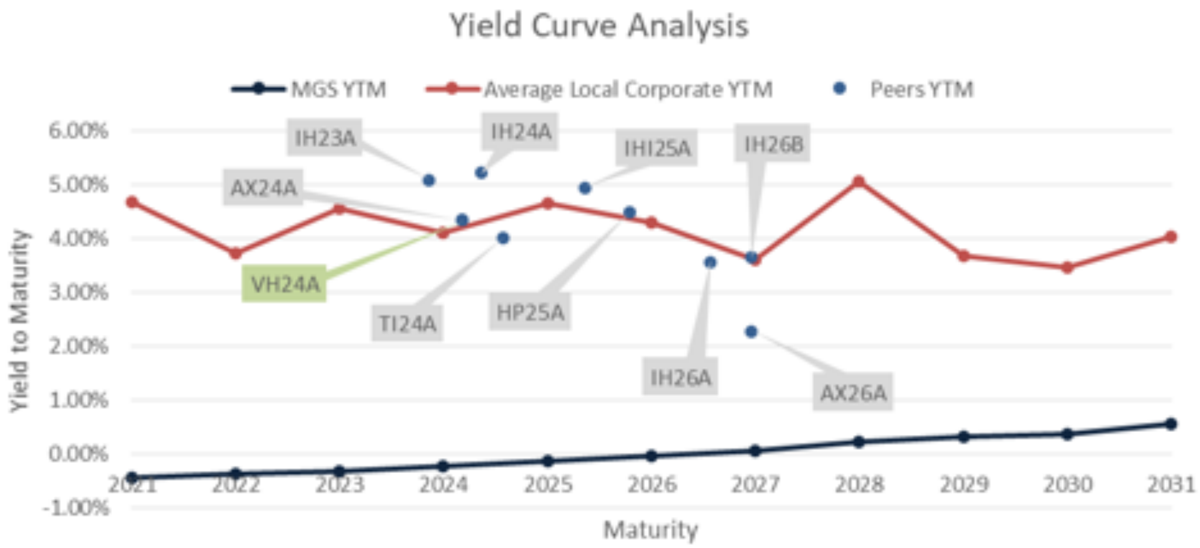
Security	Nom Value	Yield to Maturity	Interest coverage (EBITDA)	Total Assets	Total Equity	Total Liabilities / Total Assets	Net Debt / Net Debt and Total Equity	Net Debt / EBITDA	Current Ratio	Return on Common Equity	Net Margin	Revenue Growth (YoY)	Last Closing Price *
	€000's	(%)	(times)	(€'millions)	(€'millions)	(%)	(%)	(times)	(times)	(%)	(%)	(%)	
5.8% International Hotel Investments plc 2021	20,000	5.63%	(.2)x	1,544.1	773.2	49.9%	42.1%	(149.9)x	0.9x	-9.1%	-82.3%	-65.7%	100.00
5.8% International Hotel Investments plc 2023	10,000	5.10%	(.2)x	1,544.1	773.2	49.9%	42.1%	(149.9)x	0.9x	-9.1%	-82.3%	-65.7%	101.50
6% AX Investments Plc € 2024	40,000	4.34%	0.8x	348.7	217.4	37.6%	25.5%	28.3x	0.8x	-3.5%	-27.5%	-44.7%	104.10
4.4% Von der Heyden Group Finance plc Unsecured € 2024	25,000	4.35%	1.1x	135.0	41.0	69.6%	58.0%	27.2x	2.1x	-4.1%	-7.4%	-9.2%	100.10
6% International Hotel Investments plc € 2024	35,000	5.23%	(.2)x	1,544.1	773.2	49.9%	42.1%	(149.9)x	0.9x	-9.1%	-82.3%	-65.7%	102.00
5% Tumas Investments plc Unsecured € 2024	25,000	4.03%	7.2x	229.6	137.5	40.1%	17.6%	1.6x	4.5x	8.3%	32.6%	-42.5%	102.80
5.75% International Hotel Investments plc Unsecured € 2025	45,000	4.95%	(.2)x	1,544.1	773.2	49.9%	42.1%	(149.9)x	0.9x	-9.1%	-82.3%	-65.7%	102.75
4.5% Hili Properties plc Unsecured € 2025	37,000	4.49%	1.6x	149.6	62.7	58.1%	54.9%	14.6x	0.5x	6.8%	52.9%	-11.5%	100.01
4% International Hotel Investments plc Secured € 2026	55,000	3.56%	(.2)x	1,544.1	773.2	49.9%	42.1%	(149.9)x	0.9x	-9.1%	-82.3%	-65.7%	102.00
4% International Hotel Investments plc Unsecured € 2026	60,000	3.67%	(.2)x	1,544.1	773.2	49.9%	42.1%	(149.9)x	0.9x	-9.1%	-82.3%	-65.7%	101.60
3.25% AX Group plc Unsec Bds 2026 Series I	15,000	2.27%	0.8x	348.7	217.4	37.6%	25.5%	28.3x	0.8x	-3.5%	-27.5%	-44.7%	105.00
4.35% SD Finance plc Unsecured € 2027	65,000	4.05%	6.8x	324.4	137.6	57.6%	43.3%	4.1x	1.4x	9.0%	20.5%	5.7%	101.50
3.75% Tumas Investments plc Unsecured € 2027 (xd)	25,000	3.36%	7.2x	229.6	137.5	40.1%	17.6%	1.6x	4.5x	8.3%	32.6%	-42.5%	102.10
4% Stivala Group Finance plc Secured € 2027	45,000	3.55%	2.6x	354.1	231.4	34.6%	26.5%	11.5x	5.0x	11.7%	229.8%	-46.9%	102.50
3.85% Hili Finance Company plc Unsecured € 2028	40,000	3.85%	4.1x	628.9	110.1	82.5%	77.1%	5.7x	1.2x	20.5%	4.6%	0.0%	100.01
3.65% Stivala Group Finance plc Secured € 2029	15,000	3.51%	2.6x	354.1	231.4	34.6%	26.5%	11.5x	5.0x	11.7%	229.8%	-46.9%	101.00
3.8% Hili Finance Company plc Unsecured € 2029	80,000	3.80%	4.1x	628.9	110.1	82.5%	77.1%	5.7x	1.2x	20.5%	4.6%	0.0%	100.00
3.75% AX Group plc Unsec Bds 2029 Series II	10,000	2.68%	0.8x	348.7	217.4	37.6%	25.5%	28.3x	0.8x	-3.5%	-27.5%	-44.7%	108.00
Average (excludes the performance of the Group)**		**4.00%**	**3.0x**	**464.3**	**213.9**	**53.8%**	**43.1%**	**(7.1)x**	**2.1x**	**5.0%**	**27.9%**	**-26.9%**	

