

# SECURITIES NOTE

DATED 8 FEBRUARY 2024



This document is a Securities Note issued in accordance with the provisions of Chapter 4 of the Capital Markets Rules published by the Malta Financial Services Authority and of the Prospectus Regulation. This Securities Note is issued pursuant to the requirements of Rule 4.14 of the Capital Markets Rules and contains information about the Bonds. Application has been made for the admission to listing of the Bonds on the Official List of the Malta Stock Exchange. This Securities Note should be read in conjunction with the most updated Registration Document issued from time to time containing information about the Issuer.

Issue of €50,000,000 5.75% Unsecured Bonds 2028–2033  
of a nominal value of €100 per Bond issued at par  
by

**PHOENICIA FINANCE COMPANY P.L.C.**

a public limited liability company registered in Malta  
with company registration number C 88958

with the joint and several Guarantee\* of

**Phoenicia Malta Limited**

a private limited liability company registered in Malta with company registration number C 41576  
and

**Phoenicia Hotel Company Limited**

a private limited company registered in the United Kingdom and registered  
as an oversea company in Malta with registration number OC1

ISIN: MT0002081215

\*Prospective investors are to refer to the Guarantee contained in Annex II of this Securities Note forming part of the Prospectus for a description of the scope, nature and term of the Guarantee. Reference should also be made to the Sections entitled “Risks” or “Risk Factors” contained in the Summary, the Registration Document and this Securities Note for a discussion of certain risk factors which should be considered by prospective investors in connection with the Bonds and the Guarantee provided by the Guarantors.

Legal Counsel

Sponsor

Manager & Registrar

**ZammitPace**

**CURMI &  
PARTNERS**

**BOV**  
Bank of Valletta

**THIS SECURITIES NOTE HAS BEEN APPROVED BY THE MFSA AS THE COMPETENT AUTHORITY UNDER THE PROSPECTUS REGULATION. THE MFSA ONLY APPROVES THE PROSPECTUS AS MEETING THE STANDARDS OF COMPLETENESS, COMPREHENSIBILITY AND CONSISTENCY IMPOSED BY THE PROSPECTUS REGULATION. SUCH APPROVAL SHALL NOT BE CONSIDERED AS AN ENDORSEMENT OF THE QUALITY OF THE SECURITIES THAT ARE THE SUBJECT OF THIS SECURITIES NOTE. IN PROVIDING THIS AUTHORISATION, THE MFSA DOES NOT GIVE ANY CERTIFICATION REGARDING THE POTENTIAL RISKS IN INVESTING IN THE SAID SECURITIES AND SUCH AUTHORISATION SHOULD NOT BE DEEMED OR BE CONSTRUED AS A REPRESENTATION OR WARRANTY AS TO THE SAFETY OF INVESTING IN SUCH INSTRUMENTS. INVESTORS SHOULD MAKE THEIR OWN ASSESSMENT AS TO THE SUITABILITY OF INVESTING IN THE SECURITIES.**

**THE MFSA ACCEPTS NO RESPONSIBILITY FOR THE CONTENTS OF THE PROSPECTUS, MAKES NO REPRESENTATIONS AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM, OR IN RELIANCE UPON, THE WHOLE OR ANY PART OF THE CONTENTS OF THE PROSPECTUS, INCLUDING ANY LOSSES INCURRED BY INVESTING IN THE SECURITIES.**

**THESE SECURITIES ARE COMPLEX FINANCIAL INSTRUMENTS AND MAY NOT BE SUITABLE FOR ALL TYPES OF INVESTORS. A POTENTIAL INVESTOR SHOULD NOT INVEST IN THE SECURITIES UNLESS: (I) HE/SHE HAS THE NECESSARY KNOWLEDGE AND EXPERIENCE TO UNDERSTAND THE RISKS RELATING TO THIS TYPE OF FINANCIAL INSTRUMENT; (II) THE SECURITIES MEET THE INVESTMENT OBJECTIVES OF THE POTENTIAL INVESTOR; AND (III) SUCH PROSPECTIVE INVESTOR IS ABLE TO BEAR THE INVESTMENT AND FINANCIAL RISKS WHICH RESULT FROM INVESTMENT IN THESE SECURITIES. INVESTORS SHOULD MAKE THEIR OWN ASSESSMENT AS TO THE SUITABILITY OF INVESTING IN THE SECURITIES SUBJECT OF THIS SECURITIES NOTE.**

**A PROSPECTIVE INVESTOR SHOULD ALWAYS SEEK FINANCIAL ADVICE BEFORE DECIDING TO INVEST IN ANY LISTED FINANCIAL INSTRUMENTS. A PROSPECTIVE INVESTOR SHOULD BE AWARE OF THE POTENTIAL RISKS IN INVESTING IN THE SECURITIES OF AN ISSUER AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION AND CONSULTATION WITH HIS OR HER OWN FINANCIAL ADVISOR.**

APPROVED BY THE DIRECTORS

Jean Pierre Ellul Castaldi

Mario P. Galea

signing in their own capacity as directors of the Company and for and on behalf of each of Etienne Borg Cardona, Benjamin Muscat and Mark D. Shaw



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# 1. IMPORTANT INFORMATION

THIS SECURITIES NOTE CONSTITUTES PART OF THE PROSPECTUS DATED 8 FEBRUARY 2024 AND CONTAINS INFORMATION ON PHOENICIA FINANCE COMPANY P.L.C. IN ITS CAPACITY AS ISSUER, PHOENICIA MALTA LIMITED AND PHOENICIA HOTEL COMPANY LIMITED AS GUARANTORS, AND ABOUT THE BONDS IN ACCORDANCE WITH THE REQUIREMENTS OF THE CAPITAL MARKETS RULES, THE COMPANIES ACT (CHAPTER 386 OF THE LAWS OF MALTA) AND THE PROSPECTUS REGULATION, AND SHOULD BE READ IN CONJUNCTION WITH THE REGISTRATION DOCUMENT ISSUED BY THE ISSUER.

THIS SECURITIES NOTE SETS OUT THE CONTRACTUAL TERMS UNDER WHICH THE BONDS ARE ISSUED BY THE ISSUER AND ACQUIRED BY A BONDHOLDER, WHICH TERMS SHALL REMAIN BINDING UNTIL THE REDEMPTION DATE OF THE BONDS OR AN EARLY REDEMPTION DATE, AS APPLICABLE, UNLESS THEY ARE OTHERWISE CHANGED IN ACCORDANCE WITH SECTION 6.19 OF THIS SECURITIES NOTE.

NO BROKER, DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORISED BY THE ISSUER, THE GUARANTORS OR THEIR RESPECTIVE DIRECTORS, TO PUBLISH OR ISSUE ANY ADVERTISEMENT OR TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THE ISSUER, THE GUARANTORS AND, OR THE SECURITIES OF THE ISSUER OTHER THAN THOSE CONTAINED IN THE PROSPECTUS AND IN THE DOCUMENTS REFERRED TO THEREIN, AND IF PUBLISHED, ISSUED, GIVEN OR MADE, SUCH ADVERTISEMENT, INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY THE ISSUER, THE GUARANTORS OR THEIR RESPECTIVE DIRECTORS OR ADVISERS.

ALL THE ADVISERS TO THE ISSUER NAMED UNDER THE HEADING "ADVISERS" IN SECTION 5.3 OF THE REGISTRATION DOCUMENT HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER IN RELATION TO THE PROSPECTUS AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION TOWARDS ANY OTHER PERSON AND WILL ACCORDINGLY NOT BE RESPONSIBLE TO ANY INVESTOR OR ANY OTHER PERSON WHOMSOEVER IN RELATION TO THE TRANSACTIONS PROPOSED IN THE PROSPECTUS.

**THE MALTA FINANCIAL SERVICES AUTHORITY ACCEPTS NO RESPONSIBILITY FOR THE CONTENTS OF THIS SECURITIES NOTE, MAKES NO REPRESENTATIONS AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS SECURITIES NOTE.**

THE PROSPECTUS DOES NOT CONSTITUTE, AND MAY NOT BE USED FOR PURPOSES OF, AN OFFER OR INVITATION TO SUBSCRIBE FOR SECURITIES ISSUED BY THE ISSUER, BY ANY PERSON IN ANY JURISDICTION: (I) IN WHICH SUCH OFFER OR INVITATION IS NOT AUTHORISED; OR (II) IN WHICH THE PERSON MAKING SUCH OFFER OR INVITATION IS NOT QUALIFIED TO DO SO; OR (III) TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR INVITATION.

THE DISTRIBUTION OF THE PROSPECTUS IN CERTAIN JURISDICTIONS MAY BE RESTRICTED AND ACCORDINGLY, PERSONS INTO WHOSE POSSESSION IT IS RECEIVED ARE REQUIRED TO INFORM THEMSELVES ABOUT, AND TO OBSERVE, SUCH RESTRICTIONS.

THE PROSPECTUS AND THE OFFERING, SALE OR DELIVERY OF ANY BONDS MAY NOT BE TAKEN AS AN IMPLICATION: (I) THAT THE INFORMATION CONTAINED IN THE PROSPECTUS IS ACCURATE AND COMPLETE SUBSEQUENT TO ITS DATE OF ISSUE; OR (II) THAT THERE HAS BEEN NO MATERIAL ADVERSE CHANGE IN THE FINANCIAL POSITION OF THE ISSUER OR THE GUARANTORS SINCE SUCH DATE; OR (III) THAT ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE PROSPECTUS IS ACCURATE AT ANY TIME SUBSEQUENT TO THE DATE ON WHICH IT IS SUPPLIED OR, IF DIFFERENT, THE DATE INDICATED IN THE DOCUMENT CONTAINING THE SAME.

