VON DER HEYDEN
FINANCE

Reference: VDHGF 62 – 2022

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 Capital Markets Rules issued by the Malta Financial Services Authority.

QUOTE

It is being announced that the Financial Analysis Summary 2022 of the Company dated today, 28 June 2022, has been approved for publication and is available herewith. It is also available for viewing on the Company's website at: https://vonderheydengroup.com/wp-content/uploads/2022/06/VDHG-FAS-2022-FINAL-28-06-2022.pdf

UNQUOTE

BY ORDER OF THE BOARD

Dr. Karen Coppini
Company Secretary

28 June 2022

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

28 June 2022

Dear Sirs,

In accordance with your instructions, and in line with the requirements of the MFSA Listing 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 2019, 2020 and 2021 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 2022 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

Von der Heyden Group

Calamatta Cuschieri
YOUR PARTNER IN FINANCIAL SERVICES

FINANCIAL ANALYSIS SUMMARY
Von der Heyden Group Finance plc
28 June 2022

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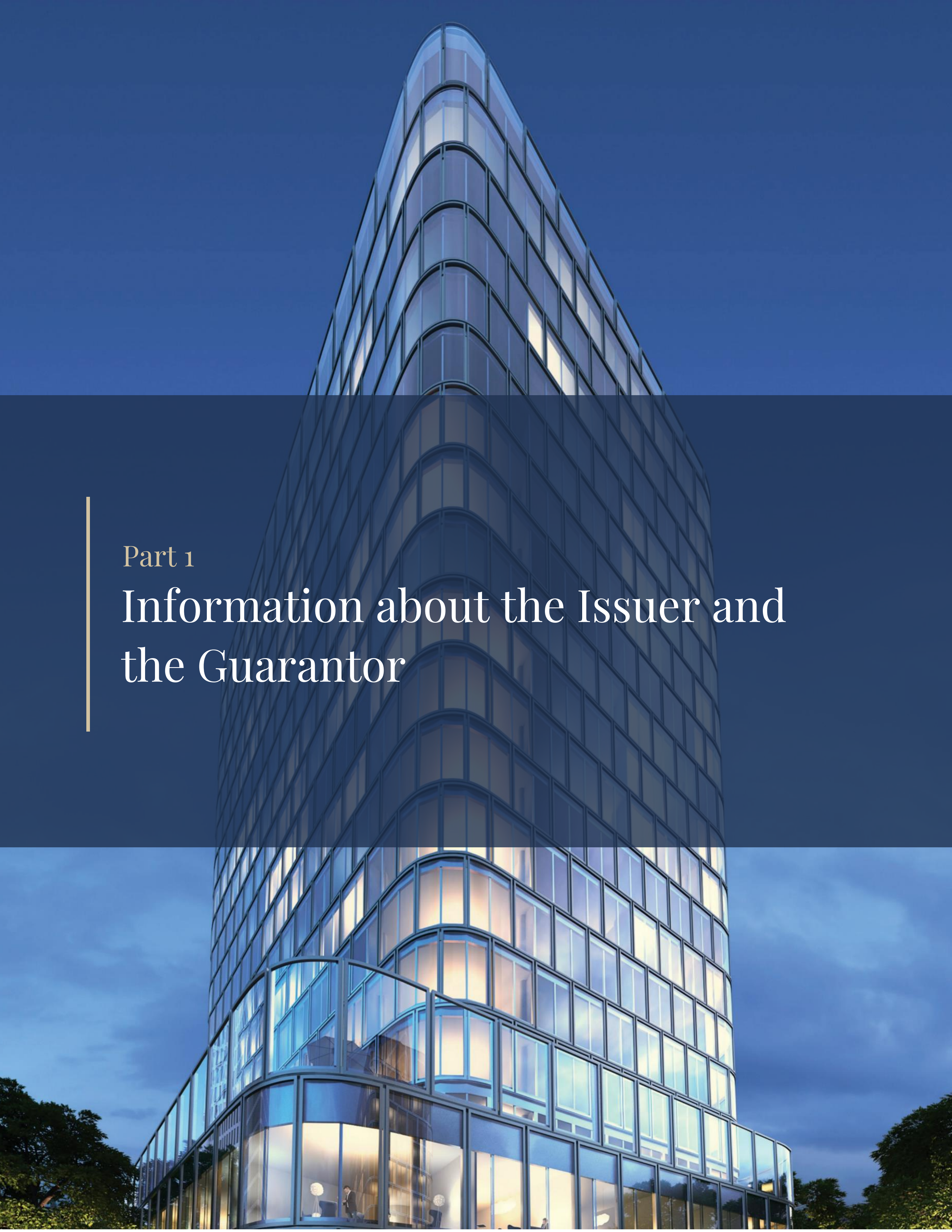
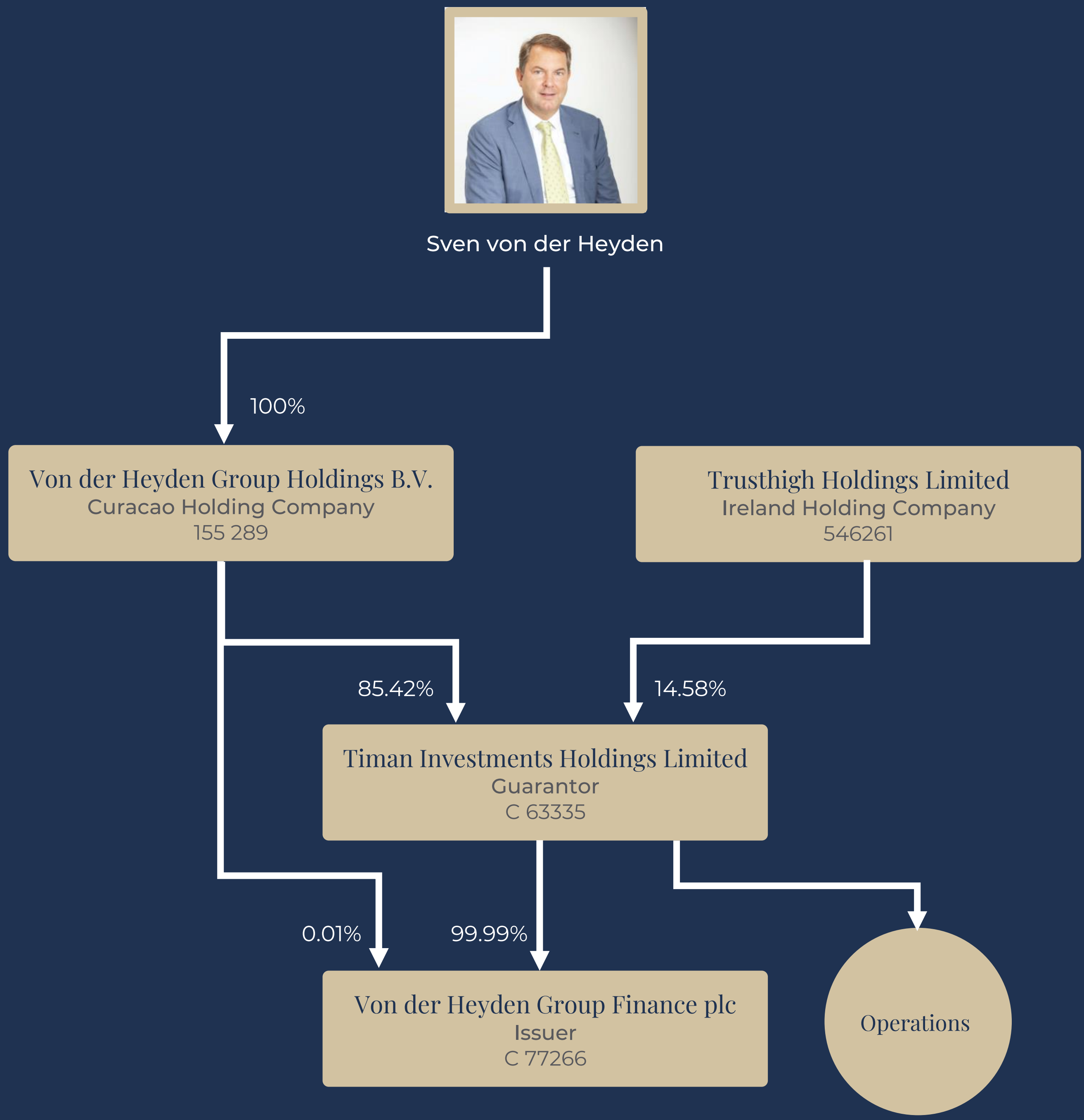


Part 1

Information about the Issuer and the Guarantor

1.1 Issuer and Guarantor's Key Activities and Structure

The summarised organisation chart of the Issuer and the Guarantor is set out below:



1.1 Issuer and Guarantor's Key Activities and Structure - *continued*

The **Von der Heyden Group**, or 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 fuel retailing as one of its alternative investments. It has operations in Germany, Poland, Spain, Portugal, Italy, Montenegro, and Malta.

The Group consists of Von der Heyden Group Holdings B.V., a holding company registered in Curacao being the ultimate parent of the Group, Von der Heyden Group Finance plc (the "**Issuer**"), Timan Investments Holdings Limited (the "**Guarantor**"), a holding company in Malta being the immediate parent of the Issuer and of the Group, and the numerous operating companies within the Group. The operating companies of the Group are held either directly by the Guarantor or indirectly through other holding companies within the Group, as well as those directly under Von der Heyden Group Holdings B.V.

The Issuer is a public limited liability company registered in Malta on 15 September 2016, bearing company registration number C 77266. The Issuer serves as the financial vehicle of the Von der Heyden Group. The authorised and issued share capital of the Issuer is €250,000 divided into 249,999 Ordinary A shares and 1 Ordinary B share all having a nominal value of €1 each. The fully paid up issued share capital, except for one Ordinary B share, is held by Timan Investments Holdings Ltd.

The Guarantor of the Issuer's listed debt securities is a private 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 the Companies Act, 1995. The principal activity of the Guarantor is to hold investments in subsidiaries and associated entities for capital growth and income generation as well as providing financing to the Group and related entities.

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 ("IBBHME"). As of 31 December 2021, the Group had 38 subsidiary entities (2 of which are immaterial and as such not consolidated) and 8 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 four restaurants and an event facility in Malta.

In the accommodation segment, typically, the Group sets up a hotel operating company for each hotel. Hotels, whether owned-and-managed, or leased-and-managed fall either under the "IBB" brand for the 3 and 4-star hotels or the "Cugo Gran" for the luxury boutique hotels. IBB Hotel Management Europe Limited is responsible for the management of all the portfolio of hotels held by the Group providing services such as sales & marketing, including a common online booking platform, revenue management, human resource management, and corporate accounting.

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 Euros. The Group has representative offices in Ukraine (Kyiv), Poland (Warsaw, Poznań, 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 at: 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. In recent years the Group has also embarked also on exciting development projects in countries including Montenegro and even Malta. 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 developments, investments, and services remain the core business of the Group, and maintaining a solid pipeline of projects remain the cornerstone for the success of the Group. The Group has a legacy and a reputation of being able to deliver major high-quality developments as the trusted lead partner that generates significant returns.

REAL ESTATE DEVELOPMENT

The Andersia Silver project is currently the flagship project of the Group and is expected to be completed by the end of 2024. The 39,705sqm A-class office tower in the financial centre of the city of Poznań, Poland, is spread over 26 floors above ground and 3 underground parking floors and is projected to have an investment value of over EUR 135 million. The underground works have been completed, and the Group has managed to secure bank financing from a consortium of three banks to finance the construction and completion of the project.

The Group is also involved in four residential projects: the Atrium Liberdade Residences in Algarve, Portugal, the Reževići Project in Montenegro, and an investment in the renovation of two luxury villas one in Tuscany, Italy, and another in Menorca, Spain.

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 ACCOMODATION 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 two brands: the IBB Blue brand representing the 3-star 4-star offering, and the Cugó Gran brand, representing highly sophisticated boutique hotels.

See also: ibbhotels.com and 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. The Group continues to embark on projects which are already in the pipeline including Poland, Portugal, Montenegro while also evaluating new opportunities in Italy and Malta.

Real estate developments, investments, and services - *continued*

ASSET MANAGEMENT

The Group was in the process of setting up a licensed asset management company in Ukraine. In Q4 FY20, Von der Heyden Asset Management, was the first foreign company to have been granted such a licence by the Ukrainian authorities during the last ten years or so. In view of the unprovoked invasion by the Russian forces in Ukraine earlier this year, the Group has suspended its operations out of loyalty and strong moral values decided not to lay off members of staff and is supporting their reallocation. The Group had not yet committed to any real estate investment transactions in Ukraine and will only pursue this venture should a solid political solution to the war emerge in the short term.

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 has commenced its luxury yacht charter 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 Javier Errejon Sainz de la Maza	Executive director, Managing Director
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 of the Issuer.

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

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 of the Guarantor.

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 2021 was 192 (FY20: 248), whilst the Issuer had an average of 4 employees (FY20: 6).