Source: Latest available audited and consolidated financial statements

* Last price as at 24/06/2021

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

Although the above comparative analysis table specifically refers to the respective Issuers, it is important to clarify that financial figures and metrics pertaining to such issuers captures the consolidated operation of the respective Group. More specifically, the presented financial data relates to either the Holding Company, Guarantor or the Issuer depending on the respective group structure of each issuer.



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

The graph plots the entire MGS yield curve, thus taking into consideration the yield of comparable issuers. The graph illustrates on a stand-alone basis, the yield of the Group's peers maturing during 2023 and 2026 (Peers YTM).

As can be witnessed in the comparative analysis, the Group's leverage is above the average of its comparable issuers on the Malta Stock Exchange at a gearing (net debt / net debt and total equity) of 58.0% compared to an average of 43.1% for the identified peers, with the total liabilities/total assets gearing standing at 69.6%, (average: 53.8%).

As at 24 June 2021, the average spread over the Malta Government Stocks (MGS) for peers maturing during 2023 and 2026 is 433 basis points. The 4.4% VDH bond 2024 bond is currently trading at a YTM of 4.35%, meaning a spread of 458 basis points over the equivalent MGS. This means that this bond is trading at a premium of 25 basis points in comparison to its peers.

Part 4

Glossary and Definitions

INCOME STATEMENT

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

PROFITABILITY RATIOS

Growth in Revenue (YoY)	This represents the growth in revenue when compared with previous financial year.
Gross Profit Margin	Gross profit as a percentage of total revenue.
EBITDA Margin	EBITDA as a percentage of total revenue.
Operating (EBIT) Margin	Operating margin is the EBIT as a percentage of total revenue.
Net Margin	Net income expressed as a percentage of total revenue.
Return on Common Equity	Return on common equity (ROE) measures the rate of return on the shareholders' equity of the owners of issued share capital, computed by dividing the net income by the average common equity (average equity of two years financial performance).
Return on Assets	Return on assets (ROA) is computed by dividing net income by the average total assets (average assets of two years financial performance).

CASH FLOW STATEMENT

Cash Flow from Operating Activities (CFO)	Cash generated from the principal revenue producing activities of the Group/Company.
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)	Free cash flow (FCF) represents the cash a Group/Company generates after accounting for cash outflows to support operations and maintain its capital assets. It is calculated by taking Cash Flow from Operating Activities (before the payment of interest) less the Capex of the same financial year.

BALANCE SHEET

Total Assets	What the Group/Company owns which can be 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.
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 be further classified into Non-Current Liabilities and Current Liabilities.
Non-Current Liabilities	Obligations which are due after more than one financial year.
Total Debt	All interest-bearing debt obligations inclusive of long and short-term debt.
Net Debt	Total debt of a Group/Company less any cash and cash equivalents.
Current Liabilities	Obligations which are due within one financial year.

FINANCIAL STRENGTH RATIOS

Current Ratio	The Current ratio (also known as the Liquidity Ratio) is a financial ratio that measures whether or not a company has enough resources to pay its debts over the next 12 months. It compares current assets to current liabilities.
Quick Ratio (Acid Test Ratio)	The quick ratio measures a Group's/Company's ability to meet its short-term obligations with its most liquid assets. It compares current assets (less inventory) to current liabilities.
Interest Coverage Ratio	The interest coverage ratio measures how many times a Group/Company can cover its current interest payment with its available earnings.
Interest Coverage Level 1	Is calculated by dividing EBITDA by Cash Interest Paid.
Interest Coverage Level 2	Is calculated by dividing EBITDA by Finance Costs.
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.
Occupancy Level	The occupancy level is expressed as a percentage and indicates the number of rooms occupied to the total number of available rooms in a given time period.
Average Daily Rate (ADR)	Average Daily Rate (ADR) is a performance metric used in the hotel industry and it represents the average rental income per paid occupied room in a given time period.
Revenue per Available Room (Rev/PAR)	Revenue per available room (Rev/PAR) is a performance metric used in the hotel industry. It is calculated by multiplying a hotel's average daily room rate (ADR) by its occupancy rate or by dividing a hotel's total room revenue by the total number of available rooms in the period being measured.
Interest Coverage Level 1	Is calculated by dividing EBITDA by Cash Interest Paid.