**THIS SECURITIES NOTE IS VALID FOR A PERIOD OF 12 MONTHS FROM THE DATE HEREOF. THE ISSUER IS OBLIGED TO PUBLISH A SUPPLEMENT ONLY IN THE EVENT OF SIGNIFICANT NEW FACTORS, MATERIAL MISTAKE OR MATERIAL INACCURACY RELATING TO THE INFORMATION SET OUT IN THE PROSPECTUS WHICH MAY AFFECT THE ASSESSMENT OF THE SECURITIES AND WHICH ARISES OR IS NOTED BETWEEN THE TIME WHEN THE PROSPECTUS IS APPROVED AND THE CLOSING OF THE OFFER PERIOD OR THE TIME WHEN TRADING ON A REGULATED MARKET COMMENCES, WHICHEVER OCCURS LATER. THE OBLIGATION TO SUPPLEMENT THE PROSPECTUS IN THE EVENT OF SIGNIFICANT NEW FACTORS, MATERIAL MISTAKES OR MATERIAL INACCURACIES DOES NOT APPLY WHEN THE PROSPECTUS IS NO LONGER VALID.**

A PROSPECTIVE INVESTOR SHOULD ALWAYS SEEK FINANCIAL ADVICE BEFORE DECIDING TO INVEST IN ANY FINANCIAL INSTRUMENTS. A PROSPECTIVE INVESTOR SHOULD BE AWARE OF THE POTENTIAL RISKS OF INVESTING IN THE SECURITIES OF AN ISSUER AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION AND CONSULTATION WITH HIS OR HER OWN PROFESSIONAL ADVISERS AS TO LEGAL, TAX, INVESTMENT OR ANY OTHER RELATED MATTERS CONCERNING THE BONDS AND THE PROSPECTUS.

IT IS THE RESPONSIBILITY OF ANY PERSONS IN POSSESSION OF THIS DOCUMENT AND ANY PERSONS WISHING TO APPLY FOR ANY SECURITIES ISSUED BY THE ISSUER TO INFORM THEMSELVES OF, AND TO OBSERVE AND COMPLY WITH, ALL APPLICABLE LAWS AND REGULATIONS OF ANY RELEVANT JURISDICTION. PROSPECTIVE INVESTORS FOR ANY SECURITIES THAT MAY BE ISSUED BY THE ISSUER SHOULD INFORM THEMSELVES AS TO THE LEGAL REQUIREMENTS OF APPLYING FOR ANY SUCH SECURITIES AND ANY APPLICABLE EXCHANGE CONTROL REQUIREMENTS AND TAXES IN THE COUNTRIES OF THEIR NATIONALITY, RESIDENCE OR DOMICILE.

SAVE FOR THE OFFERING IN THE REPUBLIC OF MALTA, NO ACTION HAS BEEN OR WILL BE TAKEN BY THE ISSUER THAT WOULD PERMIT A PUBLIC OFFERING OF THE SECURITIES DESCRIBED IN THIS SECURITIES NOTE OR THE DISTRIBUTION OF THE PROSPECTUS (OR ANY PART THEREOF) OR ANY OFFERING MATERIAL IN ANY COUNTRY OR JURISDICTION WHERE ACTION FOR THAT PURPOSE IS REQUIRED. ACCORDINGLY, NO SECURITIES MAY BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, AND NEITHER THE PROSPECTUS NOR ANY ADVERTISEMENT OR OTHER OFFERING MATERIAL MAY BE DISTRIBUTED OR PUBLISHED IN ANY JURISDICTION, EXCEPT UNDER CIRCUMSTANCES THAT WILL RESULT IN COMPLIANCE WITH ANY APPLICABLE LAWS AND REGULATIONS. PERSONS INTO WHOSE POSSESSION THE PROSPECTUS OR ANY SECURITIES MAY COME MUST INFORM THEMSELVES ABOUT, AND OBSERVE, ANY SUCH RESTRICTIONS ON THE DISTRIBUTION OF THE PROSPECTUS AND THE OFFERING AND SALE OF SECURITIES.

THE BONDS HAVE NOT BEEN, NOR WILL THEY BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT, 1933, AS AMENDED, OR UNDER ANY FEDERAL OR STATE SECURITIES LAW AND MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, IN THE UNITED STATES OF AMERICA, ITS TERRITORIES OR POSSESSIONS, OR ANY AREA SUBJECT TO ITS JURISDICTION (THE "U.S.") OR TO OR FOR THE BENEFIT OF, DIRECTLY OR INDIRECTLY, ANY U.S. PERSON (AS DEFINED IN REGULATION "S" OF THE SAID ACT). FURTHERMORE, THE ISSUER WILL NOT BE REGISTERED UNDER THE UNITED STATES INVESTMENT COMPANY ACT, 1940 AS AMENDED AND INVESTORS WILL NOT BE ENTITLED TO THE BENEFITS SET OUT THEREIN.

A COPY OF THIS DOCUMENT HAS BEEN SUBMITTED TO THE MALTA FINANCIAL SERVICES AUTHORITY IN SATISFACTION OF THE CAPITAL MARKETS RULES, THE MALTA STOCK EXCHANGE IN SATISFACTION OF THE MALTA STOCK EXCHANGE BYE-LAWS AND HAS BEEN DULY FILED WITH THE MALTA BUSINESS REGISTRY, IN ACCORDANCE WITH THE ACT.

**STATEMENTS MADE IN THIS PROSPECTUS ARE, EXCEPT WHERE OTHERWISE STATED, BASED ON THE LAW AND PRACTICE CURRENTLY IN FORCE IN MALTA AND ARE SUBJECT TO CHANGES THEREIN.**

UNLESS OTHERWISE STATED, THE CONTENTS OF THE ISSUER'S OR GUARANTORS' WEBSITES (IF ANY) OR ANY WEBSITE DIRECTLY OR INDIRECTLY LINKED TO THE ISSUER'S OR GUARANTORS' WEBSITES DO NOT FORM PART OF THE PROSPECTUS. ACCORDINGLY, NO RELIANCE OUGHT TO BE MADE BY ANY INVESTOR ON ANY INFORMATION OR OTHER DATA CONTAINED IN SUCH WEBSITES AS THE BASIS FOR A DECISION TO INVEST IN ANY SECURITIES ISSUED BY THE ISSUER.

**THE VALUE OF INVESTMENTS CAN FALL AS WELL AS RISE, AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER ALL THE INFORMATION CONTAINED IN THE PROSPECTUS AS A WHOLE AND SHOULD CONSULT THEIR OWN FINANCIAL AND OTHER PROFESSIONAL ADVISERS.**

## 2. DEFINITIONS

Capitalised words and expressions used in this Securities Note and which are defined in the Registration Document forming part of the Prospectus shall, except where the context otherwise requires and except where otherwise defined herein, bear the same meaning herein as the meaning given to such words and expressions in the Registration Document. Furthermore, in this Securities Note the following words and expressions shall bear the following meanings except where otherwise expressly stated or where the context otherwise requires:

<b>Applicant/s</b>	A person or persons applying for the issue and allotment of the Bonds in his/her/their favour;
<b>Application/s</b>	The application/s to subscribe for Bonds made by an Applicant/s through any of the Authorised Financial Intermediaries;
<b>Application Form</b>	The form of application of subscription for Bonds by Existing Bondholders, a specimen of which is contained in Annex I of this Securities Note;
<b>Appropriateness Test</b>	Shall have the meaning set out in Section 8.3.25 of this Securities Note;
<b>Authorised Financial Intermediaries</b>	The financial intermediaries whose details appear in Annex IV of this Securities Note;
<b>Business Day</b>	Any day between Monday and Friday (both days included) on which commercial banks in Malta settle payments and are open for normal banking business;
<b>CET</b>	Central European Time;
<b>Civil Code</b>	The Civil Code (Chapter 16 of the laws of Malta);
<b>CSD</b>	The Central Securities Depository of the Malta Stock Exchange having its address at Garrison Chapel, Castille Place, Valletta, VLT 1063, Malta;
<b>Cut-Off Date</b>	Close of business on 23 November 2023 (trading session of 21 November 2023);
<b>DSCR</b>	The Debt Service Cover Ratio (“DSCR”), equal to, or higher, than 120%; with such DSCR calculated as EBITDA for the relevant financial year, divided by the aggregate of the interest-bearing term loan borrowing amounts falling due in the relevant year, and the total interest expense in the relevant year;
<b>Early Redemption Date</b>	Any date falling between 30 December 2028 and 30 December 2033, at the sole option of the Issuer, on which the Issuer shall be entitled to redeem, in whole, all of the principal amount of the Bonds and all interests accrued up to the date of early redemption, by giving not less than 60 days’ notice to the Bondholders. “Early Redemption” shall be construed accordingly;
<b>Euro or €</b>	The lawful currency of the Eurozone, being the region comprised of those member states of the European Union that have adopted, or will have adopted from time to time, the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25 March 1957), as amended by the Treaty on European Union (signed in Maastricht on 7 February 1992) and by the Treaty of Amsterdam (signed 2 October 1997), as further amended from time to time;
<b>Existing Bondholders</b>	The holders of Existing Bonds as at the Cut-Off Date;
<b>Existing Bond Transfer</b>	The subscription for Bonds by an Existing Bondholder settled, after submitting the preprinted Application Form (received by mail directly from the Issuer), by the transfer to the Issuer of all or part of the Existing Bonds held by such Existing Bondholder as at the Cut-off Date, which transfer shall be effected at the par value of the Existing Bonds;
<b>External Gearing Ratio</b>	Equal to Financial Indebtedness as a proportion of total equity;
<b>Financial Indebtedness</b>	Shall have the meaning ascribed to the term in Section 6.12 of this Securities Note;

<b>Interest Payment Date</b>	30 December of each year between and including each of the years 2024 and the year 2033 (or in the event of early redemption at the option of the Issuer, 30 December of each year between and including each of the years 2024 and the relevant Early Redemption Date), provided that if any such day is not a Business Day such Interest Payment Date will be carried over to the next following day that is a Business Day;
<b>Issue Date</b>	11 March 2024;
<b>MIFID II</b>	Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (recast);
<b>MSE Bye-Laws</b>	The MSE bye-laws issued by the authority of the board of directors of Malta Stock Exchange plc, as may be amended from time to time;
<b>Offer Period</b>	The period between 12 February 2024 and 23 February 2024, during which the Bonds are available for subscription by Existing Bondholders
<b>Official List</b>	The list prepared and published by the Malta Stock Exchange as its official list in accordance with the Malta Stock Exchange Bye-Laws;
<b>Placement Agreement/s</b>	The conditional placement agreements to be entered into between the Issuer and a number of Authorised Financial Intermediaries, as further detailed in Section 6.2 of this Securities Note;
<b>Placement Date</b>	16 February 2024;
<b>Redemption Date</b>	30 December 2033, or in the event of early redemption at the Issuer's sole discretion on the relevant Early Redemption Date;
<b>Redemption Value</b>	The nominal value of each Bond (€100 per Bond);
<b>Suitability Test</b>	Shall have the meaning set out in Section 8.3.25 of this Securities Note;
<b>Terms and Conditions</b>	The terms and conditions of issue of the Bonds, set out in Section 5.3, Section 6 and Section 8 of this Securities Note.