1.3 Major Assets of the Group

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

OWNING COMPANY	BUSINESS ACTIVITY	PRINCIPAL ASSETS OR OPERATIONS	STATE & COUNTRY	OWNER-SHIP %
Andersia Property Sp. z o.o	Real Estate Investment	Holding Company (100% in Andersia Retail)	Poznań, Poland	67
Andersia Retail Sp. z o.o.	Real Estate Development	4th Phase in Poznań n 39,705, sqm A-class office development	Poznań, 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 Development	Development company	Warsaw, Poland	100
KASA Investments GmbH	Real Estate Investment	Owner - 982sqm Residential Building	Various, Germany	50
DGDV Capital Limitada	Real Estate Development	Owner - 5,000sqm Residential Development Project	Algarve, Portugal	25
Hotspot Real Estate Limited	Real Estate Development	Owner - 10,187sqm plot of land in Budva	Podgorica, Montenegro	100
Donaupassage Hotel Betriebs GmbH	Accommodation and Catering	Operator - IBB Hotel Passau (3*)	Passau, Germany	100
IBB Blue Hotel Betriebs GmbH	Accommodation and Catering	Operator - IBB Blue Hotel (3*) Berlin - Airport & IBB Blue Hotel Paderborn (3*)	Passau, Germany	100
IBB Hotels Deutschland Betriebs GmbH	Accommodation and Catering	Operator - IBB Hotel Ingelheim (4*) & IBB Hotel Altmühltal Eichstätt (4*)	Passau, Germany	100
Villa Diodati S.R.L.	Accommodation and Catering	Owner of 2,000 sqm land and villa under restoration for short-term luxury letting of main villa and apartments.	Lucca, Italy	100

1.3 Major Assets of the Group - *continued*

OWNING COMPANY	BUSINESS ACTIVITY	PRINCIPAL ASSETS OR OPERATIONS	STATE & COUNTRY	OWNER-SHIP %
Lublin Grand Hotel Management Sp. z o.o.	Accommodation and Catering	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.	Accommodation and Catering	Operator - IBB Hotel Andersia (4*) (Ceased operation from early 2022)	Poznań, Poland	74
Dlugi Targ Hotel Management Sp. z o.o.	Accommodation and Catering	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 Hotel Management Europe Limited	Accommodation and Catering	The hotel management company for all the IBB Hotels	Gzira, Malta	100
Senglea Hotel Operations Limited	Accommodation and Catering	Accommodation and Catering	Gzira, Malta	100
IBB Hammett's Operations Limited	Accommodation and Catering	Operator - Hammett's Gastro Bar, Hammett's Macina Restaurant, Hammetts Mestizo, Hammett's Monastik & Sheer Bastion	Gzira, Malta	50
Urbelia Bailen S.L.	Private Equity & Other	Operator - Petrol Station Bailen	Madrid, Spain	50
Urbelia Ciudad Real S.L.	Private Equity & Other	Operator - Petrol Station Ciudad Real	Madrid, Spain	50
Asset Management Company Von der Heyden Group	Private Equity & Other	Asset Management Company	Kiev, Ukraine	100
Von der Heyden Real Estate Services	Asset Management	Real Estate Brokerage & Other Services	Sardinia, Italy	50
Von der Heyden Yachting Limited	Private Equity & Other	Ownership and chartering of luxury yachts & RIVA dealership	Gzira, Malta	100

Key Developments

2021 proved to be another challenging year for the Group as the impact of COVID-19 continued to depress economic conditions worldwide. The continued disruption of global supply chains and increasing inflation pressures in the second half of the year put pressure on businesses. The sectors that the group operates in were especially hard hit as the hospitality and the real estate development sectors were negatively conditioned due to the travel and quarantine restrictions.

In the real estate development segment, Andersia Silver continues to be the flagship development project of the Group in 2022, an office tower that is located in the city of Poznań, Poland with a total estimated investment cost exceeding €105m. In the development segment, the group also has two residential projects underway, namely the Atrium Liberdade in Algarve, Portugal, and a project in Reževići, on the coast of Budva, in Montenegro. Following the acquisition of a 16th-century villa in Lucca the Group started the related restoration works with the aim of turning the villa into a luxury hospitality location for both long and short-term stays.

Additionally, the Group also acquired a villa in Menorca, Spain with the intention of refurbishing and reselling it.

The hotel accommodation and catering segment faced headwinds in 2021 due to the COVID pandemic and the restrictive measures imposed by governments to curb the spread of the virus. Despite the difficult situation, the Group managed to improve its results compared to 2020: revenue from the hotel accommodation segment improved by 11% over 2020 while catering saw a 25% increase in revenues year-on-year.

The Group 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 also tapping into the various schemes that the German and Polish Governments enacted to support the Hotel accommodation sector. Most inflows accruing from these schemes have been received in 2021 and 2022.

Key Developments - *continued*

In the hotel and accommodation segment, the Group is now moving into an exciting phase of repositioning its portfolio with new assets and operations that match its quality ambition. For years VDH Group has grappled with making a success, especially in the 3-star segment. The Hotel sub-group has successfully exited from this sector with the exception of two properties that are still under the management of the VDH and which are currently being restructured. In addition, the Group is seeking to secure an attractive mid-sized hotel in Tuscany Italy that will provide the first luxury hotel offering in Italy. The Group is also pursuing a long-term hotel concession in Costa Rica. Other properties in Seville, Spain and Venice, and Sardinia as well as further opportunities in Italy are also being considered.

The Group also has an interest in low-cost petrol station operations in Spain, though its investment in Urbelia Business S.L. ("Urbelia"). Urbelia currently operates two petrol stations with the vision to scale up its operation to a total of 15 stations within the next three years, of which two additional stations have already been secured. The prospective petrol stations would also include electric charging points in line with the continuous progress in electric mobility.

The Group has also 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 commenced its chartering activity in 2021. In November of last year, Ferretti Group awarded the exclusive dealership rights of the prestigious Riva brand in Malta to the Group. As an official Riva dealer, Von der Heyden Yachting offers a combination of tailor-made purchase, sale, chartering, maintenance, management, and assistance services for Riva motor yachts in Malta.

Current office development projects

POLAND

Andersia Silver - With a projected development investment exceeding €105m in the centre of the Poznań financial district. The project will be the fourth and final development phase of the significant contribution that the Group made to the development of the Anders Square in Poznań. This project is considered the flagship project of the Group.

As a result of COVID-19 impact on the hospitality sector, the Group designed an alternative layout for the building, replacing the hotel component with an additional office component. The project now comprises 3 underground levels with 251 parking spaces and an office tower of 26 floors with almost 40,000sqm GLA of office space. The plot still has 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 the summer of 2020 and underground works have been completed. The Group has now secured bank financing from a consortium of three banks to finance the construction and completion of the project. Andersia Silver is expected to be completed by the end of 2024.

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 and 35 parking spaces. Total development costs are projected at *circa* €5.5m with expected sale proceeds of €6.75m, resulting in net proceeds of €1.25m or a development margin of around 22.5%. The project has been fully licensed with the architecture and engineering process completed and approved by the local municipality. The co-development, together with the sales process, will be overseen by the Group's local partner, Carvoeiro Clube.

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 townhouses and penthouses with smaller apartment units, essentially increasing the number of units and decreasing the average size of each. Financing for this project is expected to be procured from a local bank. The project qualifies as urban redevelopment and therefore provides for certain attractive fiscal measures. Pre-sales have started in H122 with the project expected to be completed in the H123.

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 determined when this project will commence.

Von der Heyden & Partners - The Group, through the subsidiary Von der Heyden & Partners Sp. z o.o., currently holds the last 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.

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 in 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

Hot Spot Real Estates – The Group through its subsidiary Hot Spot Real Estate d.o.o. owns land in Reževići, Blizikuce, in the Budva Municipality – Set up in 2020, the Group acquired its first property in Montenegro, which comprises the 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 gross building area of 8,800sqm that include a 5-star boutique hotel catering for 18 serviced apartments as well as 56 additional residential 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 Group has secured all planning permission necessary and has started the process of selecting the main contractor for the project, with works expected to commence in Q422 and be completed in H124.

ITALY

Villa Diodati - The Group through its subsidiary Villa Diodato S.r.l acquired a 16th-century residential villa in Lucca, Tuscany, with a total gross area of 2,000 sqm / net area of 1,500 sqm which it intends to restore and convert into a luxury hospitality operation for short and long-term lease. The renovation works are well in advance, and completion is expected in Q422.

SPAIN

Villa in Menorca – The Group acquired a 263 sqm villa in Mahón that includes a 1,076 sqm garden with the intention of refurbishing and reselling the property to take benefit of the real estate boom being experienced by Menorca.

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 4-star hotels. The second property is Grand Hotel Lublinianka, in the centre of the city of Lublin, Poland.

In 2021, the Group completed the purchase of a 16th century luxury villa in Tuscany, Italy that is currently being developed into a luxury hospitality location. Additionally, another luxurious villa has been purchased in Menorca, Spain with an investment value of €1.3 m with the intention to refurbish and resell the property.

REAL ESTATE SERVICES IN SARDINIA

The Group continued its strategy of investing in luxury-related services and the leisure industry by expanding its geographic footprint into one of the world's most exclusive luxury locations, Costa Smeralda, Sardinia, Italy, through the setting up in 2020 of its real estate arm, Von der Heyden Real Estate.

Many properties in Costa Smeralda were built in the 1980s and 1990s and present an opportunity for the renovation of outdated designs. Von der Heyden Real Estate also offers property management consultancy, enabling clients to maintain and increase the value of their properties. In addition, Von der Heyden Real Estate's agency prides itself in providing experiential holidaymakers with superior and customized concierge services, including but not limited to yacht chartering or luxury short-let properties.

Hotel Accommodation and Catering Segment

The Group manages its hotels through its IBB Hotel Collection brand and the Cugó Gran for the luxury boutique brand. 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 eight hotels, of which two are owned by the Group. The Group's hotel portfolio consists of five hotels in the 3 and 4-star categories in Germany, two in the 4-star category in Poland, and a Cugó Gran boutique hotel in Malta.

As part of the IBB Hotel Collection's new strategy to focus on the luxury accommodation segment of the Cugó Gran brand, the Group ceased operations of three Hotels in 2021, two in Spain and one in Poland.

In March 2022, the Group also ceased operating IBB Hotel Andersia in Poland. The lease of the Hotel expired on 31 March 2022, and a handover was given to the new operator identified by the owner following a competitive bidding process.

IBB HOTEL COLLECTION

HAMMETT'S COLLECTION

HOTEL OPERATIONS

Germany

IBB Hotel Passau Süd

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

The hotel IBB Passau Süd had generated stable revenue performance in FY21 in spite of the COVID-19 pandemic challenges last year.

The Group forecasts improved sales performance both in terms of room revenue and catering for 2022. Higher occupancy levels are expected in 2022 at around 75% with an average room rate of €57.78.

	2022F	2021A	Variance 22/21
Rooms Revenue (€000's)	1,012	807	25.40%
F&B Revenue (€000's)	183	136	34.56%
OOD Revenue(€000's)	30	24	25%
Rooms sold (000's)	16	14	14.29%
Occupancy %	75	62	20.97%
Ave. daily rate (€)	58	56	3.31%
RevPAR (€)	43	35	25.32%

Source: Management Forecasts and Results

IBB Blue Hotel Berlin-Airport

IBB Blue Hotel Berlin-Airport - This is a 3-star hotel that 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 the most attractive locations at affordable prices. The hotel comprises 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 2022 when compared to 2021, a growth of 50.44% year-on-year. This will also be complemented by an increase of 48% in catering revenue. The occupancy level is also seen to improve, which is forecasted at 33.33% above the previous year's figures.

The average room rate is being forecasted at 12.67% higher than what was achieved in FY21 at around €60.83. The Group expects a better recovery for the second half of the year for IBB Berlin, as restrictions on tourism are being lifted both domestically and from outside of Germany. The hotel is also seeing the bookings of large events pick up, as corporations are lifting travel bans for their employees.

	2022F	2021A	Variance 22/21
Rooms Revenue (€000's)	1,202	799	50.44%
F&B Revenue (€000's)	185	125	48%
OOD Revenue(€000's)	78	61	27.87%
Rooms sold (000's)	20	15	33.33%
Occupancy %	64	48	33.33%
Ave. daily rate (€)	61	54	12.67%
RevPAR (€)	39	26	50.44%

Source: Management Forecasts and Results

IBB Blue Hotel Paderborn

IBB Blue Hotel Paderborn - This is a 3-star hotel opened by the Group in June 2017 in the heart of East Westphalia. 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 49 spacious rooms.

For 2022 the Group expects IBB Paderborn to achieve a slightly improved level of room revenue when compared to 2021 (+89.33%) and also a significant improvement of 125.58% in F&B revenue. The occupancy for 2022 (58%) has been forecasted at 81.25% higher than FY21 while the ADR is forecasted to improve by 4.61% over the previous year. The elevated expectations for FY22 are based on the higher expected number of tourists, and travellers and the increase in the stays of construction and road workers.

	2022F	2021A	Variance 22/21
Rooms Revenue (€000's)	621	328	89.33%
F&B Revenue (€000's)	97	43	125.58%
OOD Revenue(€000's)	9	1	681.48%
Rooms sold (000's)	10	6	66.67%
Occupancy %	58	32	81.25%
Ave. daily rate (€)	60	57	4.61%
RevPAR (€)	35	18	88.89%

Source: Management Forecasts and Results

IBB Hotel Ingelheim

IBB Hotel Ingelheim – This is a 4-star hotel that offers 103 double rooms and 6 studios. Additional facilities include a boardroom hosting up to 12 guests, a breakfast restaurant, a bar, and a 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).

IBB Ingelheim forecasts for FY22 show a substantial improvement in the rooms' revenue when compared to 2021, with an expected room rate of €86.72 (a drop of 1.45% over the previous year. The revenue from the catering operations is expected to increase substantially as COVID-19 restrictions are being lifted.

IBB Hotel Ingelheim is highly dependent on the business travel generated by Boehringer Ingelheim, a multinational 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 during 2021. However, since Boehringer Ingelheim has lifted the travel restrictions, the revenues of the hotel began to boost, and excellent performance is expected by -end of FY22.

	2022F	2021A	Variance 22/21
Rooms Revenue (€000's)	1,570	639	145.69%
F&B Revenue (€000's)	173	72	140.28%
OOD Revenue(€000's)	43	17	152.94%
Rooms sold (000's)	18	7	157.14%
Occupancy %	46	18	155.55%
Ave. daily rate (€)	87	88	-1.45%
RevPAR (€)	39	16	145.77%

Source: Management Forecasts and Results

IBB Hotel Altmühltal Eichstätt

IBB Hotel Altmühltal Eichstätt – On 1 July 2020, the Group opened this 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 are 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 therefore, it only operated for 3 months in 2020. In FY22 the forecasts include a full operational year, and this explains most of the variances noted in the table below.

The forecasts of IBB Hotel Altmühltal Eichs show a huge improvement in the rooms' revenue for FY22, when compared to a year earlier, with an expected room rate of €90.67 (corresponding to an increase of 1.15%) over the previous year. Revenue from catering operations is also expected to increase substantially (+78.26% year-on-year) as COVID-19 restrictions are phased out.

	2022F	2021A	Variance 22/21
Rooms Revenue (€000's)	1,429	784	82.27%
F&B Revenue (€000's)	902	506	78.26%
OOD Revenue(€000's)	62	39	56.41%
Rooms sold (000's)	16	8	50%
Occupancy %	48	27	77.77%
Ave. daily rate (€)	91	90	1.15%
RevPAR (€)	44	24	82.28%

Source: Management Forecasts and Results

HOTEL OPERATIONS

Poland

IBB Grand Hotel Lublinianka

IBB Grand Hotel Lublinianka is a 4-star hotel in the centre of Lublin, Poland, which consists 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 72 rooms. There are also two restaurants, a banquet room, and various fitness facilities, including a sauna, a gym, and a Turkish steam bath.

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 FY22 forecast of IBB Grand Hotel Lublinianka shows a substantial increase in room revenue of around 103.46% and an increase in catering revenue of 86.08%. The increase in room revenue is expected to come from the ability of the hotel to improve the average room rate by 24.47% when compared to FY21. The occupancy levels are also expected to increase with 59% projected occupancy in FY22 (or an increase of 63.89% over FY21). The renovation works recently completed in the hotel rooms a year ago are expected to contribute to the hotel generating a higher average daily rate.

Following the outbreak of the Ukraine-Russia conflict, the hotel hosted a number of refugees which has generated additional revenues that were not accounted for in the original budget.

	2022F	2021A	Variance 22/21
Rooms Revenue (€000's)	1,000	492	103.46%
F&B Revenue (€000's)	441	237	86.08%
OOD Revenue(€000's)	59	34	73.53%
Rooms sold (000's)	16	10	66.67%
Occupancy %	59	36	63.89%
Ave. daily rate (€)	64	52	24.47%
RevPAR (€)	38	19	103.31%

Source: Management Forecasts and Results

IBB Hotel Andersia

IBB Hotel Andersia is a 4-star deluxe modern 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.

The hotel offers 172 rooms and apartments with an executive floor, retail outlets, restaurants, conference centre, banquet, and ballrooms that 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 for 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.

At the end of March 2022, the Group ceased its operations of IBB Hotel Andersia and transferred it to another operator as a result of the Group's exit from the lease of the property.

	2021A
Rooms Revenue (€000's)	1,973
F&B Revenue (€000's)	891
OOD Revenue(€000's)	211
Rooms sold (000's)	28
Occupancy %	45
Ave. daily rate (€)	70
RevPAR (€)	31

Source: Management Forecasts and Results

IBB Blue Hotel Dlugi Targ

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 FY22 forecast for Hotel IBB Dlugi Targ foresees a substantial increase in room revenue of around 85.41% and a similarly material increase of 127% in catering revenue over FY21. The occupancy is projected to be close to 60% which represents an increase of 87.5% when compared to FY21. The average daily rate will be close to €62.38 which is similar to the previous year's figures.

IBB Dlugi Targ was negatively affected by the Ukraine - Russia conflict, however, at the time of this Analysis, the situation has already begun to improve.

	2022F	2021A	Variance 22/21
Rooms Revenue (€000’s)	1,220	658	85.41%
F&B Revenue (€000’s)	395	174	127.01%
OOD Revenue(€000’s)	41	41	0.01%
Rooms sold (000’s)	20	11	45%
Occupancy %	60	32	87.5%
Ave. daily rate (€)	62	62	0.00%
RevPAR (€)	38	20	85.52%

Source: Management Forecasts and Results

HOTEL OPERATIONS

Malta

Cugó Gran Macina Grand Harbour Hotel

The Cugó Gran Macina Grand Harbour Hotel is a luxury boutique hotel situated in the historic Macina building in Senglea, Malta. The historic property was built in 1554 during the reign of Grand Master Claude de la Sengle, after whom Senglea is named. The hotel comprises 21 spacious double rooms and suites fully refurbished and offers 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 a terrace, an outdoor rooftop pool on the second floor, as well as an area that 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 is under management through its joint venture IBB Hammetts Operations Limited.

As per Group forecasts, the Cugó Gran Macina Hotel is expected to see substantial recovery in room revenue in FY22. Occupancy is expected to reach 60% which represents an increase of 29.3% compared to 2020. The average daily rate is projected to be close to €243 which also represents an increase of 17% when compared to FY21.

	2022F	2021A	Variance 22/21
Rooms Revenue (€000's)	1,120	740	51.35%
F&B Revenue (€000's)	154	126	22.22%
OOD Revenue(€000's)	36	37	-2.7%
Rooms sold (000's)	5	4	25%
Occupancy %	60	46	29.26%
Ave. daily rate (€)	243	208	17.10%
RevPAR (€)	146	97	51.34%

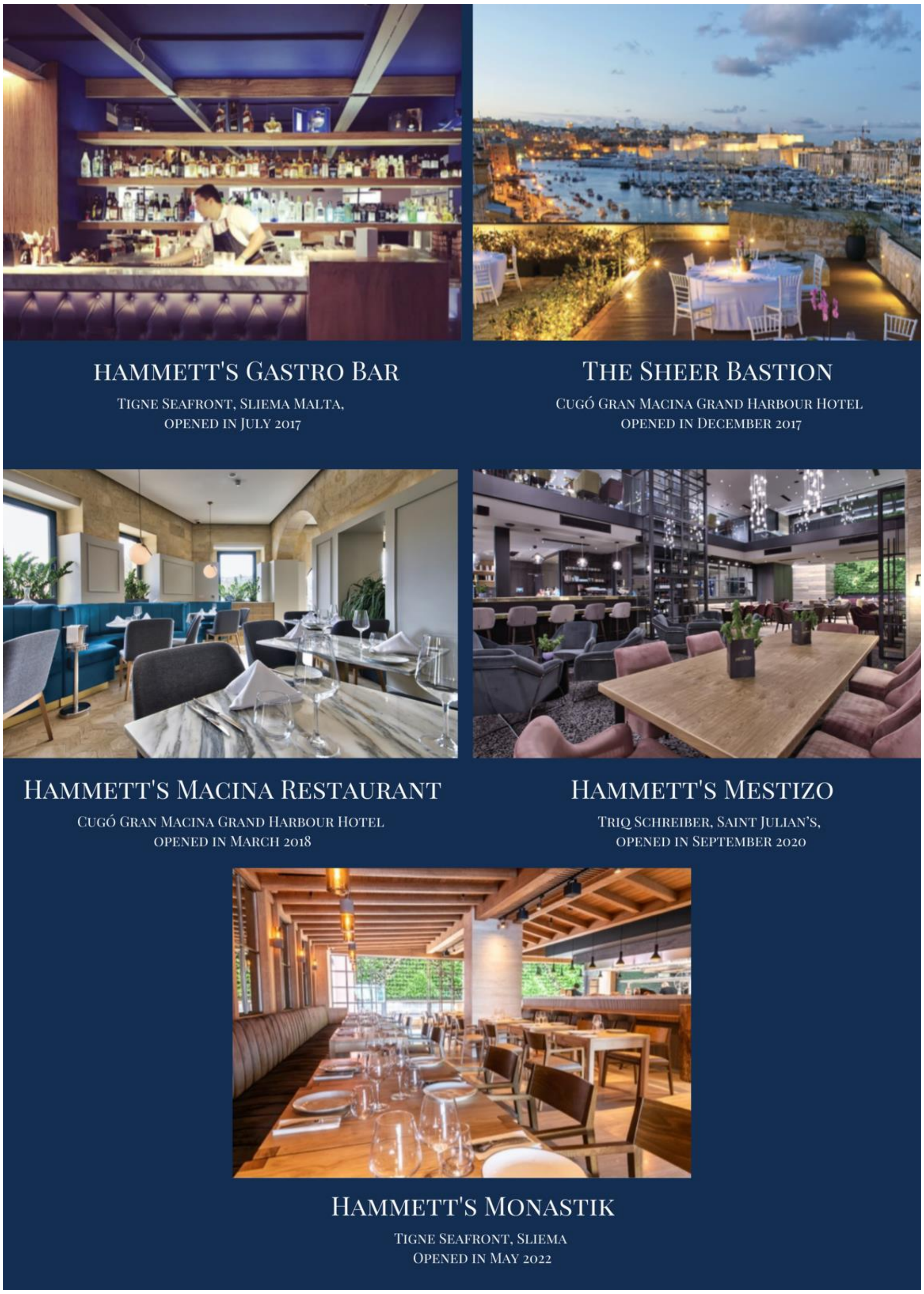
Source: Management Forecasts and Results

Prospective opportunities in the accommodation segment

The Group is also considering further investments in the hospitality sector, more specifically in the 5-star hotel segment in Venice, Italy and Seville, 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 2 catering establishments and the Sheer Bastion event space. 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 expanded to 4 restaurants with the latest addition the Hammett's Monastik in Sliema, which opened in May 2022.



With the lifting of restrictions and increasing tourisim activities, the Group is expecting improved results in the coming year.

Asset Management

In 2021 the Group set up a special purpose vehicle licensed by the Bank of Italy to acquire asset-backed credits on the Italian market (SPV). This vehicle allows the Group to issue interest or dividend-earning investment instruments that can be sold to investors to fund the acquisition of these credits or finance such acquisition through specialized banks. The Group already acquired a block of credits, and the goal is to expand this business through the acquisition of 2 to 3 blocks of credits a year that have single issuers with an interesting underlying asset. The credit instruments should be varied across different asset classes in order to spread the risk of the portfolio and enjoy diversification benefits.

Private equity, venture capital, and other investments segment

FUEL STATIONS BUSINESS IN SPAIN

Urbelia Business S.L. was incorporated in December 2017 to run low-cost petrol stations with car wash centres in Spain. The shareholders of Urbelia Business S.L. are Timan Investments Holdings Ltd (50%) and Urban Oil Wash S.L (50%), the joint venture partner of VDH Group. The initial objective of the venture was to build two low-cost petrol stations in Bailen and Ciudad Real, via Urbelia Bailen S.L. and Urbelia Ciudad Real S.L. respectively.

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, following substantial delays after full construction completion. The plan of the Group is to run a portfolio of *circa* 10 petrol stations in the next three years.

In FY21 both petrol stations, Bailen and Ciudad Real, were up and running. COVID-19 has impacted the activity of the company as, due to the State lockdowns, the fuel stations business saw a massive reduction in traffic. As of April 2021, Urbelia was de-consolidated given a change in shareholding.

The positive aspect of the recovery of both petrol stations is that consumers are generally very sensitive to petrol prices and that plays in favor of Urbelia due to the low-cost petrol model. This is becoming increasingly true in the current inflationary environment. Additionally, Urbelia has signed a contract with one of the main utilities companies in Spain called Iberdrola, to install fast charging points for electrical cars which is the long-term future of mobility.

CHARTERING OF YACHTS IN MALTA AND SARDINIA

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.

The Group launched **Von der Heyden Yachting** earlier last year and in November 2021, Ferretti Group awarded the exclusive dealership rights of the prestigious Riva brand in Malta to the Group. As an official Riva dealer, Von der Heyden Yachting offers a combination of tailor-made purchase, sale, chartering, maintenance, management, and assistance services for Riva motor yachts in Malta.

SUSTAINABLE FASHION IN THE UK

The Group acted as a seed investor in **Blulabel Limited**, a UK start-up company. Blu Label was seeking to build an application to support the fashion industry's efforts to achieve environmental sustainability targets by seeking to be more transparent to consumers in their efforts to wear more sustainable fashion products. Blu Label was in need of additional funds to be able to sustain the technology build to be market ready, test the product and launch itself into the market. The founders of the company are seeking new angel investors to take this project to the next phase. The success of this venture is dependent on the ability of the company to attract the investment required to take it to the next level.

1.4 Operational Developments

The operations and financial results of the Group, particularly those of the hotel accommodation and catering segments, have continued to be significantly impacted by the decline in tourism activity as a result of the imposition of intermittent travel and quarantine restrictions since the beginning of the COVID-19 pandemic in March 2020. Whilst the situation has started to improve in the second half of 2021, the level of profitability remains significantly lower than that registered before the pandemic. Notwithstanding this, the Group managed to improve its EBIDTA margin, generate positive cash flows from operating activities, and increase investment levels while maintaining a strong liquidity position.