All references in the Prospectus to "Malta" are to the "Republic of Malta".

Unless it appears otherwise from the context:

- a. words importing the singular shall include the plural and *vice-versa*;
- b. words importing the masculine gender shall include also the feminine gender and *vice-versa*;
- c. the word "may" shall be construed as permissive and the word "shall" shall be construed as imperative;
- d. any references to a person include natural persons, firms, partnerships, companies, corporations, associations, organizations, governments, states, foundations or trusts;
- e. any phrase introduced by the term "including", "include", "in particular" or any similar expression is illustrative only and does not limit the sense of the words preceding the term; and
- f. any references to a law, legislative act and/or other legislation shall mean that particular law, legislative act and/or legislation as in force at the time of issue of these Securities.

### 3. RISK FACTORS

THE VALUE OF INVESTMENTS CAN GO UP OR DOWN AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE.

AN INVESTMENT IN THE BONDS INVOLVES CERTAIN RISKS INCLUDING THOSE DESCRIBED BELOW. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER, WITH THEIR OWN FINANCIAL AND OTHER PROFESSIONAL ADVISERS, THE FOLLOWING RISK FACTORS AND OTHER INVESTMENT CONSIDERATIONS AS WELL AS ALL THE OTHER INFORMATION CONTAINED IN THE PROSPECTUS BEFORE DECIDING TO MAKE AN INVESTMENT IN THE BONDS. THE RISK FACTOR FIRST APPEARING UNDER EACH CATEGORY CONSTITUTES THAT RISK FACTOR THAT THE DIRECTORS OF THE ISSUER HAVE ASSESSED TO BE, AT THE DATE OF THIS SECURITIES NOTE, THE MOST MATERIAL RISK FACTOR UNDER SUCH CATEGORY. IN MAKING THIS ASSESSMENT OF MATERIALITY, THE DIRECTORS OF THE ISSUER HAVE EVALUATED THE COMBINATION OF: (I) THE PROBABILITY THAT A RISK FACTOR OCCURS; AND (II) THE EXPECTED MAGNITUDE OF THE ADVERSE EFFECT ON THE FINANCIAL CONDITION AND PERFORMANCE OF THE ISSUER AND ITS SECURITIES IF SUCH RISK FACTOR WERE TO MATERIALISE.

WHILE THE SEQUENCE IN WHICH THE RISKS BELOW ARE LISTED IS INTENDED TO BE INDICATIVE OF THE ORDER OF PRIORITY AND OF THE EXTENT OF THEIR CONSEQUENCES, PROSPECTIVE INVESTORS ARE HEREBY CAUTIONED THAT THE OCCURRENCE OF ANY ONE OR MORE OF THE RISKS SET OUT BELOW COULD HAVE A MATERIAL ADVERSE EFFECT ON THE PHOENICIA GROUP BUSINESS, RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

NEITHER THE PROSPECTUS NOR ANY OTHER INFORMATION SUPPLIED HEREIN IN CONNECTION WITH SECURITIES ISSUED BY THE ISSUER:

- (I) IS INTENDED TO PROVIDE THE BASIS OF ANY CREDIT OR OTHER EVALUATION, NOR
- (II) SHOULD BE CONSIDERED AS A RECOMMENDATION BY THE ISSUER OR THE SPONSOR OR AUTHORISED FINANCIAL INTERMEDIARIES THAT ANY RECIPIENT OF THIS PROSPECTUS OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION THEREWITH, SHOULD PURCHASE ANY SECURITIES ISSUED BY THE ISSUER.

PROSPECTIVE INVESTORS SHOULD MAKE THEIR OWN EVALUATION OF ALL RISK FACTORS AND SHOULD CONSIDER ALL OTHER SECTIONS IN THIS DOCUMENT.

#### 3.1. FORWARD-LOOKING STATEMENTS

This Securities Note contains statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, such as the terms “believes”, “estimates”, “anticipates”, “expects”, “intends”, “may”, “will” or “should” or, in each case, their negative or other variations or comparable terminology. Forward-looking statements relate to matters that are not historical facts. They appear in a number of places throughout the Prospectus, and documents incorporated therein by reference, and include statements regarding the intentions, beliefs or current expectations of the Issuer and, or the Directors concerning, amongst other things, the Issuer’s and, or the Guarantors’ strategy and business plans, capital requirements, results of operations, financial condition, liquidity, prospects, the markets in which it operates and general market conditions.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance and should therefore not be construed as such. The Issuer’s and, or the Guarantors’ actual results of operations, financial condition and performance, and trading prospects may differ materially from the impression created by the forward-looking statements contained in the Prospectus. In addition, even if the results of operations, financial condition and performance, and trading results, of the Issuer and, or the Guarantors are consistent with the forward-looking statements contained in the Prospectus, those results or developments may not be indicative of results or developments in subsequent periods.

Potential investors are advised to read the Prospectus in its entirety and, in particular, all the risks set out in this section and in the section entitled “Risk Factors” in the Registration Document, for a review of the factors that could affect the Issuer’s performance and an investment in the Bonds. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this document may not occur.

All forward-looking statements contained in this document are made only as at the date hereof. Subject to applicable legal and regulatory obligations, the Issuer and its Directors expressly disclaim any obligations to update or revise any forward-looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.



## 3.2. RISKS RELATING TO THE BONDS

### *Complex financial instrument and suitability assessment*

Debt instruments which may be redeemed by an issuer prior to their maturity date are considered as having an embedded call option, with the price of the bonds taking these components into account. The Bonds may be redeemed at the option of the Issuer on an Early Redemption Date. In view of this early redemption component, the Bonds are complex financial instruments for the purposes of MIFID II. Investors should consult with an investment advisor before investing in the Bonds. In particular, investors should consult with an investment advisor with a view to ascertaining that each prospective investor: (a) has sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in the Prospectus or any applicable supplement; (b) has sufficient financial resources and liquidity to bear all the risks of an investment in the Bonds, including where the currency for principal or interest payments is different from the prospective investor's currency and that the Bonds meet the investment objectives of the prospective investor; (c) understands thoroughly the terms of the Bonds; and (d) is able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks. An informed investment decision can only be made by investors after they have read and fully understood the risk factors associated with an investment in the Bonds and the inherent risks associated with the Phoenicia Group's business.

### *The Bonds are redeemable at the option of the Issuer*

The Bonds may be redeemed by the Issuer on an Early Redemption Date. Once the Bonds are redeemed, the relevant Bondholders shall no longer be entitled to any interest or other rights in relation to those Bonds. If the Bonds are redeemed on an Early Redemption Date, a Bondholder would not receive the same return on investment that it would have received if the Bonds were redeemed on the Redemption Date. In addition, Bondholders may not be able to re-invest the proceeds from an early redemption at yields that would have been received had they not been redeemed. This optional redemption feature may also have a negative impact on the market value of the Bonds.

### *Subsequent changes in interest rates and potential impact on inflation*

The Bonds shall carry a fixed interest rate. Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds. The price of fixed rate bonds should, theoretically, be adversely impacted if interest rates increase. In an economic scenario where prevailing market interest rates are rising, the prices of fixed rate bonds decline and conversely, if market interest rates are declining, the prices of fixed rate bonds tend to rise. This is part of the market risk inherent in financial instruments but it is only crystallised if a Bondholder decides to sell the Bonds before maturity on the secondary market, since on Redemption Date, a Bondholder will still be entitled to receive the face value of the Bonds.

The coupon payable on the Bonds is a nominal interest rate. The real interest rate is computed by subtracting inflation from the nominal interest rate, the result of which indicates the real return on the Bond coupons. In a period of high inflation, an investor's real return on the Bonds will be lower than the Bonds' nominal interest rate and thus undermine an investor's expected return. Furthermore, an increase in inflation may result in a decrease in the traded price of the Bonds on the secondary market.

### *No prior market*

Prior to the Bond Issue, there has been no public market nor trading record of the Bonds within or outside Malta. Due to the absence of any prior market for the Bonds, there can be no assurance that the Bond Issue price will correspond to the price at which the Bonds will trade in the market subsequent to the Bond Issue. The market price of the Bonds could be subject to significant fluctuations in response to numerous factors, including the occurrence of any of the risk factors identified in Section 3 of the Registration Document.

### *Orderly and liquid market*

The existence of an orderly and liquid market for the Bonds depends on a number of factors, including but not limited to, the presence of willing buyers and sellers of the Issuer's Bonds at any given time and the general economic conditions in the market in which the Bonds are traded. Such factors are dependent upon the individual decisions of investors and the general economic conditions of the market, over which the Issuer has no control. Accordingly, there can be no assurance that an active secondary market for the Bonds will develop, or, if it develops, that it will continue. Accordingly, there can be no assurance that an investor will be able to sell or otherwise trade in the Bonds at, or above, the Bond Issue price or at all.

### *Future public offers*

No prediction can be made about the effect which any future public offerings of the Issuer's securities (including, but not limited to, the effects arising out of a change in the cash flow requirements of the Issuer or other commitments of the Issuer vis-à-vis the new security holders), or any takeover or merger activity involving the Issuer (including, but not limited to, a delisting, in full or in part, of the Bonds) will have on the market price of the Bonds prevailing from time to time.

### *Currency risk*

A Bondholder shall bear the risk of any adverse fluctuations in exchange rates between the currency of denomination of the Bonds (Euro) and the Bondholder's currency of reference, if different. Such adverse fluctuations may impair the return of investment of the Bondholder in real terms after taking into account the relevant exchange rate.

### *Changes in law*

The Terms and Conditions of the Bonds are based on Maltese law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in Maltese law or administrative practice after the date of this Prospectus.

### *Changes to Terms and Conditions*

In the event that the Issuer wishes to amend any of the Terms and Conditions of the Bonds it may call a meeting of Bondholders in accordance with the provisions of Section 8 of this Securities Note. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

### *Additional indebtedness and security*

Both the Issuer and the Guarantors may incur additional borrowings or indebtedness and may create or permit to subsist other security interests upon the whole or any part of its present or further undertakings, assets or revenues.

### *Continuing compliance obligations*

Even after the Bonds are admitted to trading on the Official List of the MSE, the Issuer is required to remain in compliance with certain requirements relating, *inter alia*, to the free transferability, clearance and settlement of the Bonds in order to remain a listed company in good standing. Moreover, the MFSA has the authority to suspend trading or listing of the Bonds if, *inter alia*, it comes to believe that such a suspension is required for the protection of investors or the integrity or reputation of the market. The MFSA may discontinue the listing of the Bonds on the Official List. Any such trading suspensions or listing revocations / discontinuations could have a material adverse effect on the liquidity and value of the Bonds.

## **3.3. RISKS RELATING TO RANKING**

The Bonds, as and when issued and allotted, shall constitute the general, direct, unsecured and unconditional obligations of the Issuer and shall be guaranteed in respect of both the interest due and the principal amount under said Bonds by the Guarantors jointly and severally. The Bonds shall at all times rank *pari passu* without any priority or preference among themselves and, in respect of the Guarantors, they shall rank without any priority or preference over all their respective unsecured indebtedness, if any.

## **3.4. RISKS RELATING TO THE GUARANTEE**

The joint and several Guarantee entitles the Bondholders to take action against the Guarantors without having to first take action against the Issuer to pay both the interest due and the principal amount under said Bonds if the Issuer fails to meet any amount, when due in terms of the Prospectus. The strength of this undertaking on the part of the Guarantors and therefore, the level of recoverability by the Bondholders from the Guarantors of any amounts due under any of the Bonds, is dependent upon and directly linked to the financial position and solvency of the Guarantors.

## **4. PERSONS RESPONSIBLE AND STATEMENT OF APPROVAL**

This document includes information given in compliance with the Prospectus Regulation for the purpose of providing prospective investors with information with regards to the Bonds. All of the Directors, whose names appear in Section 5.1.1 of the Registration Document entitled "Directors of the Issuer" accept responsibility for the information contained in this Securities Note.

To the best of the knowledge and belief of the Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this Securities Note is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

All representations and other statements made in the Prospectus are made by the Issuer, and the Directors take sole responsibility for all such representations and statements. The Sponsor, Manager and Registrar, and the Issuer's advisers have advised and assisted the Issuer in the preparation of this document, but none make any representation or statement, unless otherwise expressly stated in the Prospectus, and each of them disclaims any responsibility for any representations and other statements made in the Prospectus.

## 4.1. CONSENT FOR USE OF THE PROSPECTUS

### Consent required in connection with the use of the Prospectus by the Authorised Financial Intermediaries

For the purposes of any subscription for Bonds through any of the Authorised Financial Intermediaries in terms of this Securities Note and any subsequent resale, placement or other offering of the Bonds by such Authorised Financial Intermediaries in circumstances where there is no exemption from the requirement to publish a prospectus under the Prospectus Regulation, the Issuer consents to the use of this Prospectus (and accepts responsibility for the information contained therein) with respect to any such subsequent resale or placement or other offering of Bonds, provided this is limited only:

- (i) in respect of Bonds subscribed for through the Authorised Financial Intermediaries pursuant to the Placement Agreements (as detailed in Section 6.2) and the Intermediaries' Offer (as detailed in Section 6.4);
- (ii) to any resale or placement of Bonds subscribed for as aforesaid, taking place in Malta; and
- (iii) to any resale or placement of Bonds subscribed for as aforesaid, taking place within the period of 60 days from the date of the Prospectus.

None of the Issuer, the Sponsor, Manager & Registrar or any of their respective advisers take any responsibility for any of the actions of any Authorised Financial Intermediary, including their compliance with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to a resale or placement of the Bonds.

Other than as set out above, neither the Issuer nor the Sponsor, Manager & Registrar has authorised (nor do they authorise or consent to the use of this Prospectus in connection with) the making of any public offer of the Bonds by any person in any circumstance. Any such unauthorised offers are not made on behalf of the Issuer or the Sponsor, Manager & Registrar and neither the Issuer nor the Sponsor, Manager & Registrar has any responsibility or liability for the actions of any person making such offers.

No person has been authorised to give any information or to make any representation not contained in or inconsistent with this Prospectus. If given or made, it must not be relied upon as having been authorised by the Issuer or Sponsor, Manager & Registrar. The Issuer does not accept responsibility for any information not contained in this Prospectus.

Investors should enquire whether an intermediary is considered to be an Authorised Financial Intermediary in terms of the Prospectus. If the investor is in doubt as to whether it can rely on the Prospectus and, or who is responsible for its contents, it should obtain legal advice.

**In the event of a resale, placement or other offering of Bonds by an Authorised Financial Intermediary, the Authorised Financial Intermediary shall provide investors with information on the terms and conditions of the resale, placement, or other offering at the time such is made.**

Any resale, placement, or other offering of Bonds to an investor by an Authorised Financial Intermediary shall be made in accordance with any terms and other arrangements in place between such Authorised Financial Intermediary and such investor including as to price, allocations, and settlement arrangements. Where such information is not contained in the Prospectus, it shall be the responsibility of the respective Authorised Financial Intermediary at the time of such resale, placement, or other offering to provide the investor with that information.

**Any Authorised Financial Intermediary using this Prospectus in connection with a resale, placement, or other offering of Bonds subsequent to the Bond Issue shall, limitedly for the period of 60 days from the date of the Prospectus, publish on its website a notice to the effect that it is using this Prospectus for such resale, placement, or other offering in accordance with the consent of the Issuer and the conditions attached thereto. The consent provided herein shall no longer apply following the lapse of such period.**

Any new information with respect to Authorised Financial Intermediaries unknown at the time of approval of this Securities Note shall be made available through a company announcement which shall also be made available on the Issuer's website: [www.phoeniciafinance.com](http://www.phoeniciafinance.com).

## 4.2. STATEMENT OF AUTHORISATION

This Securities Note has been drawn up as part of a simplified prospectus in accordance with Article 14 of the Prospectus Regulation. This Securities Note has been approved by the MFSA as the competent authority under the Prospectus Regulation. The MFSA only approves this Securities Note as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the quality of the securities that are the subject of this Securities Note. Investors should make their own assessment as to the suitability of investing in the Bonds.

## 5. KEY INFORMATION

### 5.1. REASONS FOR THE ISSUE AND USE OF PROCEEDS

The proceeds from the Bond Issue, which net of Bond Issue expenses are expected to amount to approximately €49,050,000, will be used for the following purposes, in the amounts and order of priority set out below:

- i. an amount of up to €25,000,000 in Existing Bonds which will be acquired via transfer to the Issuer by Existing Bondholders in consideration for the subscription of Bonds, will result in the cancellation of such Existing Bonds by the Issuer and shall give rise to obligations on the part of the Issuer under the Bonds.
- ii. an amount of up to €24,050,000 will be advanced by the Issuer to PML pursuant to the Loan Agreement (as defined in Section 6.1.1 of the Registration Document). Under the Loan Agreement, PML has delegated the Issuer to pay such amount to APS Bank p.l.c. to re-pay (in whole or in part) the APS Loan I (details of which are set out in Section 14.2 of the Registration Document). As a result, the hypothecary and privileged rights granted by PML and PHCL to APS Bank p.l.c. in security of the APS Loan I will be cancelled or reduced in proportion to the amount of the APS Loan I repaid (as the case may be).

In the event that the Bond Issue is fully subscribed and less than €25,000,000 in the form of Existing Bonds are purchased and cancelled by the Issuer by way of an Existing Bond Transfer in terms of paragraph 5.1 (i) above, any balance of proceeds that may result following the repayment of the APS Loan I shall be held by the Issuer in a segregated bank account to be known as the “Existing Bondholder Account” as described below, until the eventual redemption of the Existing Bonds in accordance with the 2018 Bond Prospectus.

In the event that the Bond Issue is not fully subscribed and less than €25,000,000 in Existing Bonds are purchased by the Issuer by way of the Existing Bond Transfer in terms of paragraph 5.1 (i) above, the proceeds from the Bond Issue (other than by way of Existing Bond Transfer) shall be applied as follows, in the following order of priority: (a) the repayment of the APS Loan I; and (ii) any balance of proceeds shall be held by the Issuer in the Existing Bondholder Account as described below, until the eventual redemption of their Existing Bonds in accordance with the 2018 Bond Prospectus).

The Existing Bondholder Account shall be a bank account set up by the Issuer, segregated from any other bank account held by the Issuer. Cash deposits from the Issuer into the Existing Bondholder Account shall only be applied for redeeming any amount of outstanding Existing Bonds, provided that prior to such redemption such monies may also be applied by the Issuer: (i) for the purpose of buying back Existing Bonds for cancellation in terms of the 2018 Bond Prospectus; or (ii) for investing in liquid and marketable securities as reasonably considered practicable by the Issuer.

In the event that the Bond Issue is not fully subscribed, however the full €25,000,000 in the form of Existing Bonds are purchased by the Issuer by way of Existing Bond Transfer in terms of paragraph 5.1 (i) above, the proceeds from the Bond Issue shall be applied exclusively towards the refinancing in part of the APS Loan I.

### 5.2. EXPENSES

Professional fees, and costs related to publicity, advertising, printing, listing, registration, sponsor, management, registrar, selling commission, and other miscellaneous expenses in connection with this Bond Issue are estimated not to exceed €950,000 and will be deducted from the proceeds of the Issue. There is no particular order of priority with respect to such expenses.