In the year under review, the Group recorded a €2.2m loss for the year (2020: €1.75m loss) which, however, underlies a €0.9m positive net cash flow (2020: €2.3m deficit) from operations, registered on account of the significant containment of operating costs, government grants received, and lease concessions negotiated in mitigation of the activity curtailed by the pandemic. In 2021, the Group continued to enjoy the satisfactory performance of the associated companies, a segment which in 2020 had contributed an exceptional €6m promote fee (net of direct costs) on the successful conclusion of the Bavaria Towers development project in Munich. The Group's financial position remains robust. As at 31 December 2021, the Group had total assets of €133.5m (2020: €134.9m) including a cash balance of €17.1m (2020: €27.9m). Total shareholders' funds amount to €40.9m (2020: €41.0m).

During the year2021, the Group continued to deploy its significant cash resources in the development of its core investment property portfolio, as well as in the acquisition of the initial block of asset-backed securities in Italy. In the coming year, the Directors will continue to monitor and pursue investment opportunities as arising, as long as the timing thereof is aligned to the Group's core objective of maintaining sufficient liquidity to meet short- and longer-term obligations, including the servicing of bank borrowings and the Group's Bonds, as arising.

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 25% (2020: 19%) to €2.7m (2020: €3.6m). The reduction in costs was in line with the improvements projected by management and reported in the Financial Analysis Summary (FAS) for the year. The further reduction in costs was due to the efforts made by management and staff, particularly in the accommodation and catering segment, to improve profitability.

As lodging demand recovers from the lows seen in the early months of the pandemic, the Group has seen and continues to see industry-wide labour shortages, causing challenges in hiring or re-hiring for certain positions, primarily in Germany where demand has come back quickly. In response, the Group has enhanced its recruitment and retention efforts to maintain competitiveness.

OUTLOOK FOR 2022

The Group looks forward to 2022 to be the year when the impacts of COVID-19 are going to be less felt and business, more specifically in the accommodation segment, are seeing the return towards normality. Thus, management is looking into the future with optimism, despite the more recent events such as ever stronger inflationary pressures and the war in Ukraine.

The Group's forecasts for FY22 capture the actual trading results for the 3-month period (1 January to 31 March 2022) and the financial projections for the remaining 9-month period (1 April to 31 December 2022). The assumptions utilised in arriving at this year's forecasts are described in section 1.3 and part 2 of this Analysis.

1.4 Operational Developments - *continued*

IMPACT OF THE UKRAINE-RUSSIA CONFLICT

The Group has a subsidiary in Ukraine that is a licensed asset management company and, at the time of the invasion, it was in the advanced stages of securing a license for a real estate fund. The total investments of the Ukrainian subsidiary amounted to *circa* €800k that were mainly expensed in the process of setting up the fund and obtaining the necessary licenses. As of 31 December 2021, the carrying amount of the investment in the Group's financial statements was written down to *circa* €155k in line with the subsidiary's net assets, mainly restricted deposits with a Ukrainian bank.

The Group's directors and management continuously monitor the situation in Ukraine however due to the currently deteriorating situation, the Group has put on hold its plans for the Ukrainian subsidiary. The Group has not committed to any real estate transactions in Ukraine and will only pursue this venture if there is a solid political solution, that includes some form of multi-national guarantees towards Ukrainian sovereign integrity and stability for the future. Should this not be achieved in the forthcoming period, the Group will consider winding down its operations in Ukraine and surrendering the licence.

Part 2

Historical Performance and Forecasts

Introduction

In 2017 the Group issued a €25m 7-year 4.4% bond via a subsidiary company, Von der Heyden Group Finance plc. The bond is 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 2019, 2020, and 2021 and the forecasts for 2022 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 2022.

The Group's historical financial information for the three fiscal years ended 31 December 2019, 2020, and 2021 and the forecasts for 2022 are presented 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 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 and the war in Ukraine 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 2022.

2.1 Issuer's Income Statement

FOR THE YEARS ENDED 31 DECEMBER

	2019A	2020A	2021A	2022F
	€000	€000	€000	€000
Finance income	1,645	1,411	1,459	1,632
Finance costs	(1,145)	(1,142)	(1,142)	(1,142)
Net finance income	**500**	**269**	**317**	**490**
Administrative expenses	(264)	(236)	(158)	(167)
Expected credit losses on financial assets under IFRS 9	3	(28)	-	-
Profit before tax	**239**	**5**	**159**	**323**
Taxation	(48)	48	(55)	-
Profit after tax	**191**	**53**	**104**	**323**

RATIO ANALYSIS[1]

	2019A	2020A	2021A	2022F
Gross Profit Margin	30.4%	19.1%	21.8%	30.0%
Net Margin	11.6%	3.8%	7.2%	19.8%

[1] Ratio Analysis may not agree to prior FASs due to a change in the calculation methodology or due to rounding differences variance.

2.1 Issuer's Income Statement - *continued*

As at 31 December 2021, the Issuer had on lent and made available from its net bond proceeds an amount of €21.8m (FY20: €13.3m) to various companies of the Von der Heyden Group, resulting in an interest income of €1.4m (FY20: €1.4m) and a corresponding interest expense of €1.1m (FY20: €1.1m).

The net interest earned for the FY21 was €317k (FY20: €269k), which is stated after bank interest received and the amortisation of bond issue costs. After considering administrative expenses of €158k (FY20: €236k), the Issuer in FY21 registered a profit before tax of €159k (FY20: €5k). The higher profit before tax was driven by the reduction in administrative expenses as well as by no unfavourable movement in the expected credit losses of financial instruments in FY21 when compared to FY20. The lower administrative expenses were the result of reduced staff costs and more specifically, the lower amount of remuneration provided to the directors of the Issuer.

Consequently, the Issuer reported €55k income taxes (FY20: €48k tax credit) and generated a profit after tax of €104k in FY21 (FY20: €53k).

Both the gross and the net profit margins have shown a year-on-year improvement, confirming the above movements. The Gross Profit Margin increased due to the slightly higher finance income while the Net Margin rose due to the substantial increase in the net income compared to FY20.

The Issuer is forecasting to generate finance income of €1.6m in FY22 from its lending position to Group and related companies. Finance costs are expected to remain in line with FY22 at €1.1m. Administrative expenses are anticipated to be €167k, resulting in an expected profit after tax of €323k. The Issuer expects that, as in FY21, the company will make a profit but given the application of group loss relief, no tax expense is being forecasted.

2.2 Issuer's Financial Position

AS AT 31 DECEMBER

	2019A	2020A	2021A	2022F
	€000	€000	€000	€000
Assets				
Non-current assets				
Loans receivable	19,049	13,340	21,814	21,314
Current assets				
Loans and other receivables	4,487	2,415	1,462	1,610
Cash and cash equivalents	2,555	10,367	3,051	3,742
Total current assets	**7,042**	**12,782**	**4,513**	**5,352**
Total assets	**26,091**	**26,122**	**26,327**	**26,666**
Equity and liabilities				
Equity				
Share capital	250	250	250	250
Retained earnings	20	73	178	501
Total equity	**270**	**323**	**428**	**751**
Non-current liabilities				
Debt securities in issue	24,833	24,875	24,917	24,958
Deferred tax liabilities	9	-	-	-
Total non-current liabilities	**24,842**	**24,875**	**24,917**	**24,958**
Current liabilities				
Trade and other payables	979	924	982	957
Total liabilities	**25,824**	**25,799**	**25,899**	**25,915**
Total equity and liabilities	**26,091**	**26,122**	**26,327**	**26,666**

2.2 Issuer's Financial Position - *continued*

As of FY21, the Issuer's total assets of €26.3m decreased slightly from a year earlier (FY20: €26.1m). They were mainly made up of loans and receivables and cash and cash equivalents. Loans and receivables represented the loans granted to the Group and related parties. In FY21, total loans and receivables amounted to €23.3m, an increase of €7.5m when compared to FY20, when they stood at €15.8m. The increase was mainly driven by the higher loans receivable balance from VDH Group which increased from €4.0m to €11.5m. They were largely offset by the reduction in cash and cash equivalents which decreased from €10.4m to €3.1m, a decrease of €7.3m from FY20. The reason for this is that during FY21, the company advanced €7.5m (FY20: €3m) to the parent company in support of the Group's general corporate funding requirements.

Total liabilities mainly consisted of the Issuers listed securities. Given the limited trading activity of the Issuer, total liabilities in FY21 did not experience any significant movements from FY20. Total equity experienced a slight increase in FY21 when compared to the prior year, which reflects the Issuer's net profit for the year.

The actual financial position for FY21 is mainly in line with what was 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 FY22, the total assets of the Issuer are expected to be in line with that of FY21 €26.6m. The Issuer is forecasting that during FY22, no further loans will be provided. The Issuer's liabilities for FY22, are also expected to be in line with FY21, 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 Flow Statement

FOR THE YEARS ENDED 31 DECEMBER

	2019A	2020A	2021A	2022F
	€000	€000	€000	€000
Net cash flows (used in)/from operating activities	(399)	1,219	(567)	691
Net cash flows (used in)/ from investing activities	1,552	6,604	(6,750)	-
Net movement in cash and cash equivalents	**1,153**	**7,823**	**(7,317)**	**691**
Cash and cash equivalents at start of year	1,402	2,555	10,367	3,051
Movement in expected credit losses in cash and cash equivalents under IFRS 9	-	(11)	-	-
Cash and cash equivalents at end of year	**2,555**	**10,367**	**3,051**	**3,742**

For FY21, the Issuer reported a cash outflow from operating activities of €0.6m (FY20: cash inflow of €1.2m). The Issuer utilised €6.8m of cash flow from investing activities of which €7.5m of loans were advanced to the Group's parent company and partially offset by €0.8m of loan repayments from related parties.

Consequently, the Issuer reported a negative cash movement of €7.3m, leaving €3.1m of cash and cash equivalents at the end of FY21.

The Issuer's cash flow in FY21 had a higher negative cash movement of €6.8m compared to that forecasted of €5.9m. This was mainly due to the advancement of €7.5m loans to the parent company which was partially offset by €0.8m by related parties of the Group as mentioned above.

In FY22, the Issuer forecasts cash outflows in operating activities of €691k, as a result of the repayment of accumulated bond interest and repayments that are expected to be collected during the period. No further loans to related parties are forecasted by the Issuer during FY22 and no further cash flow from financing activities is expected.

2.4 Group's Income Statement

FOR THE YEARS ENDED 31 DECEMBER

	2019A	2020A	2021A	2022F
	€000	€000	€000	€000
Revenue	25,884	23,506	11,519	15,644
Cost of sales	(4,393)	(3,556)	(2,674)	(1,702)
Gross profit	**21,491**	**19,950**	**8,845**	**13,942**
Other operating income	542	3,223	4,739	2,426
Administrative expenses	(19,650)	(21,090)	(12,500)	(13,454)
Other gains*	301	2,238	1,791	404
Share of profits of associates*	3,145	3,121	1,409	6
EBITDA	**5,829**	**7,541**	**4,284**	**3,324**
Depreciation and amortization	(1,197)	(1,099)	(842)	(710)
Depreciation under IFRS 16	(3,815)	(3,752)	(3,086)	(1,969)
EBIT	**817**	**2,691**	**356**	**645**
Expected credit losses reversal/(charge)	703	(53)	(10)	-
Interest and other related income	701	794	463	386
Interest and other related expenses	(4,171)	(3,916)	(3,107)	(2,810)
Loss before tax	**(1,950)**	**(484)**	**(2,298)**	**(1,779)**
Income tax (charge)/credit	(253)	(1,264)	77	(50)
Loss for the year	**(2,203)**	**(1,748)**	**(2,221)**	**(1,829)**
Other comprehensive income				
Translation of foreign operations	109	(1,048)	(413)	(213)
Share of other comprehensive income of associates	-	-	512	250
Movement in fair value of land & buildings and yacht	1,445	(1,034)	1,962	446
Total other comprehensive income (loss)	**1,554**	**(2,082)**	**2,061**	**483**
Total comprehensive loss	**(649)**	**(3,830)**	**(160)**	**(1,346)**

* EBITDA includes other gains and share of profits in associates as the directors believe that this EBITDA provides a fairer reflection of the Group's recurring and core activities, and which figure should not exclude the development of important and significant projects executed in partnership with other partners.

2.4 Group's Income Statement - *continued*

RATIO ANALYSIS[2]

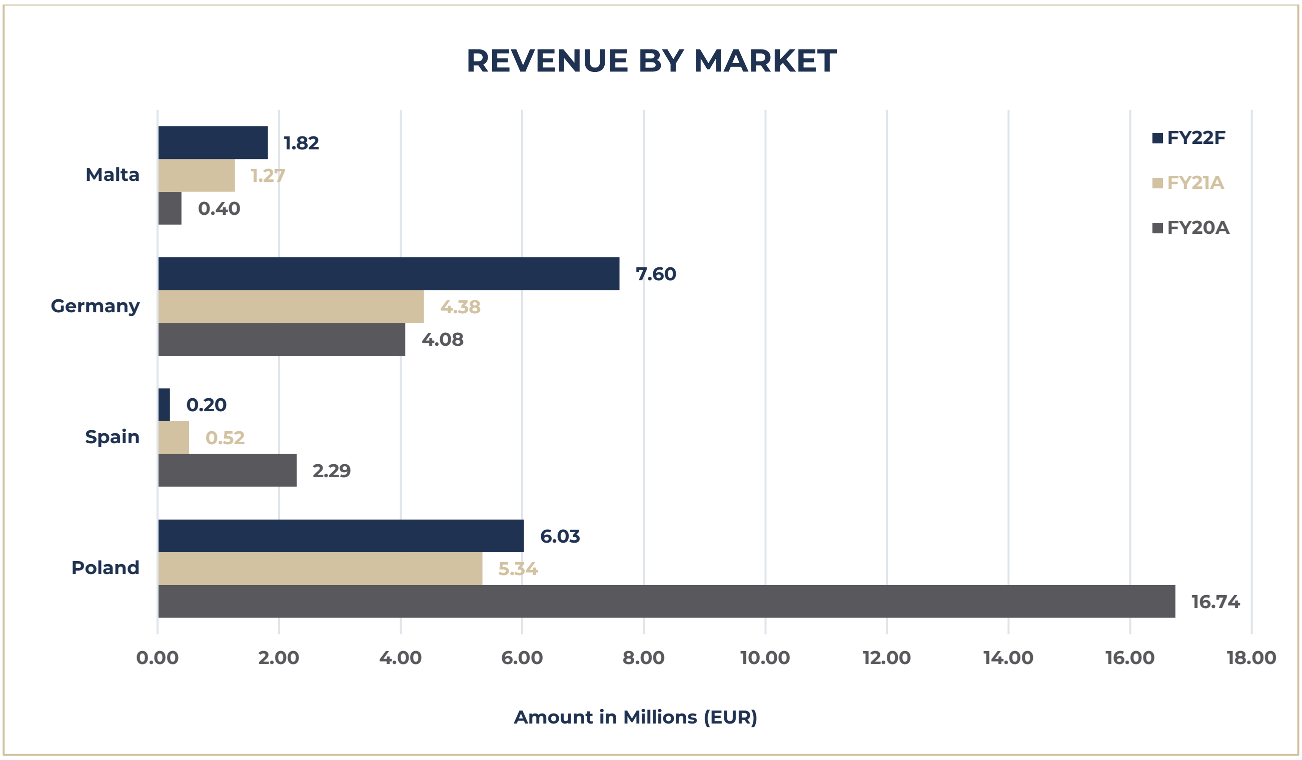
	2019A	2020A	2021A	2022F
Revenue Growth	8.6%	-9.2%	-51.0%	35.8%
Gross Profit Margin	83.0%	84.9%	76.8%	89.1%
EBITDA Margin	22.5%	32.1%	37.2%	21.2%
EBIT Margin	3.2%	11.4%	3.1%	-4.1%
Net Margin	-8.5%	-7.4%	-19.3%	-11.7%
Return on Common Equity	-4.9%	-4.1%	-5.4%	-4.5%
Return on Assets	-1.7%	-1.2%	-1.7%	-1.4%

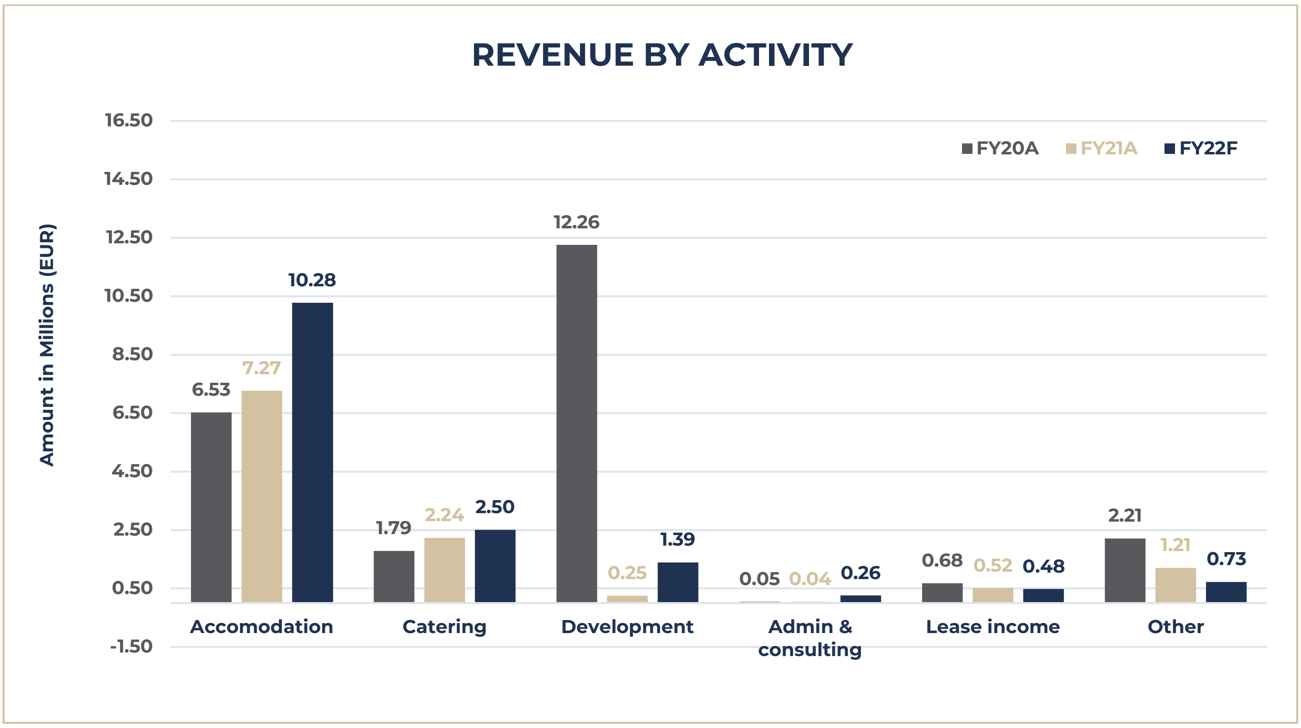
REVENUE DETAILS

	2019A	2020A	2021A	2022F
	€000	€000	€000	€000
By market				
Poland	10,800	16,744	5,344	6,025
Spain	3,948	2,289	520	203
Germany	10,034	4,077	4,381	7,600
Malta	1,102	396	1,274	1,816
	25,884	**23,506**	**11,519**	**15,644**
By activity				
Accommodation	17,661	6,526	7,269	10,276
Catering	4,182	1,789	2,235	2,504
Lease	840	675	515	481
Development	178	12,255	251	1,394
Administration and consulting	347	49	41	261
Other	2,676	2,212	1,208	728
	25,884	**23,506**	**11,519**	**15,644**

[2] Ratio Analysis may not agree to prior FASs due to a change in the calculation methodology or due to rounding differences variance.

2.4 Group's Income Statement - *continued*





2.4 Group's Income Statement - *continued*

Comments on the 2021 actual results

The longer-term effects of COVID-19 on the global economy especially the impact on the tourism sector due to the prolonged travel and quarantine restrictions, the disruption of global supply chains, the impact of the increase in the cost of living, and the cyclicality of the real estate industry made 2021 another challenging year.

The Group's revenue for the year amounted to €11.5m, substantially lower than the year earlier (FY20: €23.5m). The cyclicality of the real estate activity had a significant impact on the results for FY21 as minimal revenues generated from the real estate segment to €0.3m (FY20: €12.3m). With the completion and sale of the Bavaria Towers, the Group is currently in the development stage of another major office investment of 40,000 sqm in the city of Poznań, Poland, the Andersia Silver Project. In addition, it is developing three residential projects, one in Algarve, Portugal, one in Tuscany, Italy, and one in Rezevici, Montenegro. The revenues from this segment are expected to increase in the coming years as these projects move closer to completion and placed on the market, repeating the trends of 2019 and 2020 with the sale of the Bavaria Towers.

In the hotel accommodation and caterings segment, 2021 continued to be a year faced with restrictive measures imposed by Governments on travel, the introduction of obligatory vaccination certificates, quarantine measures, and others. As pandemic numbers fluctuated, countries differed in the measures applied as they sought to achieve the desired effective herd immunity. Despite the continued operational challenges brought about by lower occupancy levels, the Hotel Group[3] managed to continue to improve results and prove itself resilient by significantly limiting the cash outflows, through further cost controls, a continued restructuring process, and in addition tapping into several support schemes offered by various Governments, especially in Poland and Germany.

The Group continued to limit the impact of the pandemic on the results of the hotel accommodation and catering segments, by improving the overall profitability of the Hotel Group despite the Group's inability to fully recover the losses in revenue from the pre-COVID-19 levels of 2019. In 2020, the IBB Hotel Group set out an ambitious restructuring process by repositioning its offering further into the 4-star plus and the 5-star segments while exiting the 3-star segment that has proven significantly vulnerable in times of a downturn. In 2020 the Group ceased operations of IBB Hotel in Passau City Centre, Germany, and Hotel Salamanca, Spain. The Group in December 2021 negotiated the exit from the lease of the Andersia Tower and consequently completed the handover of the property and Andersia Tower Hotel Management's hotel operations in March 2022.

Due to different optimisation measures, the Group managed to improve its revenue from the hotel accommodation segment by 11% over FY20 to €7.3m (FY20: €6.5m), also surpassing the forecasts for the year of €6.7m by 8%. The catering segment also saw significant improvements, with an increase of 25% in sales to € 2.2m (FY20: €1.8m).

The revenue from the petrol station operations in Spain increased by 63% to €2.8m (FY20: € 1.7m). However, this activity is no longer consolidated, due to the change in accounting classification of this activity from subsidiary to associate in Q2'21, following the decision of the respective shareholding partner to exercise the option to acquire pre-allocated shares. The Group's shareholding has now been reduced to 50%. Therefore, only the revenues of Q1 amounting to €0.5m were reflected in the consolidated revenues for FY21 as revenues and costs in the subsequent quarters were reflected in the share in profits of associates.

Other operating income increased by 47% to €4.7m (FY20: €3.2m) and included an increase of €2m in Government support schemes in Germany and Poland due to the COVID-19 pandemic and income from lease concessions and rebates of €1.2m (FY20: €0.9m).

[3] The Hotel Group comprises the following subsidiaries: IBB Hotel Collection Holdings S.L., IBB Hotel Management Europe Ltd, IBB Polska Sp. z. o.o., IBB Management 2007 S.L.. IBB Espana 2004 S.L., Andersia Tower Hotel Management Sp. z. o.o., Lublin Grand Hotel Sp. z. o.o., Lublin Grand Hotel Management Sp. z. o.o., Dlugi Targ Sp. z. o.o., DLugi Targ Hotel Management Sp. z. o.o., IBB Blue Hotel Betriebs GmbH, Hotel Sol del Este S.L., Donaupassage Hotel Passau Betriebs GmbH, IBB Hotels Deutschland Betriebs GmbH, and Senglea Hotel Operations Limited.

2.4 Group's Income Statement - *continued*

Comments on the 2021 actual results - *continued*

The cost of sales saw a further reduction of 25% (FY20: 19%) to €2.7m (FY20: €3.6m). The reduction in costs was in line with the improvements projected by management and reported in the FAS published last year. The further reduction in costs was due to the efforts made by management and staff to improve profitability, especially in the accommodation and catering segments.

The Group saw a 40.7% reduction in administrative costs to €12.5m (FY20: €21.1m). Staff costs, net of directors' fees and remuneration, saw a reduction of 10% to €5.1m (FY20: €5.6m). The reduction in staff costs of €0.6m was of a structural nature as a result of the restructuring efforts carried out in 2020 in the hotel accommodation and catering segment and carried forward into the future through the continued identification of efficiencies. Most of the cost reduction, €0.4m in staff costs, were wages and salaries while €0.2m was related to less incurred social security cost expenses in FY21 than a year earlier. The directors' remuneration for FY21 did not include any promote fees and hence the reduction.

The reduction of €1.5m in legal and professional fees to €1.2m (FY20: €2.7m) was incurred in relation to the real estate development projects. Marketing costs were also lower, from €0.2m in FY20 to €0.1m, which are in line with the COVID-related impacts that hit the industries in which the Group operates.

During the year the Group reduced its interest and related expenses to €3.1m (FY20: €3.9m) due to lower expenses in loans from associates and related parties as well as lower interest expenses on finance lease liabilities. Despite the ongoing challenges, the Group managed to improve its EBITDA Margin to 37.2% (FY20: 32.1%) with an EBITDA of €4.3m (FY20: €7.5m), despite the decrease in overall revenue for the year due to the cyclical nature of the real estate industry. The improved EBITDA Margin in FY21 was mainly due to the increased margin contributed by the Other Gains and Share in Profits of Associates which increased from 22.8% in FY20 to 27.8% in FY21.

Share in profit from associates reduced from €3.1m to €1.4m in FY21, most of which is due to the lower activity of Bogenhausener Tor Immobilien Sarl (BTI) as part of its material realisation of its project in FY20.

In FY21, the Group reported €1.8m in other gains. This was from the increase in fair value of investment properties, re-measurement of right of use of assets and liabilities in line with IFRS 16, amortisation of deferred value gain. These gains are in turn netted from the loss from impairment of the investment in Blulabel Ltd.

Within other comprehensive income, the net fair value gains of land and buildings for FY21 amounted to €2.0m (FY20: €1.0m loss), and these are related to the increase in value of assets in the hotel portfolio and the commercial yacht. Fair value gains on investment property amounted to €0.5m (FY20: €3.2m) and related mainly to the development underway on the Andersia Silver Project.

The Group results for FY21 showed a significant improvement in total comprehensive loss of €3.6m through the containment of staff costs, reduction in financing costs, and the fair value gains. This is a significant achievement considering the challenging economic climate in which the Group was operating.