### 5.3. ISSUE STATISTICS

<b>Amount</b>	€50,000,000;
<b>Form</b>	the Bonds will be issued in a fully registered and dematerialised form and will be represented in an uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the CSD;
<b>Denomination</b>	Euro (€);
<b>ISIN</b>	MT0002081215;
<b>Minimum amount per subscription</b>	(i) in respect of underlying Applications submitted pursuant to the Placement Agreements and the Intermediaries' Offer: minimum of €2,000 and multiples of €100 thereafter; and (ii) in respect of Existing Bondholders subscribing for Bonds through an Existing Bond Transfer: no minimum amount per subscription shall be applicable subject to subscriptions in multiples of €100;
<b>Redemption Date</b>	30 December 2033 or on the Early Redemption Date;

<b>Early Redemption Dates</b>	Any date falling between 30 December 2028 and 30 December 2033, at the sole option of the Issuer, on which the Issuer shall be entitled to redeem, in whole, all of the principal amount of the Bonds and all interests accrued up to the date of early redemption, by giving not less than 60 days' notice to the Bondholders. "Early Redemption" shall be construed accordingly;
<b>Redemption Value</b>	at par (€100 per Bond);
<b>Application Forms mailed to Existing Bondholders</b>	9 February 2024;
<b>Closing date for Applications to be received from Existing Bondholders</b>	14:00 hours on 23 February 2024
<b>Plan of distribution</b>	the Bonds are open for subscription by: (i) Authorised Financial Intermediaries in terms of the Placement Agreements; (ii) Existing Bondholders; and (iii) Authorised Financial Intermediaries pursuant to the Intermediaries' Offer in respect of any balance of the Bonds not subscribed to by Existing Bondholders as aforesaid;
<b>Preferred Allocations</b>	<p>Existing Bondholders applying for Bonds may elect to settle all or part of the amount due on the Bonds applied for by the transfer to the Issuer of all or part of the Existing Bonds held by them as at the Cut-off Date at par value ("Existing Bond Transfer"). No minimum amount per subscription shall be applicable to Existing Bondholders subscribing for Bonds by way of Existing Bond Transfer subject to subscriptions in multiples of €100</p> <p>Existing Bondholders electing to subscribe for Bonds through an Existing Bond Transfer shall be allocated Bonds for the corresponding nominal value of Existing Bonds transferred to the Issuer. The transfer of Existing Bonds to the Issuer in consideration for the subscription for Bonds shall cause the obligations of the Issuer with respect to such Existing Bonds to be extinguished and shall give rise to obligations on the part of the Issuer under the Bonds. Bonds applied for by Existing Bondholders by way of Existing Bond Transfer as described above shall be allocated prior to any other allocation of Bonds.</p> <p>The balance of the Bonds not subscribed for by Existing Bondholders limitedly by means of an Existing Bond Transfer together with; i) an additional amount of €5,000,000 in Bonds; and ii) any amount remaining unallocated pursuant to Placement Agreements; shall be made available for subscription to Existing Bondholders in respect of any number of additional Bonds applied for other than by Existing Bond Transfer exceeding in value the aggregate nominal value of Existing Bonds held by them as at the Cut-Off Date ("Excess");</p>
<b>Placement Agreements</b>	the agreements to be entered into by and between the Issuer and a number of Authorised Financial Intermediaries in respect of a maximum amount of €20,000,000 in nominal value of Bonds being reserved for subscription by a number of Authorised Financial Intermediaries for their own account or on behalf of their clients, as further described in Section 6.2 of this Securities Note;
<b>Intermediaries' Offer</b>	in the event that following the subscription of Bonds by Existing Bondholders there are Bonds which remain unallocated, such Bonds shall form part of an Intermediaries' Offer as set out in Section 6.4 of this Securities Note;
<b>Offer Period</b>	08:30 hours on 12 February 2024 to 14:00 hours on 23 February 2024, both days included;
<b>Bond Issue Price</b>	at par (€100 per Bond);
<b>Status of the Bonds</b>	the Bonds, as and when issued and allotted, shall constitute the general, direct, unsecured and unconditional obligations of the Issuer and shall be guaranteed in respect of both the interest due and the principal amount under said Bonds by the Guarantors jointly and severally. The Bonds shall at all times rank <i>pari passu</i> without any priority or preference among themselves and, in respect of the Guarantors, they shall rank without any priority or preference over all their unsecured indebtedness, if any;

<b>Listing</b>	the MFSA has approved the Bonds for admissibility to listing and subsequent trading on the Official List of the MSE. Application has been made to the MSE for the Bonds to be listed and traded on its Official List;
<b>Interest</b>	5.75% per annum;
<b>Interest Payment Date(s)</b>	annually, on 30 December as from 30 December 2024 (the first interest payment date);
<b>Governing law of Bonds</b>	the Bonds are governed by and shall be construed in accordance with Maltese law;
<b>Jurisdiction</b>	the Maltese Courts shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Prospectus and, or the Bonds.

#### **5.4. INTEREST OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE**

Save for the subscription for Bonds by Authorised Financial Intermediaries (which include the Sponsor and Manager & Registrar), and any fees payable in connection with the Bond Issue to Curmi & Partners Ltd, as Sponsor, and Bank of Valletta p.l.c. as Manager & Registrar, so far as the Issuer is aware no person involved in the Bond Issue has an interest material to the Bond Issue.

## **6. INFORMATION CONCERNING THE SECURITIES TO BE ISSUED AND ADMITTED TO TRADING**

Each Bond shall be issued on the terms and conditions set out in this Securities Note and, by subscribing to or otherwise acquiring the Bonds, the Bondholders are deemed to have knowledge of all the terms and conditions of the Bonds hereafter described and to accept and be bound by the said terms and conditions.

### **6.1. GENERAL**

- 6.1.1.** Each Bond forms part of a duly authorised issue of 5.75% Unsecured Bonds 2028–2033 of a nominal value of €100 per Bond issued by the Issuer at par up to the principal amount of €50,000,000 (except as otherwise provided under Section 6.18 (“Further Issues”). The Issue Date of the Bonds is expected on 11 March 2024. The Bond Issue is guaranteed by PML and PHCL.
- 6.1.2.** The currency of the Bonds is Euro (€).
- 6.1.3.** Subject to admission to listing of the Bonds to the Official List of the MSE, the Bonds are expected to be assigned ISIN MT0002081215.
- 6.1.4.** Unless previously purchased and cancelled or redeemed on the Early Redemption Date, the Bonds shall be redeemable at par on the Redemption Date.
- 6.1.5.** The issue of the Bonds is made in accordance with the requirements of the Capital Markets Rules, the Act, and the Prospectus Regulation.
- 6.1.6.** The minimum subscription amount of Bonds that can be subscribed for by Applicants pursuant to Placement Agreements and the Intermediaries’ Offer (who are not Existing Bondholders subscribing for Bonds through an Existing Bond Transfer) is €2,000, and in multiples of €100 thereafter. No minimum amount per subscription shall be applicable in respect of Existing Bondholders subscribing for Bonds through an Existing Bond Transfer, subject to subscriptions in multiples of €100.
- 6.1.7.** The Bond Issue is not underwritten. In the event that the Bond Issue is not fully subscribed, the Issuer will proceed with the listing of the amount of Bonds subscribed for as further detailed in Section 5.1 above.
- 6.1.8.** There are no special rights attached to the Bonds other than the right of the Bondholders to the payment of capital and interest and in accordance with the ranking specified in Section 6.7 hereunder.
- 6.1.9.** In view of the early redemption component referred to in Section 6.1.4 above, the Bonds are complex financial instruments for the purposes of MIFID II. Accordingly, the Bonds may only be suitable for investors who have the knowledge and experience to understand the risk related to this type of financial instrument. Potential investors should consult an investment advisor before investing in the Bonds.

## 6.2. PLACEMENT AGREEMENTS

The Issuer shall enter into Placement Agreements with a number of Authorised Financial Intermediaries whereby the Issuer shall bind itself to allocate a maximum aggregate amount of €20,000,000 in nominal value of Bonds to such Authorised Financial Intermediaries, which, in turn, shall bind themselves to subscribe to, for their own account or for the account of their underlying clients, a specified number of Bonds, subject to the Bonds being admitted to trading on the Official List. The subscription obligations of the Authorised Financial Intermediaries under the Placement Agreements will become unconditional on the Authorised Financial Intermediaries upon such condition being fulfilled, and the Issuer's obligations thereunder shall be subject to the Issuer having received all subscription proceeds in cleared funds.

In terms of the Placement Agreements, the Authorised Financial Intermediaries may subscribe for the Bonds either for their own account or for the account of underlying customers, including retail customers and shall in addition be entitled to either: (i) distribute to the underlying customers any portion of the Bonds subscribed for upon commencement of trading, or (ii) complete a data file representing the amount being allocated in terms of the respective Placement Agreement as provided by the Registrar by latest 14:00 hours on 22 February 2024.

The minimum amount applicable for Placement Agreements and the respective underlying Applications is of €2,000 in Bonds and in multiples of €100 thereafter.

Authorised Financial Intermediaries must effect payment to the Issuer for the Bonds subscribed to by not later than the Placement Date.

## 6.3. APPLICATIONS BY EXISTING BONDHOLDERS

**6.3.1.** Existing Bondholders applying for Bonds may elect to settle all or part of the amount due on the Bonds applied for by completing a pre-printed Application Form being mailed by the Issuer, indicating that the consideration for the Bonds applied for shall be settled by way of transfer to the Issuer of all or part of the Existing Bonds held as at the Cut-Off Date in an amount equivalent to the par value of the Bonds applied for (this being, the Existing Bond Transfer). Any Existing Bondholders wishing to apply for any Excess, may do so by completing the appropriate section of the Application Form. Existing Bondholders may lodge their Application Form with any Authorised Financial Intermediary by not later than 14:00 hours on 23 February 2024.

The Application Form can only be used by Existing Bondholders electing to subscribe for the Bonds by way of an Existing Bond Transfer and the Excess if applied for, provided that such Existing Bondholders applying for any Excess, have opted to transfer their entire holding in Existing Bonds by Existing Bond Transfer.

**6.3.2.** By submitting a signed pre-printed Application Form indicating that the option of the Existing Bond Transfer is being selected (whether in whole or in part consideration for the Bonds being applied for), the Applicant is thereby confirming:

- i) that all or part (as the case may be) of the Existing Bonds held by the Applicant as at the Cut-Off Date are being transferred to the Issuer, together with the payment due in respect of any Excess, if applicable;
- ii) that the pre-printed Application Form constitutes the Applicant's irrevocable mandate to the Issuer to: (a) cause the transfer of the said Existing Bonds in the Issuer's name in consideration of the issue of Bonds; and (b) engage, at the Issuer's cost, the services of such brokers or intermediaries as may be necessary to fully and effectively vest title in the said Existing Bonds in the Issuer and fully and effectively vest title in the appropriate number of Bonds in the Applicant;
- iii) that the obligations of the Issuer with respect to the Existing Bonds being transferred to the Issuer are extinguished, replaced by obligations on the part of the Issuer under the Bonds to be issued upon acceptance by the Issuer of the Application in question; and
- iv) the matter specified in Section 8.3.2 below.

**6.3.3.** In the event that an Existing Bondholder applying for a number of Bonds exceeding in value the aggregate nominal value of Existing Bonds held by them as at the Cut-Off Date has been allocated a number of Bonds which is less than the Excess applied for, then such Existing Bondholder shall receive a refund of the price of the Bonds applied for but not allocated. Such refund shall be without interest and shall be made by credit transfer to such account indicated in the Application Form, at the Existing Bondholder's sole risk by not later than 11 March 2024. The Issuer shall not be responsible for any charges, loss or delay arising in connection with such direct credit transfer.