2.4 Group's Income Statement - *continued*

Comments on the 2022 forecasted amounts

REVENUE

	2021A	2022F
	€000	€000
By market		
Poland	5,344	6,025
Spain	520	203
Germany	4,381	7,600
Malta	1,274	1,816
	11,519	**15,644**
By activity		
Accommodation	7,269	10,276
Catering	2,235	2,504
Lease	515	481
Development	251	1,394
Administration and consulting	41	261
Other	1,208	728
	11,519	**15,644**

The FY22 revenue forecast for the Group is projecting an increase of 35.81% over the previous year, amounting to €15.6m (FY21: €11.5m). The accommodation segment is anticipated to see an increase of 41.4% over FY21, at €10.3m (FY21: €7.3m), and a 12% increase in the catering segment to €2.5m (FY21: €2.2m). The improvements in the accommodation and catering segments are projected mainly due to the increasing activity in the hospitality and tourism sectors, which are now recovering from the COVID-19 pandemic. The improvement is projected in all the markets, with the more significant increase coming from the German market. Revenue in Poland is expected to register an increase even though the Group today only operates two hotels, down from three as at end of March FY22.

Also included in revenue is a projected amount of promote fee related to the BTI project amounting to €1.2m and income from yacht charters of €0.4m.

As was the case in the 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 into occupancy and market developments worldwide.

2.4 Group's Income Statement - *continued*

Comments on the 2022 forecasted amounts - *continued*

OTHER OPERATING INCOME

In FY21, the Group benefited from government assistance packages aimed at mitigating the impact of the COVID-19 pandemic. Assistance ranged from financial support due to state-imposed lockdowns which resulted in various hotels managed by the Group being closed for a period of time, together with financial aid to protect the jobs of employees in countries where the Group operates in. In FY22, the forecasted figures include €1.4m relating to the Polish companies, specifically for the PFR 2.0 subsidy and €0.8m relates to the German companies, of which €0.3m has already been received.

Other operating income also includes income received from the disposal of furniture, fixtures and equipment by IBB Andersia Tower Hotel Management.

	2021A	2022F
	€000	€000
Government grants	3,114	2,170
Lease concessions	1,156	-
Gain on deconsolidation of subsidiaries	239	-
Other	230	256
	4,739	2,426

STAFF COSTS

Staff costs are being forecasted to reach a total of €5.7m in FY22, reaching a 12% increase over the previous year. This is because the drop in salaries in the Polish subsidiary ATHM upon discontinuation of operations was more than offset by an increase in the salaries and other related costs of the German companies and in some of the Polish companies. In German hotels, the minimum wage had to increase to €12/hour in order to attract new employees and prevent current ones from leaving. In Poland on the other hand the country increased its minimum wage from PLN2,800 in FY21 to PLN3,010 in FY22. In FY22 in line with the increased sales demand, more employees were added on to meet this extra demand. Also, by the end of March of FY22 all employees of German hotels, some of whom were still on reduced hours at the beginning of the year, had gradually returned to full-time work.

COST OF SALES & OPERATING EXPENSES

Cost of sales forecasted for FY22 is €1.0m lower than that reported for FY21. The factors contributing to such a lower cost of sales value are the deconsolidation of the Urbelia Group, which in FY21 amounted to *circa* €0.4m (for Q1 period, right up to deconsolidation date) and €0.7m from IBB Andersia Tower Hotel Management which in FY22 forecasts includes actual results up to March 2022.

The administrative expenses have been forecasted to increase in line with the increased activity in the hotel and catering segment coupled with the increase in staff costs in direct relation to the promote income as mentioned above.

2.4 Group's Income Statement - *continued*

Comments on the 2022 forecasted amounts - *continued*

OTHER GAINS/LOSSES

In FY21, the Group reported €1.8m in other gains. This resulted from increase in fair value of investment properties, re-measurement of right of use of assets and liabilities in line with IFRS 16, amortisation of deferred value gain. These gains are in turn netted from the loss from impairment of the investment in Blulabel Ltd.

In FY22 the Group is forecasting to reverse a provision for liability created in previous years amounting to €0.4m related to the sale of the Cugo Gran Menorca in Spain and which will be settled in our favour.

INTEREST INCOME AND INTEREST EXPENSE

Interest income in FY22 at €0.4m is being forecasted at 7% lower than the actual results achieved in previous year (FY21: €0.5m) mainly due to lower interest on loan amounts which have been paid at Issuer's level on loans to parent company and associates.

Interest expense for FY22 is also being forecast lower than reported actual results for FY21 amounting to €2.8m (FY21: €3.1m) mainly due to the lower bank interest, interest expense on loans from related parties and also lower finance lease interest on IFRS 16 leases.

OTHER COMPREHENSIVE INCOME

The main contributors to the forecasted other comprehensive income for FY22 are made up of expected fair values gains in land and buildings of the two Polish subsidiaries.

Movements in the currency translation reserve is being forecasted at €0.2m (FY21: €0.4m). This arises because of the difference of the exchange rates used to translate the financial information of the foreign operations to the Group's reporting currency. The foreign currency from which substantial currency translation movements are arising from it the Polish zloty (PLN). The average exchange rate used to translate income and expenses from PLN to €1 is PLN 4.5764 and the closing exchange rates used to translate assets and liabilities of the foreign operations from PLN to €1 are PLN 4.6679 as at end of FY22 and PLN 4.5969 as at end of FY21.

2.4.1 Group's Variance Analysis

FOR THE YEARS ENDED 31 DECEMBER

	2021F	2021A	Variance
	€000	€000	€000
Revenue	11,466	11,519	53
Cost of sales	(2,441)	(2,674)	(233)
Gross profit	**9,025**	**8,845**	**(180)**
Other operating income	5,192	4,739	(453)
Administrative expenses	(11,070)	(12,500)	(1,430)
Share of profits of associates	1,050	1,409	359
Other gains	27	1,791	1,764
EBITDA	**4,224**	**4,284**	**60**
Depreciation and amortization	(1,046)	(842)	204
Depreciation under IFRS 16	(3,587)	(3,086)	501
EBIT	**(409)**	**356**	**765**
Expected credit losses reversal/(charge)	(25)	(10)	15
Interest and other related income	414	463	49
Interest and other related expenses	(2,992)	(3,107)	(115)
Loss before tax	**(3,012)**	**(2,298)**	**714**
Income tax (charge)/credit	15	77	62
Loss for the year	**(2,997)**	**(2,221)**	**776**

2.4.1 Group's Variance Analysis - *continued*

REVENUE AND OTHER OPERATING INCOME

In FY21, the Group reported revenue of €11.5m, which resulted in a slight negative variance of €0.1m when compared with the forecast. Other operating income was also €0.5m lower than forecast at €5.2m.

ADMINISTRATIVE EXPENSES

Administrative expenses in FY21 were at €12.5m, that is, 12.3% or €1.4m higher than previously projected. This variance includes expenses incurred in relation to the setting up of the new Group's SPV which were not provided for at the time of the forecast. Additionally, professional fees incurred in FY21 exceeded the forecast given the incremental costs incurred in procuring the final settlement in the arbitration proceedings concerning the termination of the hotel lease by in the Polish subsidiary Andersia Tower Hotel Management. The negotiated settlement also led to the payment of *circa* €1m variable rent in excess of the forecast.

OTHER GAINS

The Group recognised €1.8m of other gains compared to the negligible amount forecasted on account of the: (i) €1.2m gain arising on the fair value measurement of financial assets acquired by the SPV and the cost of acquisition; (ii) €0.5m fair value gain on investment properties; and (iii) other gains on favourable foreign exchange movements.

SHARE OF PROFITS OF ASSOCIATES

Share of profits from Associates at €1.4m exceeded the forecast by €0.4m on account of the €0.3m higher contribution from the German associate Bogenhausener Tor Immobilien Sarl. Additionally, another German associate, KASA Investments GmbH and the Spanish company Plaza Explanada S.L. together genarated *circa* €0.1m income in excess of the forecast.

2.5 Group's Financial Position

AS AT 31 DECEMBER

	2019A	2020A	2021A	2022F
	€000	€000	€000	€000
Assets				
Non-current assets				
Intangible assets	179	132	66	39
Property, plant and equipment	38,633	27,012	27,309	27,656
Right of use assets	41,167	36,782	31,404	29,435
Investment properties	17,681	23,989	32,601	38,876
Investment in associates	24,674	3,601	2,981	1,394
Loans and other receivables	10,642	7,483	6,655	6,875
Other financial assets	220	1,082	1,924	2,299
Deferred tax assets	672	1,007	1,004	1,172
Total non-current assets	**133,868**	**101,088**	**103,944**	**107,746**
Current assets				
Inventories	145	139	90	64
Loans and other receivables	-	-	7,059	7,059
Trade and other receivables	7,260	5,774	5,298	3,975
Current tax receivable	194	49	2	1
Cash and cash equivalents	6,318	27,906	17,125	12,664
Total current assets	**13,917**	**33,868**	**29,574**	**23,763**
Total assets	**147,785**	**134,956**	**133,518**	**131,509**
Equity and liabilities				
Equity				
Share capital	3,805	3,805	3,805	3,805
Share Premium	4,445	4,445	4,445	4,445
Other reserves	6,442	3,363	4,877	5,573
Currency translation reserve	(661)	(1,350)	(1,616)	(1,829)
Retained earnings	14,915	16,339	14,272	12,443
Non-controlling interest	15,314	14,383	15,125	15,125
Total equity	**44,260**	**40,985**	**40,908**	**39,562**
Non-current liabilities				
Debt securities in issue	24,832	24,225	24,171	24,212
Borrowings	16,218	14,126	17,766	17,524
Finance lease liabilities	38,595	35,173	30,506	28,896
Deferred tax liabilities	3,791	4,392	5,002	5,109
Total non-current liabilities	**83,436**	**77,916**	**77,445**	**75,741**
Current liabilities				
Finance lease liabilities	3,284	5,059	2,771	2,739
Borrowings	10,683	5,911	6,836	9,322
Trade and other payables	6,069	4,443	5,503	4,105
Current tax payable	53	642	55	40
Total current liabilities	**20,089**	**16,055**	**15,165**	**16,206**
Total liabilities	**103,525**	**93,971**	**92,610**	**91,947**
Total equity and liabilities	**147,785**	**134,956**	**133,518**	**131,509**

2.5 Group's Financial Position - *continued*

Comments on the 2021 actual financial position

In FY21, the Group's total assets amounted to €133.5m, a 1.1% decrease from €135.0m the prior year (FY20: decrease €1.5m). The main year-on-year movements were seen in investment properties with an increase of €8.6m, in right of use assets with a decrease of €5.4m, in loans and receivables with an increase of €6.2m, and in cash and cash equivalents with a decrease of €10.8m. However, their effect was largely netted off against each other.

Investment properties amounted to €32.6m (FY20: €24.0m) mostly relating to additions of new properties (€8.6m), more specifically the ongoing works at Andersia Silver at €5.9m, to the land of the Montenegro project at €0.1m, and the Lucca Villa Diodati at €2.3m, as well as to a lesser extent to changes in their fair value (€0.5m). The investment properties of the Group refer to development stage projects and are held at fair value, revalued on a regular basis by professionally qualified architects or surveyors.

Right-of-use assets decreased to €31.4m from €36.8m mostly due to the €3.1m depreciation charge and a €2.0m remeasurement of right of use assets as the result of the Group exiting from the lease of hotel property in Poland.

Loans and receivables (non-current) decreased to €6.7m in FY21 from €7.5m a year prior mostly due to €0.5m received from the ultimate parent company.

Th Group's shareholders' equity remained largely unchanged at €40.9m in FY21 compared to a value of €41.0m in FY20. The €2.1m reduction in retained earnings was offset by the €1.5m increase in other reserves, most significantly in the revaluation reserve caused by the revaluation of land and buildings, as well as movements in the currency translation reserve and non-controlling interest.

The Group's total liabilities decreased slightly, by €1.4m, to €92.6m in FY21 (FY20: €94.0m). This was predominantly due to the €6.9m lower lease liabilities largely offset by the €4.6m higher borrowings. In tandem with the reduction of right of use assets, lease liabilities were also reduced mainly due to €4.2m of lease payments and €2.5m remeasurement of lease liabilities. The Group's borrowings, more specifically long-term bank borrowings and short-term loans from third parties, increased offsetting the lower lease liabilities.

The long-term borrowings, which in the 2021 FAS were projected to close at €26.3m, were substantially lower, at €17.8m. The majority of the difference can be explained by the fact that last year the Polish subsidiary Andersia Retail Sp. z o.o. had estimated that by year-end the status of completion of the Andersia Silver project would be at a more advanced stage, thus projecting long-term borrowings thereon at €8.0m higher than actual figures.

2.5 Group's Financial Position - *continued*

Ratio analysis[4]

	2019A	2020A	2021A	2022F
Gearing 1	50.6%	28.5%	43.6%	52.1%
Gearing 2	70.1%	69.6%	69.4%	72.5%
Gearing 3	102.6%	39.9%	77.4%	108.7%
Net debt	7.8x	2.2x	7.4x	12.9x
Current ratio	0.7x	2.1x	2.0x	1.2x
Quick ratio	0.7x	2.1x	1.9x	1.2x
Interest coverage 1	1.1x	3.9x	2.8x	2.0x
Interest coverage 2	1.4x	1.9x	1.4x	1.2x

From FY20 to FY21, the fluctuations in gearing ratios are mainly due to the deployment of cash to new investment opportunities as discussed in the cash flows statement in section 2.6 below, while the total indebtedness remained relatively unchanged as reflected in above.

Due to the further projected deployment of cash and cash equivalents, the financial stability ratios of the Group are expected to point to lower figures when compared to FY21. Gearing ratios are anticipated to be at higher levels, depicting further geared financial position, while the Net Debt, and the current and the quick ratios are anticipated to be at lower multiples when compared to FY21.

[4] Ratio Analysis may not agree to prior FASs due to a change in the calculation methodology or due to rounding differences variance.