## 6.4. INTERMEDIARIES' OFFER

- 6.4.1.** Any balance of the Bonds not subscribed to by Existing Bondholders shall be offered for subscription by Authorised Financial Intermediaries participating in the Intermediaries' Offer. Any subscriptions received during the Intermediaries' Offer shall be subject to the same terms and conditions as those applicable to Applications by Existing Bondholders, but limited to any remaining balance of Bonds after fully allocating the Bonds applied for by Existing Bondholders and under the Placement Agreements as aforesaid. In this regard, the Issuer shall enter into conditional subscription agreements with Authorised Intermediaries for the subscription of the resultant balance of Bonds, whereby it will bind itself to allocate Bonds thereto up to any such amount as may not be taken up by Existing Bondholders as aforesaid.
- 6.4.2.** In terms of each subscription agreement entered into with an Authorised Financial Intermediary, the Issuer will be conditionally bound to issue, and each Authorised Financial Intermediary will bind itself to subscribe for, up to the total amount of Bonds as indicated therein, subject to the Bonds being admitted to trading on the Official List. The subscription agreements, which will be subject to the Terms and Conditions of the Prospectus, will become binding on each of the Issuer and the respective Authorised Financial Intermediaries upon delivery, provided that these intermediaries would have paid to the Registrar all subscription proceeds in cleared funds on delivery of the subscription agreement.
- 6.4.3.** In terms of the subscription agreements, Authorised Financial Intermediaries may subscribe for the Bonds either for their own account or for the account of underlying customers, including retail customers and shall in addition be entitled to distribute to the underlying customers any portion of the Bonds subscribed for upon commencement of trading. The minimum amount which each Authorised Financial Intermediary may apply for in terms of the applicable subscription agreement is €2,000 and in multiples of €100 thereafter and such minimum and multiples shall also apply to each underlying Applicant.
- 6.4.4.** Completed subscription agreements, together with evidence of payment, are to reach the Registrar by 12:00 hours CET on 28 February 2024. The Issuer, acting through the Registrar, shall communicate the amount allocated under each subscription agreement by close of business on 1 March 2024. Any amounts unallocated in terms of the subscription agreements shall be returned to the respective Authorised Financial Intermediary by direct credit to the account indicated in the respective subscription agreement by latest close of business on 1 March 2024.

## 6.5. PLAN OF DISTRIBUTION AND ALLOTMENT

The Bonds are open for subscription as follows:

- i) An amount of €20,000,000 in nominal value of Bonds has been reserved for subscription by Authorised Financial Intermediaries pursuant to Placement Agreements to be entered into with the Issuer (as further detailed in Section 6.2);
- ii) An amount of €30,000,000 in nominal value of Bonds together with any remaining Bonds not subscribed to pursuant to (i) above, have been reserved for Existing Bondholders during the Offer Period, namely, and with the following priority: (a) up to an amount of €25,000,000 in nominal value of Bonds by Existing Bondholders in respect of any Bonds applied for by way of an Existing Bond Transfer; and (b) up to an additional amount of €5,000,000 in nominal value of Bonds together with any remaining Bonds not subscribed to pursuant to (i) above, by Existing Bondholders in respect of any Excess applied for by such Existing Bondholders without priority or preference between them; and
- iii) Following the allocation in terms of (i) and (ii) above, any remaining balance of Bonds shall be made available for subscription by Authorised Financial Intermediaries through an Intermediaries' Offer.

Applications for subscriptions to the Bonds may be made through the Authorised Financial Intermediaries (which include the Sponsor and the Manager & Registrar), subject to a minimum of €2,000 in Bonds and in multiples of €100 thereafter for Applications submitted pursuant to the Placement Agreements and the Intermediaries' Offer (other than in the case of Existing Bondholders subscribing for Bonds through an Existing Bond Transfer, in which case no minimum amount per subscription shall be applicable, subject to subscriptions in multiples of €100).

Applications shall not be accepted by Authorised Financial Intermediaries unless, based on the results of such Appropriateness Test, the Authorised Financial Intermediary is satisfied that an investment in the Bonds may be considered appropriate for the Applicant. To the extent that an Authorised Financial Intermediary is providing advice in respect of a purchase of the Bonds by an Applicant, such Authorised Financial Intermediary shall also be required to conduct a Suitability Test in respect of the Applicant and based on the results of such test, be satisfied that an investment in the Bonds may be considered suitable for the Applicant. The allocation of the Bonds is subject to the allocation policy of the Issuer set out in Section 6.6 of this Securities Note.

The Bonds are open for subscription during the Offer Period exclusively by Existing Bondholders applying for Bonds by Existing Bond Transfer, by submitting an Application Form to an Authorised Financial Intermediary, up to the number of Existing Bonds held by them as at the Cut-Off Date and Excess where applicable. Existing Bondholders applying for Bonds through an Existing Bond Transfer are to settle all or part of the amount due on the Bonds applied for by the transfer to the Issuer of Existing Bonds held by them as at the Cut-Off Date, subject to subscriptions in multiple of €100.



Interest on the Existing Bonds subject to the Existing Bond Transfer which has accrued up to and including the 11 March 2024 shall be settled by the Issuer within 30 calendar days from admission to listing of the Bonds. The settlement of accrued interest shall be made by the Issuer by direct credit transfer to the bank account corresponding to the Existing Bondholder in the register of Existing Bondholders. The Issuer shall not be responsible for any charges, loss or delay in transmission.

It is expected that an allotment letter will be issued by the Issuer to Applicants by 11 March 2024. The registration advice and other documents and any monies returnable to Applicants may be retained pending clearance of the remittance or surrender of the Existing Bonds, as the case may be, and any verification of identity as required by the Prevention of Money Laundering Act (Chapter 373 of the laws of Malta) and regulations made thereunder. Such monies will not bear interest while retained as aforesaid.

Dealings in the Bonds shall not commence prior to the Bonds being admitted to the Official List.

## 6.6. ALLOCATION POLICY

The Issuer shall allocate the Bonds to Applicants on the basis of the following policy and in the following order of priority:

- i) an amount of €20,000,000 in nominal value of Bonds has been reserved for subscription by a number of Authorised Financial Intermediaries pursuant to Placement Agreements to be entered into with the Issuer (as further detailed in Section 6.2);
- ii) an amount of €30,000,000 in nominal value of Bonds together with any remaining Bonds not subscribed for pursuant to (i) above, have been reserved for Existing Bondholders during the Offer Period, namely and with the following priority: (a) up to an amount of €25,000,000 in nominal value of Bonds for Existing Bondholders applying for Bonds by way of Existing Bond Transfer, in accordance with Section 6.3 above, and subject to subscriptions in multiples of €100. Thereafter, up to an additional amount of €5,000,000 in nominal value of Bonds together with any remaining Bonds not subscribed for pursuant to (i) above by Existing Bondholders in respect of any Excess applied for by such Existing Bondholders without priority or preference between them and in accordance with the allocation policy as determined by the Issuer; and
- iii) in the event that following the allocations made pursuant to paragraph (i) and (ii) above there shall still remain unallocated Bonds, the Issuer shall offer such remaining Bonds to Authorised Financial Intermediaries through an Intermediaries' Offer as detailed in Section 6.4 above. Subscription agreements received from Authorised Financial Intermediaries through an Intermediaries' Offer, if any, shall be allocated in accordance with the allocation policy as determined by the Issuer, acting through the Registrar, which will be communicated by latest close of business on 1 March 2024. Any amounts unallocated in terms of the subscription agreements shall be returned to the respective Authorised Financial Intermediary by direct credit to the account indicated in the respective subscription agreement by latest close of business on 1 March 2024.

Should Applications submitted by Existing Bondholders exceed the reserved portion indicated in paragraph (ii) above, the unsatisfied excess amounts will be returned by direct credit transfer to the account number indicated in the relative Application, within 5 Business Days following the announcement of basis of acceptance.

In the event that following closing of the Offer Period the Bond Issue is subscribed for in full, the Intermediaries' Offer shall not take place.

Existing Bondholders will share the same allocation policy without priority or preference between themselves should the need for scaling down arise in case of over-subscription, in accordance with the allocation policy as determined by the Issuer acting through the Registrar.

The Issuer shall announce the result of the Bond Issue and the basis of acceptance of all Applications and the allocation policy to be adopted through a company announcement by latest 4 March 2024.

## 6.7. RANKING OF THE BONDS

The Bonds constitute the general, direct, unconditional and unsecured obligations of the Issuer, guaranteed jointly and severally by the Guarantors, and shall at all times rank *pari passu*, without any priority or preference among themselves and with other unsecured debt of each of the Issuer and the Guarantors, if any. Furthermore, subject to the negative pledge clause (Section 6.12 of this Securities Note), third party security interests may be registered which will rank in priority to the Bonds against the assets of the Issuer and of the Guarantors, as the case may be, for so long as such security interests remain in effect. As at the date of this Securities Note, the Issuer does not have any indebtedness which is subordinated to the Bonds.

The following table sets out a summary of the Group's indebtedness as at 31 December 2023, which amounted in aggregate to €69.42 million (including accrued interest as at that date). The borrowings listed below are secured by privileges and hypothecs (as further described below).

Up to €25 million from the proceeds of the Bond Issue (net of Existing Bonds transferred to the Issuer by Existing Bondholders by way of Existing Bond Transfer) will be used to re-pay (in whole or in part) the APS Loan I (as set out in Section 5.1 above). As a result, the hypothecary and privileged rights granted by PML and PHCL to APS in security of the APS Loan I will be cancelled or reduced accordingly (as the case may be). The indebtedness being created by the Bonds, together with other unsecured debt, shall rank after all outstanding borrowings secured by such privileges and hypothecs. In addition, the Bonds would also rank after any future debts that may be secured by a cause of preference such as a privilege and/or a hypothec.

Facility	Purpose	Counterparty	Date taken	Term (years)	Principal Balance	Interest Balance	Secured by
€25,000,000 4.15% Unsecured Bonds	Bond issue for the purpose of refinancing outstanding Secured loans	Bond Issue	06 December 2018	10	€25,000,000	€45,355	Unsecured
APS Loan I	Loan granted to PML to refinance Bank of Valletta plc facilities, including Malta Development Bank Covid-19 Guaranteed Loan mainly relating to the renovation of the Phoenicia Hotel and for business purposes and secured by PML	APS Bank p.l.c.	10 November 2022	3	€24,424,145	€0	General hypothec granted by PML and special hypothec and special privilege over the Premises granted by PML; General hypothecary guarantee granted by PHCL
APS Loan II	Loan to finance the purchase of historic share options by Mark D Shaw over the shares of Phoenicia (Hotel) Lux S.a r.l.	APS Bank p.l.c.	10 November 2022	20	€18,916,671	€0	General hypothec granted by PML and special hypothec over the Premises granted by PML; General hypothecary guarantee granted by PHCL
Overdraft	Overdraft for business purposes in connection with the operation of the Phoenicia Hotel	APS Bank p.l.c.	10 November 2022	Repayable on demand	€0	€0	General hypothec granted by PHCL; General hypothecary guarantee granted by PML and special hypothecary guarantee over the Premises granted by PML.