2.5 Group's Financial Position - *continued*

Comments on the 2022 forecasted amounts

NON-CURRENT ASSETS

The Group's non-current assets are forecasted at €107.7m by the end of FY22, an increase of €3.8m year on year. The movements can mostly be attributed to the increase in the carrying value of investment properties and a slight increase in property, plant and equipment, offset by the decrease in right of use assets.

The Group's investment properties are forecasted to close at €38.9m as at end of 2022, that is, €6.3m higher than FY21. These mainly relate to the €4.7m projected additions at Andersia Silver Tower in Poznań, Poland to a carrying value of €32.9m by the end of the year. Other investment properties at the end of the financial year include the land in Montenegro, with a projected value of €1.3m (FY21: €1.3m), and the villa in Lucca, Italy at €3.9m, which is €1.6m higher than FY21, mainly on account of the restoration and refurbishment works.

The Group's property, plant and equipment at FY22 end are forecasted at €27.7m. This mainly includes the hotel properties owned by the Group in Lublin, Poland and in Gdansk, Poland which the Group operates as IBB Grand Lublin Hotel and IBB Hotel Dlugi Targ, respectively. The hotel property in Lublin has an estimated to be valued at €9.4m whilst the property in Gdansk has an estimated value of €15.5m. The other items of property, plant and equipment include the commercial yacht valued at €1.2m, furniture and other equipment totalling €0.9m, and other properties of €0.6m.

The Group's right of use assets at FY22 end are forecasted at €29.4m, a decrease of €2.0m from FY21. The decrease is mainly attributable to the depreciation charge for the year. The Group's right of use assets mainly arises from the lease arrangements of the six hotel properties operated by the Group and the head office in Malta. Of the six hotels, five are in Germany under the IBB Hotel brand and the other is in Cugo Gran Macina brand in Malta.

The forecasted decrease in investment in associates at the close of the year is mainly due to the return of investments from an associate and partially set off by share in profits and other comprehensive income of associates.

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

Based on the forecasted FY22 statements, the Group's working capital is forecasted to be at €7.6m, which is a decrease of €6.9m when compared to FY21. This is mainly due to the €9.1m lower cash levels of the Group, while all other components of the working capital remained relatively stable and the net off to a less notable year-on-year movement of €0.5m.

EQUITY

Total equity at the end of financial year 2022 is expected to amount to €39.2m, that is, €1.7m decrease from FY2021 equity of €40.9m. The decrease mainly represents forecasted results for the year 2022 as discussed in section 2.4.

2.5 Group's Financial Position - *continued*

Comments on the 2022 forecasted amounts - *continued*

BORROWINGS AND LEASE LIABILITIES

	2022F		2021A	
	€'000	% weight	€'000	% weight
Non-current borrowings				
Debt securities in issue	24,212	34.3%	24,171	33.4%
Bank borrowings	12,998	18.4%	13,840	19.1%
Loans from associates	85	0.1%	73	0.1%
Loans from other related parties	4,223	6.0%	3,612	5.0%
Loans from third parties	46	0.1%	-	-
Other borrowings	172	0.2%	241	0.3%
Finance lease liabilities	28,896	40.9%	30,505	42.1%
	70,632	100%	72,442	100%
Current borrowings				
Bank borrowings	612	5.1%	644	6.7%
Loans from other related parties	2,609	21.6%	268	2.8%
Loans from third parties	6,101	50.6%	5,924	61.7%
Finance lease liabilities	2,739	22.7%	2,771	28.8%
	12,061	100%	9,607	100%
	82,693		82,049	

The majority of the Group's borrowings are from finance lease liabilities, debt securities in issue, and bank borrowings.

The finance lease liabilities represent the amount recognised by the Group on its statement of financial position related to lease arrangements where the Group is the lessee under IFRS 16. This amount is the present value of future lease payments discounted using a discount rate determined on initial recognition of the lease liability. For the purposes of the forecasts, management has not considered any changes in the existing leases.

The amount of debt securities in issue pertains to the bonds payable issued by Von der Heyden Group Finance p.l.c. and, on a consolidated level, this is presented net of bonds being held by the parent company, Timan Investments Holdings Limited.

The bank borrowings mainly relate to the loans of the two property holding subsidiaries of the Group:

1. Dlugi Targ Sp. z o.o. – to finance the hotel in Gdansk, Poland with final repayment in 2028; and
2. Lublin Gran Hotel Sp. z o.o. – to finance the hotel in Lublin, Poland with final repayment in 2024.

The forecasted increase on loans from related parties and from third parties mainly relates to the ongoing construction of the Andersia Silver Tower in Poznań, Poland which are forecasted to be provided by the Group's investing partners in the project (other related party) and by a third party. This increase is set off by payments to related parties for their share in dividends received by the Group on their behalf and the release to other operating income of the government grant received by the Polish hotel operating subsidiaries which were previously reported as loans from third parties.

2.6 Group's Cash Flows Statement

FOR THE YEARS ENDED 31 DECEMBER

	2019A	2020A	2021A	2022F
	€000	€000	€000	€000
Net cash flows generated from/(used in) operating activities	560	(4,248)	(687)	3,039
Net cash flows generated from/(used in) investing activities	9,682	34,309	(10,968)	(5,382)
Net cash flows generated from/(used in) financing activities	(7,529)	(9,348)	794	(2,166)
Effect of changes in foreign exchange	(198)	875	80	48
Net movement in cash and cash equivalents	**2,515**	**21,588**	**(10,781)**	**(4,461)**
Cash and cash equivalents at start of year	3,803	6,318	27,906	17,125
Cash and cash equivalents at end of year	**6,318**	**27,906**	**17,125**	**12,664**

Ratio analysis[5]

	2019A	2020A	2021A	2022F
	€000	€000	€000	€000
Free cash flow (Net cash from operations + Interest - Capex)	1,456	(8,498)	(9,360)	(3,099)

The Group recorded a favourable cash position of €17.1m as of 31 December 2021, albeit having decreased substantially, by 38.6%, from FY20 - when it stood at €27.9m, on account of the investment and financing activities undertaken during the year. More specifically, in FY21, the Group reported cash utilised in operating activities of €0.7m (FY20: cash utilised of €4.3m). Various factors have contributed to the year-on-year difference. Both trade receivables and payables contributed to the cash flow in a favourable manner: trade receivables have decreased while payables have increased, generating *circa* €0.9m cash for the Group. On the other hand, net cash from operations was still negative in FY21.

Investing activities resulted in an €11.0m cash outflow in the year under review (FY20: €34.3m).This was mainly on account of the further additions in investment properties during FY21, utilising €8.2m cash, and also due to net movement in loans to third parties, mainly in respect of the Italian SPV activity, as described in section 1.3, that resulted in net cash outflows of €4.7m. Compared with the projected cash outflows in the 2021 Financial Analysis Summary, which was at *circa* €7.3m, actual outflows were €3.7m higher, which is mainly due to the acquisition of loans through the Italian SPV of €6.0m, partially offset by loan collections that were not forecasted.

Additionally, the Group generated €0.8m from financing activities (FY20: €9.3m outflow), which resulted in an aggregate negative cash flow movement of €10.8m during FY21 (FY20: €21.6m). The substantial fluctuation is mainly the result of the significant increase in cash inflows from third parties as well as associates and related parties, compared to a significant cash outflow a year earlier.

[5] Ratio Analysis may not agree to prior FASs due to a change in the calculation methodology or due to rounding differences variance.

2.6 Group's Cash Flows Statement - *continued*

In the 2021 Financial Analysis Summary, the Group forecasted that additional drawdowns will be made for the construction of Andersia Silver Tower, which did not materialise and instead, the construction costs were paid from the cash balance, which also explains the lower than projected cash and cash equivalents in FY21.

As noted earlier, the Group's cash flow position was lower than that forecasted last year mainly due to the negative difference in the financing, and to a lesser extent investing, cash flows between the forecasted and the actual figures.

For FY22, the Group is forecasting to close the year with a cash and cash equivalents balance of €12.7m, which is €4.5 lower than FY21. The resulting cash balance at the end of FY22 is based on the forecasted net cash outflow in investing activities of €5.4m, the net cash outflow related to financing activities amounting to €2.2m and offset by cash inflows from operating activities of €3.0m. The expected cash to be utilised in investing activities mainly represents the development costs expected to be incurred on the Andersia Silver Tower project and the continued renovation costs on the villa acquired in FY21 in Lucca, Italy to be later operated for short-term letting of luxury holiday residences and apartments. The cash used in financing activities mainly represents settlement of lease liabilities and interest payments.

Overall, the liquidity position being forecasted by the Group for FY22 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

European economic update[6]

Despite entering the year on a weak note, the outlook for the EU economy before the outbreak of the war was for a prolonged and robust expansionary phase. The pandemic situation was improving, while most of the headwinds posed by logistic and supply bottlenecks and pressures on the price of energy and other commodities were expected to fade in the course of this year. Economic activity would continue to be supported by an improving labour market, large accumulated savings, favourable financing conditions and the deployment of the Recovery and Resilience Facility (RRF). The war has changed the picture, by bringing renewed disruptions in global supply, fuelling further commodity price pressures and heightening uncertainty. The EU is first in line among advanced economies to take a hit, due to its geographical proximity to Russia and Ukraine, heavy reliance on imported fossil fuels, especially from Russia, and high integration in global value chains. Large inflows of people fleeing the war – as many as 5 million in the first 10 weeks since the start of the war – pose a further organisational and coordination challenge for the EU.

Concerning the duration and intensity of the geopolitical tensions, as well as the size, distribution, labour market integration and budgetary impact of the inflows of people fleeing the war in Ukraine, it is assumed that geopolitical tensions do not normalise before the end of 2023. Furthermore, while COVID-19 has significantly relaxed its grip on the EU economy, this is not the case in other parts of the world and risks of a resurgence of serious cases cannot be ruled out. The forecast rests on the assumption that COVID19 will not pose significant disruptions to economic activity in the EU over the forecast horizon. However, the EU economy remains indirectly exposed to pandemic developments in other regions.

Real GDP growth in both the EU and the Euro area is now expected at 2.7% in 2022 and 2.3% in 2023, down from 4.0% and 2.8% (2.7% in the euro area), respectively, in the Winter 2022 interim forecast (WiF). The downgrade for 2022 must be read against the background of the growth momentum gathered by the economy in spring and summer last year, which adds around 2 percentage points to the annual growth rate for this year. Output growth within the year has been reduced from 2.1% to just 0.8%. These revised growth projections imply slower convergence to the output level that the economy would have attained in the absence of the pandemic shock – based on an extrapolation of the growth outlook from the last forecast preceding the pandemic. In turn, the projection for inflation has been revised up significantly. In the EU, HICP inflation is now expected to average an all-time high of 6.8% in 2022, before declining to 3.2% in 2023. In the euro area, inflation is projected at 6.1% in 2022 and 2.7% in 2023. This compares with 3.5% and 1.7%, respectively, in the WiF.

Energy commodity prices had already increased substantially before Russia's invasion, from the lows achieved during the pandemic. As supply struggled to keep up with the strong synchronised rebound in global activity, they surged well above pre-pandemic levels. In Europe, in particular, gas and electricity have been trading at record prices since autumn last year. Given the importance of Russia as a major exporter of fossil fuels, uncertainty about supply in the aftermath of the war has brought renewed upward pressures on energy commodity prices, amidst heightened volatility. The forecast uses the indications coming from markets' futures curves to project energy inflation and does not factor in large-scale interruptions in the supply of oil and gas commodities, as by its cut-off date, there were no such supply stoppages. The model-based scenario analyses highlight the importance of developments in energy markets for the euro area. In the severe scenario of an outright cut in gas supply, GDP growth rates would be around 2½ and 1%. below the forecast baseline in 2022 and 2023, respectively, while inflation would increase 3%. in 2022 and more than 1%. in 2023 above. The euro area economy would still manage positive annual growth rates in both forecast years, but in 2022 economic output would contract on a quarterly basis.

[6] European Economic Forecast - Spring 2022

3.1 General Market Conditions - *continued*

European economic update – *continued*

Rising input costs, notably for energy and fertilisers, had already started to put food commodity prices under pressure late last year. By putting at risk, the production and export of grains, oil seeds and other agricultural commodities, for which Ukraine and Russia are key exporters, the war has intensified the pressures. Similar concerns pushed up the price of some industrial metals (e.g. nickel and copper), as well as neon gas (a key input for semiconductors). Furthermore, fresh disruptions in logistics and global supply chains are also adding price pressures across a wide range of industrial goods. Finally, notwithstanding a projected reduction in wholesale energy prices over the forecast horizon, accrued increases are set to keep passing through to a broad range of goods and services. Consequently, core inflation (i.e. inflation netted out of the more volatile energy and food prices) is set to be above 3% in both the euro area and the EU as a whole over the forecast horizon.

Higher energy and food prices reduce households' purchasing power, especially for lower income families who spend a higher fraction of their income on these items. Consumption growth paused in the first quarter of the year, amidst reinstated pandemic restrictions and inflation surprises. As of the second quarter, reopening dynamics prop up consumption of services, with gradually fading vigour. A strong and still improving labour market, government measures to offset high energy prices and normalisation of households' saving behaviour push the volume of consumption slightly above its pre-pandemic level by the end of this year, and support a further expansion thereafter. In a context of high inflation and falling purchasing power, households devote a larger fraction of their disposable income to consumption: the savings rate is thus projected to fall in the EU from 17% last year to 13.8% in 2022 and 12.5% in 2023, broadly the same rate recorded in 2019. The large amount of accumulated savings could allow for a faster recovery of consumption, but amid heightened uncertainty and lower confidence, households may be reluctant to dig deeper into their savings. Finally, a further push to consumption would come from people fleeing the war, who are expected to spend part of the social transfers granted to them by the host countries.