## 6.8. RIGHTS ATTACHING TO THE BONDS

This Securities Note in its entirety contains the terms and conditions of issue of the Bonds and creates the contract between the Issuer and a Bondholder. Any and all references to the terms and conditions of the Bonds shall be construed as a reference to all and each section of this Securities Note. A Bondholder shall have such rights as are, pursuant to this Securities Note, attached to the Bonds, including:

- i. the repayment of capital;
- ii. the payment of interest;
- iii. ranking with respect to other unsecured indebtedness of the Issuer and the Guarantors in accordance with the provisions of Section 6.7 above;
- iv. seeking recourse from the Guarantors pursuant to the Guarantee, in case of failure by the Issuer to pay any sum payable by it to Bondholders pursuant to the terms of the Bonds detailed in this Securities Note;
- v. the right to attend, participate in and vote at meetings of Bondholders in accordance with the Terms and Conditions of the Bond Issue; and
- vi. the enjoyment of all such other rights attached to the Bonds emanating from the Prospectus.

## 6.9. INTEREST

The Bonds shall bear interest from and including 12 March 2024 at the rate of 5.75% per annum on the nominal value thereof, payable annually in arrears on each Interest Payment Date. The first interest payment will be effected on 30 December 2024 (covering the period 12 March 2024 to 29 December 2024) with the last interest payment being effected on the Redemption Date. Any Interest Payment Date which falls on a day other than a Business Day will be carried over to the next following day that is a Business Day.

In terms of article 2156 of the Civil Code (Cap. 16 of the Laws of Malta), the right of Bondholders to bring claims for payment of interest and repayment of the principal on the Bonds is barred by the lapse of five years.

When interest is required to be calculated for any period of less than a full year, it shall be calculated on the basis of a 360-day year consisting of 12 months of 30 days each, and in the case of an incomplete month, the number of days elapsed.

## 6.10. YIELD

The gross yield calculated on the basis of the Interest, the Bond Issue Price, and the Redemption Value of the Bonds is 5.75%.

## 6.11. REGISTRATION, FORM, DENOMINATION, AND TITLE

Certificates will not be delivered to Bondholders in respect of the Bonds. The entitlement to Bonds will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer by the CSD. There will be entered in such electronic register the names, addresses, identity card numbers (in the case of natural persons), registration numbers (in the case of companies) and MSE account numbers of the Bondholders and particulars of the Bonds held by them respectively, and the Bondholders shall have, at all reasonable times during business hours, access to the register of bondholders held at the CSD for the purpose of inspecting information held on their respective account.

The CSD will issue, upon a request by a Bondholder, a statement of holdings to such Bondholder evidencing his/her/its entitlement to Bonds held in the register kept by the CSD.

Upon submission of an Application Form, Bondholders who opt to subscribe for the online e-portfolio account with the CSD, by marking the appropriate box on the Application Form, will be registered by the CSD for the online e-portfolio facility and will receive by mail at their registered address a handle code to activate the new e-portfolio login. The Bondholder's statement of holdings evidencing entitlement to Bonds held in the register kept by the CSD and registration advices evidencing movements in such register will be available through the said e-portfolio facility on <https://eportfolio.borzamalta.com.mt/>. Further details on the e-portfolio may be found on <https://eportfolio.borzamalta.com.mt/Help>.

The Bonds will be issued in fully registered form, without interest coupons, in denominations of any integral multiple of €100 provided that on subscription the Bonds will be issued for a minimum of €2,000 per individual Bondholder (other than in the case of Applicants who are Existing Bondholders subscribing for Bonds through an Existing Bond Transfer, subject to subscriptions in multiples of €100). Authorised Financial Intermediaries subscribing to the Bonds through nominee accounts for and on behalf of clients shall apply the minimum subscription amount of €2,000 to each underlying client.

Any person in whose name a Bond is registered may (to the fullest extent permitted by applicable law) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute owner of such Bond. Title to the Bonds may be transferred as provided in Section 6.17 below under the heading "Transferability of the Bonds".

## 6.12. NEGATIVE PLEDGE

The Issuer and the Guarantors undertake, for as long as any principal or interest under the Bonds or any of the Bonds remains outstanding, not to create or permit to subsist any Security Interest (as defined below), other than a Permitted Security Interest (as defined below), upon the whole or any part of their respective present or future assets or revenues, to secure any Financial Indebtedness (as defined below) of the Issuer and/or the Guarantors, unless the instrument creating any such Security Interest shall provide that the Issuer's and Guarantors' indebtedness under the Bonds, shares in and is secured equally and rateably with such Security Interest.

**"Financial Indebtedness"** means any indebtedness in respect of: (a) monies borrowed; (b) any debenture, bond, note, loan stock or other security; (c) any acceptance credit; (d) the acquisition cost of any asset to the extent payable before or after the time of acquisition or possession by the party liable where the advance or deferred payment is arranged primarily as a method of raising finance for the acquisition of that asset; (e) leases entered into primarily as a method of raising finance for the acquisition of the asset leased; (f) amounts raised under any other transaction having the commercial effect of borrowing or raising of money; (g) any guarantee, indemnity or similar assurance against financial loss of any person;

**"Security Interest"** means any privilege, hypothec, pledge, lien, charge or other encumbrance or real right which grants rights of preference to a creditor over the assets of the Issuer or the Guarantors;

**“Permitted Security Interest”** means:

- i. any Security Interest arising by operation of law;
- ii. any Security Interest securing temporary bank loans or overdrafts or guarantees in the ordinary course of business;
- iii. any Security Interest securing any indebtedness of the Issuer created for the sole purpose of financing or raising finance for the redemption of all Bonds;
- iv. any other Security Interest (in addition to (i), (ii), and (iii) above) securing Financial Indebtedness of the Issuer or Guarantors (as the case may be), in an aggregate outstanding amount not exceeding 80% of the difference between the value of Unencumbered Assets of the Issuer and Guarantors and the aggregate principal amount of Bonds outstanding at the time;

Provided that the aggregate Security Interests referred to in (ii), (iii), and (iv) above do not result in the Unencumbered Assets of the Issuer being less than the aggregate principal amount of the Bonds still outstanding together with one year’s interest thereon;

**“Unencumbered Assets”** means assets which are not subject to a Security Interest.

### **6.13. RESTRICTED PAYMENTS COVENANT**

None of the Guarantors shall, whether directly or indirectly:

- i. declare or pay any dividend or make any other distribution of a dividend nature to its immediate or ultimate shareholders; and/or
- ii. purchase, redeem or acquire (including in the course of a reduction of share capital) any of its own shares except out of the proceeds of a fresh issue of shares made for such purpose,

(any such payment as set forth in (i) and (ii) above is referred to herein as a “Restricted Payment”) until, and including, the financial year ending 31 December 2024.

In the financial years ending 31 December 2025 and 31 December 2026, none of the Guarantors shall make any Restricted Payment unless:

- an amount equal to at least 50% of such proposed Restricted Payment is utilised to offset the outstanding balance on the Parent Company Loan (as defined in Section 14.3 of the Registration Document) by an equivalent amount;
- the DSCR is equal to, or higher, than 120%;
- the External Gearing Ratio is lower, or equal to 200%.

In the financial years following the financial year ending 31 December 2026, none of the Guarantors shall make any Restricted Payment unless:

- the DSCR is equal to, or higher, than 120%;
- the External Gearing Ratio is lower, or equal to 200%.

### **6.14. PAYMENTS**

Payment of the principal amount of Bonds will be made in Euro by the Issuer to the person in whose name such Bonds are registered, with interest accrued up to the Redemption Date, by means of direct credit transfer into such bank account as the Bondholder may designate from time to time, provided such bank account is denominated in Euro. Such payment shall be effected within seven days of the Redemption Date. The Issuer shall not be responsible for any charges, loss or delay in transmission. Upon payment of the Redemption Value, the Bonds shall be redeemed and the appropriate entry made in the electronic register of the Bonds at the CSD.

In the case of Bonds held subject to usufruct, payment will be made against the joint instructions of all bare owners and usufructuaries. Before effecting payment, the Issuer and/or the CSD shall be entitled to request any legal documents deemed necessary concerning the entitlement of the bare owner/s and the usufructuary/ies to payment of the Bonds.

Payment of interest on a Bond will be made to the person in whose name such Bond is registered at the close of business 15 days prior to the Interest Payment Date, by means of a direct credit transfer into such bank account as the Bondholder may designate, from time to time, which is denominated in Euro. Such payment shall be effected within seven days of the Interest Payment Date. The Issuer shall not be responsible for any charges, loss or delay in transmission.

All payments with respect to the Bonds are subject in all cases to any applicable fiscal or other laws and regulations prevailing in Malta. In particular, but without limitation, all payments of principal and interest by or on behalf of the Issuer in respect of the Bonds shall be made net of any amount which the Issuer is or may become compelled by law to deduct or withhold for or on account of any present or future taxes, duties, assessments or other government charges of whatsoever nature imposed, levied, collected, withheld or assessed by or within the Republic of Malta or any authority thereof or therein having power to tax.

No commissions or expenses shall be charged by the Issuer to Bondholders in respect of such payments. The Issuer shall not be liable for charges, expenses and commissions levied by parties other than the Issuer.

## **6.15. REDEMPTION AND PURCHASE**

Unless previously purchased and cancelled, the Bonds will be redeemed at their nominal value (together with interest accrued to the date fixed for redemption) on 30 December 2033 provided that the Issuer reserves the right to redeem all the Bonds on the Early Redemption Date. The Issuer shall give at least 60 days' notice in writing to all Bondholders of its intention to effect such earlier redemption. Such notice may be revoked by the Issuer at its sole discretion by notice in writing, at any time, before the appointed Early Redemption Date.

The Issuer shall be discharged of any and all payment obligations under the Bonds upon payment made net of any withholding or other taxes due or which may be due under Maltese law and which is payable by the Bondholders.

Subject to the provisions of this Section 6.15, the Issuer may at any time purchase Bonds in the open market or otherwise at any price. Any purchase by tender shall be made available to all Bondholders alike.