The inability of firms to fully pass on higher production costs to consumers is set to squeeze corporate profit margins. Heightened uncertainty around the unfolding of the geopolitical situation and its impact on the demand outlook are set to weigh on companies' investment decisions and delay the realisation of investment plans. Moreover, as the strengthening of inflationary pressures has accelerated the pace of monetary policy normalisation, financial conditions are tightening, further increasing the cost of financing for firms. Finally, material shortages continue constraining investment from the supply side.

At the same time, capital utilisation rates remain at record highs, while the full deployment of the RRF and the needed frontloading of energy saving investment in the context of REPower EU is set to support construction and equipment investment. Overall, the outlook for investment in the EU is subdued, as it is projected to grow by only 3.1% in 2022 – much of which (2%.) is being carried over from the rebound in investment in 2021. In 2023, investment is expected to recover momentum and expand by 3.6%.

The collapse of import demand in the EU's Eastern neighbourhood weighs on EU exports, especially for those Member States with deeper trade relations with the region. Also, demand from the rest of the world is negatively affected by war-induced surges in commodity prices, disruptions in global trade and tightening global financing conditions. The growth forecast for the global economy in 2022 has been downgraded by more than 1 percentage point compared to the previous forecast. Strict COVID-19 containment measures applied in parts of China are contributing to the weaker economic outlook for emerging Asia, with impact set to reverberate globally through additional bottlenecks in manufacturing. The deterioration of the global growth outlook is shaving off a significant fraction of the previously expected growth in external demand. Following a very strong rebound recorded in 2021, the volume of global (excluding the EU) imports of goods and services is now forecast to grow by 4.9% and 4.3% in 2022 and 2023, respectively.

3.1 General Market Conditions - *continued*

European economic update – *continued*

Last year, the EU economy created more than 5.2 million jobs and attracted nearly 3.5 million more people into the labour market. With unemployment rates at record-low levels, a rapid increase in unfilled vacancies and a growing share of managers reporting labour shortages as a factor limiting their production, labour markets in the EU have tightened. This strong performance was broad-based across countries, sectors and socio-economic groups, with the exception of the low skilled who are still lagging behind. Still, total hours worked and hours worked per employee in the fourth quarter of last year remained below their pre-pandemic levels in the EU and most Member States. Job creation is expected to ease markedly this year, amidst signs of attenuating labour shortages. Unemployment rates are forecast to decline further, to 6.7% this year and 6.5% in 2023 in the EU. People fleeing the war in Ukraine to the EU are expected to enter labour markets gradually, with tangible effects only from next year.

In the EU, compensation of employees per head is forecast to increase by 3.9% this year and 3.6% the next. As in 2021, these growth rates are well above those recorded in previous years, but fall short of the surge in inflation. Consequently, this year real wages are expected to decline, before increasing moderately next year. Against the background of soaring production costs and increased economic uncertainty, concerns about job security rather than pay increases are likely to continue to have the upper hand in wage deals. Real household disposable income is set decrease by 2.8% in 2022, despite increased social spending to support people fleeing the war and transfers to offset high energy prices. In 2023 it is set to recover by around 1% in 2023.

From 4.7% of GDP in 2021, the general government deficit in the EU is forecast to fall to 3.6% of GDP in 2022, as temporary measures taken in response to COVID-19 continue to be unwound and economic expansion improves the cyclical components of the budget. These deficit-decreasing factors are set to override the additional costs of measures to mitigate the impact of high energy prices (0.6% of GDP for the EU) and to deal with the humanitarian crisis following the invasion of Ukraine by Russia (0.1 % of GDP). The further drop in the deficit to 2.5% in the EU in 2023 is driven by the complete phasing out of temporary COVID-related measures, the expected unwinding of the energy-related measures and a still increasing cyclical component. Overall, these developments imply a supportive stance in 2022, followed by normalisation in 2023. The debt-to-GDP ratio for the EU as a whole is set to decline to 85% of GDP by 2023, remaining above the pre-COVID-19 crisis level.

The unprecedented nature and size of the shocks ushered in by the war make the baseline projections presented in this forecast subject to considerable uncertainty. The realisation of the key working assumptions underpinning them – regarding the evolution of the geopolitical situation and its reverberations in e.g. commodity markets and trade – is subject to high risks. Namely, further increases of import prices could strengthen the stagflationary forces unleashed by the war. Greater than expected second round effects could amplify them. In addition, strong inflationary pressures could lead to tighter financial conditions than those underpinning the forecast, with negative impact on domestic demand and strains on public budgets and the banking sector. A stronger-than-expected deceleration of economic activity in the US and China would further dent growth in the EU. Finally, COVID19 remains a risk factor. At the same time, private consumption could prove more resilient to increasing prices if households were to use more of their savings for consumption. Investments fostered by the RRF could generate a stronger impulse to activity through e.g. stronger cross-sector and cross-country spill overs. Finally, an accelerated reduction of fossil fuel dependency and green transition could reduce the negative impact of high energy prices faster than assumed.

3.2 Comparative Analysis

Security	Nom Value	Yield to Maturity	Interest coverage (EBITDA)	Total Assets	Total Equity	Total Liabilities / Total Assets	Net Debt / Net Debt and Total Equity	Net Debt / EBITDA	Current Ratio	Return on Common Equity	Net Margin	Revenue Growth (YoY)	Last Closing Price *
5.8% International Hotel Investments plc 2023	10,000	4.64%	1.0x	1,695.2	838.2	50.6%	41.2%	23.6x	1.5x	-3.8%	-23.5%	40.6%	101.50
6% AX Investments Plc € 2024	40,000	5.97%	3.0x	369.8	237.1	37.0%	25.1%	6.8x	0.9x	0.8%	5.4%	23.3%	100.01
4.4% Von der Heyden Group Finance plc Unsecured € 2024	**25,000**	**4.39%**	**2.8x**	**133.5**	**40.9**	**69.4%**	**61.3%**	**15.2x**	**2.0x**	**-5.4%**	**-19.3%**	**-51.0%**	**100.00**
6% International Hotel Investments plc € 2024	35,000	4.86%	1.0x	1,695.2	838.2	50.6%	41.2%	23.6x	1.5x	-3.8%	-23.5%	40.6%	102.00
5% Tumas Investments plc Unsecured € 2024	25,000	4.00%	4.9x	232.1	139.2	40.0%	19.7%	2.6x	4.4x	2.8%	11.6%	-1.4%	102.00
5.75% International Hotel Investments plc Unsecured € 2025	45,000	4.98%	1.0x	1,695.2	838.2	50.6%	41.2%	23.6x	1.5x	-3.8%	-23.5%	40.6%	102.00
4.5% Hili Properties plc Unsecured € 2025	37,000	4.16%	1.5x	208.7	110.9	46.9%	32.3%	10.6x	4.7x	3.7%	38.5%	6.5%	101.00
4% International Hotel Investments plc Secured € 2026	55,000	3.76%	1.0x	1,695.2	838.2	50.6%	41.2%	23.6x	1.5x	-3.8%	-23.5%	40.6%	100.90
4% International Hotel Investments plc Unsecured € 2026	60,000	4.00%	1.0x	1,695.2	838.2	50.6%	41.2%	23.6x	1.5x	-3.8%	-23.5%	40.6%	100.00
3.25% AX Group plc Unsec Bds 2026 Series I	15,000	3.27%	3.0x	369.8	237.1	37.0%	25.1%	6.8x	0.9x	0.8%	5.4%	23.3%	99.90
3.75% Mercury Projects Finance plc Secured € 2027	11,500	3.75%	0.3x	113.0	34.6	69.4%	47.4%	99.5x	1.8x	-19.6%	-117.0%	-75.1%	100.00
4.35% SD Finance plc Unsecured € 2027	65,000	4.23%	0.3x	328.5	131.5	60.0%	30.3%	43.7x	1.2x	-1.6%	-12.2%	-70.9%	100.50
3.75% Tumas Investments plc Unsecured € 2027	25,000	3.75%	4.9x	232.1	139.2	40.0%	19.7%	2.6x	4.4x	2.8%	11.6%	-1.4%	100.00
4% Stivala Group Finance plc Secured € 2027	45,000	3.58%	0.5x	363.0	235.4	35.1%	26.7%	33.8x	0.9x	5.3%	82.2%	28.2%	102.00
3.85% Hili Finance Company plc Unsecured € 2028	40,000	3.85%	4.6x	727.7	154.6	78.7%	71.8%	4.7x	1.1x	25.9%	5.7%	22.0%	99.99
3.65% Stivala Group Finance plc Secured € 2029	15,000	3.98%	0.5x	363.0	235.4	35.1%	26.7%	33.8x	0.9x	5.3%	82.2%	28.2%	98.00
3.8% Hili Finance Company plc Unsecured € 2029	80,000	3.96%	4.6x	727.7	154.6	78.7%	71.8%	4.7x	1.1x	25.9%	5.7%	22.0%	99.00
3.75% AX Group plc Unsec Bds 2029 Series II	10,000	3.52%	3.0x	369.8	237.1	37.0%	25.1%	6.8x	0.9x	0.8%	5.4%	23.3%	101.50
4.25% Mercury Projects Finance plc Secured € 2031	11,000	4.25%	0.3x	113.0	34.6	69.4%	47.4%	99.5x	1.8x	-19.6%	-117.0%	-75.1%	100.01
**** Average**		**4.15%**											

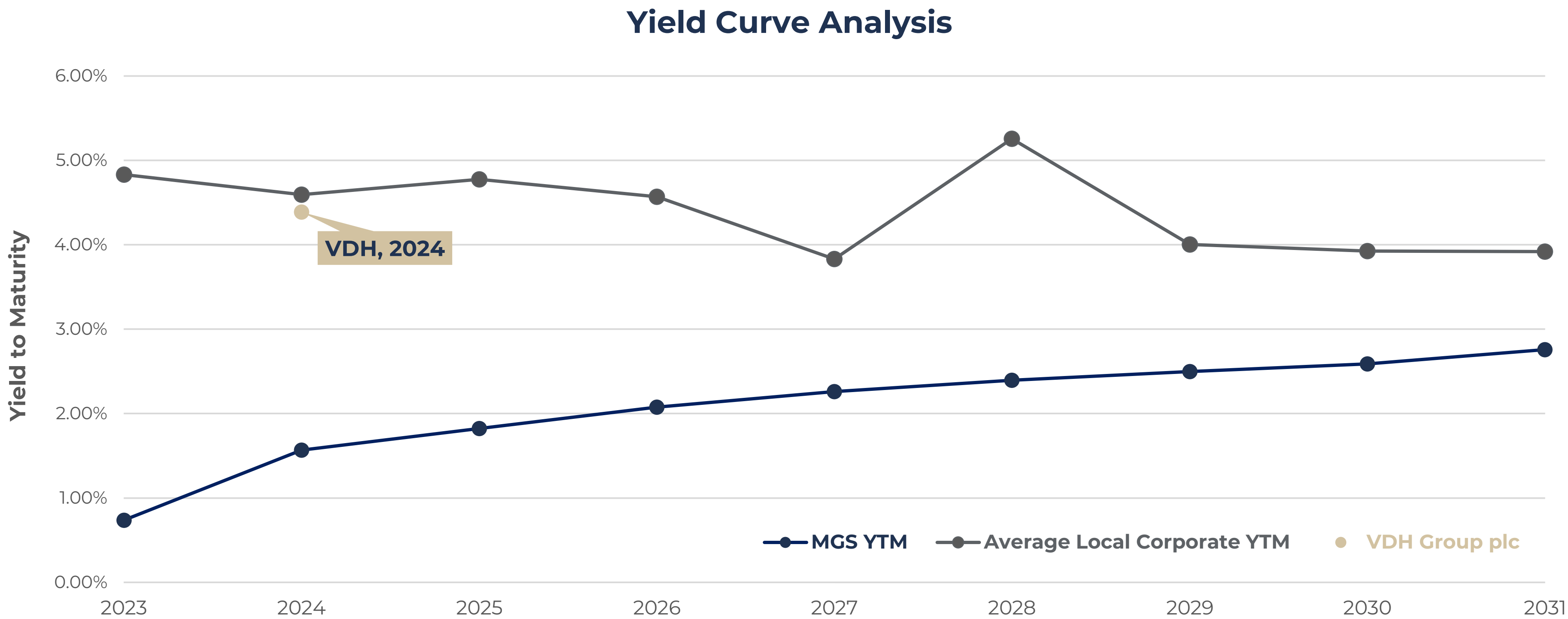
Source: Latest available audited and consolidated financial statements

* Last price as at 20/06/2022

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

The purpose of the table above compares the debt issuance of the Group to other debt instruments. It should be noted 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. Furthermore, 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.

3.2 Comparative Analysis - *continued*



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

As of 21 June 2022, the average spread over the Malta Government Stocks (MGS) for corporates with a maturity range of 2-3 (2024-2025) years was 303 basis points. VDH Group Finance plc are currently trading at a YTM of 439 basis points, meaning a spread of 282 basis points over the equivalent MGS. This means that this bond is trading at a discount of 21 basis points in comparison to the market.

Part 4

Glossary and Definitions

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.

Glossary and definitions - *continued*

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 over the sum of Net Debt and Total Equity.
Gearing Ratio Level 2	Is calculated by dividing Total Liabilities over Total Assets.
Gearing Ratio Level 3	Is calculated by dividing Net Debt over 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.

Glossary and definitions - *continued*

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.

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For information or queries about this document, please contact
Von der Heyden Group's Investor and Public Relations Office at
+356 2779 2200 or email vdhgf.finance@vdhgroup.com