All Bonds repurchased by the Issuer shall be cancelled forthwith and may not be re-issued or re-sold.

## **6.16. EVENTS OF DEFAULT**

The Bonds shall become immediately due and repayable at their principal amount together with any accrued interest, if any of the following events ("Events of Default") shall occur:

- i. the Issuer shall fail to pay any interest on any Bond when due and such failure shall continue for 60 days after written notice thereof shall have been given to the Issuer by any Bondholder; or
- ii. the Issuer shall fail duly to perform or shall otherwise be in breach of any other material obligation contained in the Terms and Conditions of the Bonds and such failure shall continue for 60 days after written notice thereof shall have been given to the Issuer by any Bondholder; or
- iii. an order is made or resolution passed or other action taken for the dissolution, termination of existence, liquidation, winding-up or bankruptcy of the Issuer and, or the Guarantors; or
- iv. the Issuer stops or suspends payments (whether of principal or interest) with respect to all or any class of its debts or announces an intention to do so or cease to carry on its business or a substantial part of its business; or
- v. the Issuer is unable, or admits in writing, its inability to pay its debts as they fall due or otherwise becomes insolvent; or
- vi. there shall have been entered against the Issuer and/or the Guarantors a final judgment by a court of competent jurisdiction from which no appeal may be or is made for the payment of money in excess of €7,075,000 or its equivalent and 90 days shall have passed since the date of entry of such judgment without it having been satisfied or stayed; or
- vii. any default occurs and continues for 90 days under any contract or document relating to any Financial Indebtedness (as defined in Section 6.12 of this Securities Note) of the Issuer and, or the Guarantors in excess of €7,075,000 or its equivalent at any time.

## **6.17. TRANSFERABILITY OF THE BONDS**

The Bonds are freely transferable and, once admitted to the Official List of the MSE, shall be transferable only in whole (that is, in multiples of €100) in accordance with the rules and regulations of the MSE applicable from time to time.

Any person becoming entitled to a Bond in consequence of the death or bankruptcy of a Bondholder may, upon such evidence being produced as may from time to time be properly required by the Issuer or the CSD, elect either to be registered himself as holder of the Bond or to have some person nominated by him registered as the transferee thereof. If the person so becoming entitled shall elect to be registered himself, he shall deliver or send to the CSD a notice in writing signed by him stating that he so elects. If he shall elect to have another person registered he shall testify his election by transferring the Bond, or procuring the transfer of the Bond, in favour of that person. Provided always that if a Bond is transmitted in furtherance of this paragraph, a person will not be registered as a Bondholder unless such transmission is made in multiples of €100.

All transfers and transmissions are subject in all cases to any pledge (duly constituted) of the Bonds and to any applicable laws and regulations.

The cost and expenses of effecting any registration of transfer or transmission, except for the expenses of delivery by any means other than regular mail (if any) and except, if the Issuer shall so require, the payment of a sum sufficient to cover any tax, duty, or other governmental charge or insurance charges that may be imposed in relation thereto, will be borne by the person to whom the transfer/transmission has been made.

The Issuer will not register the transfer or transmission of Bonds for a period of 15 days preceding the due date for any payment of interest on the Bonds.

The minimum subscription amount of €2,000 for Applicants other than Existing Bondholders shall only apply for subscriptions pursuant to Placement Agreements and the Intermediaries' Offer if it takes place. As such, no minimum holding requirement shall be applicable once the Bonds are admitted to listing on the Official List of the MSE and commence trading thereafter subject to trading in multiples of €100.

## 6.18. FURTHER ISSUES

Subject to the negative pledge clause (Section 6.12 of this Securities Note), the Issuer may, from time to time, without the consent of the Bondholders, create and issue further debentures, debenture stock, bonds, loan notes, or any other debt securities, either having the same terms and conditions as any outstanding debt securities of any series (including the Bonds) and so that such further issue shall be consolidated and form a single series with the outstanding debt securities of the relevant series (including the Bonds), or upon such terms as the Issuer may determine at the time of their issue.

## 6.19. MEETINGS OF BONDHOLDERS

The Issuer may from time-to-time call meetings of Bondholders for the purpose of consultation with Bondholders or for the purpose of obtaining the consent of Bondholders on matters which in terms of the Prospectus require the approval of a Bondholders' meeting and to effect any change to the applicable Terms and Conditions of the Bonds.

A meeting of Bondholders shall be called by the Directors by giving all Bondholders listed on the register of Bondholders as at a date being not more than 30 days preceding the date scheduled for the meeting and not less than 14 days' notice in writing. Such notice shall set out the time, place, and date set for the meeting and the matters to be discussed or decided thereat, including, if applicable, sufficient information on any amendment of the Prospectus that is proposed to be voted upon at the meeting and seeking the approval of the Bondholders. Following a meeting of Bondholders held in accordance with the provisions contained hereunder, the Issuer shall, acting in accordance with the resolution(s) taken at the meeting, communicate to the Bondholders whether the necessary consent to the proposal made by the Issuer has been granted or withheld. Subject to having obtained the necessary approval by the Bondholders in accordance with the provisions of this Section 6.19 at a meeting called for that purpose as aforesaid, any such decision shall subsequently be given effect to by the Issuer.

The amendment or waiver of any of the provisions of and, or conditions contained in this Securities Note, or in any other part of the Prospectus, may only be made with the approval of Bondholders at a meeting called and held for that purpose in accordance with the terms hereof.

A meeting of Bondholders shall only validly and properly proceed to business if there is a quorum present at the commencement of the meeting. For this purpose, at least two Bondholders present, in person or by proxy, representing not less than 50% in nominal value of the Bonds then outstanding, shall constitute a quorum. If a quorum is not present within 30 minutes from the time scheduled for the commencement of the meeting as indicated on the notice convening same, the meeting shall stand adjourned to a place, date, and time as shall be communicated by the Directors to the Bondholders present at that meeting. The Issuer shall within two days from the date of the original meeting publish by way of company announcement that date, time, and place where the adjourned meeting is to be held. An adjourned meeting shall be held not earlier than seven days, and not later than 15 days, following the original meeting. At an adjourned meeting, the number of Bondholder present, in person or by proxy, shall constitute a quorum, and only the matters specified in the notice calling the original meeting shall be placed on the agenda of, and shall be discussed at, the adjourned meeting.

Any person who in accordance with the Memorandum and Articles of Association of the Issuer is to chair the annual general meetings of the shareholders shall also chair meetings of Bondholders.

Once a quorum is declared present by the chairman of the meeting, the meeting may then proceed to business and address the matters set out in the notice convening the meeting. In the event of decisions being required at the meeting, the Directors or their representative shall present to the Bondholders the reasons why it is deemed necessary or desirable and appropriate that a particular decision is taken. The meeting shall allow reasonable and adequate time to Bondholders to present their views to the Issuer and the other Bondholders present at the meeting. The meeting shall then put the matter as proposed by the Issuer to a vote of the Bondholders present at the time which the vote is being taken, and any Bondholders considered for the purpose of constituting a quorum who are no longer present for the taking of the vote shall not be considered for the purpose of such vote.

The voting process shall be managed by the company secretary of the Issuer under the supervision and scrutiny of the auditors of the Issuer.

The proposal placed before a meeting of Bondholders shall only be considered approved if at least 75% in nominal value of the Bondholders present at the meeting, or at any adjourned meeting, as the case may be, at the time when the vote is being taken, in person or by proxy, shall have voted in favour of the proposal.

Save for the above, the rules generally applicable to proceedings at general meetings of shareholders of the Issuer shall *mutatis mutandis* apply to meetings of Bondholders.

## 6.20. AUTHORISATIONS AND APPROVALS

The Board of Directors of the Issuer authorised the Bond Issue pursuant to a Board of Directors' resolution passed on 15 November 2023. The Guarantee being given by the Guarantors in respect of the Bonds has been authorised by resolution of the boards of directors of each of the Guarantors, both dated 16 November 2023.

## **6.21. REPRESENTATIONS AND WARRANTIES**

The Issuer represents and warrants to the Bondholders, who shall be entitled to rely on such representations and warranties, that:

- i. it is duly incorporated and validly existing under the laws of Malta and has the power to carry on its business as it is now being conducted and to hold its property and other assets under legal title; and
- ii. it has the power to execute, deliver and perform its obligations under the Prospectus and that all necessary corporate, shareholder, and other actions have been duly taken to authorise the execution, delivery and performance of the same, and further that no limitation on its power to borrow or guarantee shall be exceeded as a result of the Terms and Conditions or the Prospectus.

The Prospectus contains all relevant material information with respect to the Issuer and the Guarantors and all information contained in the Prospectus is in every material respect true and accurate and not misleading, and there are no other facts in relation to the Issuer and, or the Guarantors, their respective businesses and financial position, the omission of which would, in the context of issue of the Bonds, make any statement in the Prospectus misleading or inaccurate in any material respect.

## **6.22. NOTICES**

Notices will be mailed to Bondholders at their registered addresses and shall be deemed to have been served at the expiration of 24 hours after the letter containing the notice is posted, and in proving such service it shall be sufficient to prove that a prepaid letter containing such notice was properly addressed to such Bondholder at his registered address and posted.

## **6.23. GOVERNING LAW AND JURISDICTION**

The Bonds are governed by and shall be construed in accordance with Maltese law.

Any legal action, suit, or proceedings against the Issuer and, or the Guarantors arising out of or in connection with the Bonds and, or the Prospectus shall be brought exclusively before the Maltese courts.

# **7. TAXATION**

## **7.1. GENERAL**

Investors and prospective investors are urged to seek professional advice as regards both Maltese and any foreign tax legislation which may be applicable to them in respect of the Bonds, including their acquisition, holding and transfer as well as on any income derived therefrom or on any gains derived on the transfer of such Bonds. The tax legislation of the investor's country of nationality, residence or domicile and of the Issuer's country of incorporation (Malta) may have an impact on the income received from the Bonds. The following is a summary of the anticipated tax treatment applicable to Bondholders in so far as taxation in Malta is concerned. This information does not constitute legal or tax advice and does not purport to be exhaustive.

The information below is based on an interpretation of tax law and practice relative to the applicable legislation, as known to the Issuer at the date of the Prospectus, in respect of a subject on which no official guidelines exist. Investors are reminded that tax law and practice and their interpretation as well as the levels of tax on the subject matter referred to in the preceding paragraph, may change from time to time.

This information is being given solely for the general information of investors. The precise implications for investors will depend, among other things, on their particular circumstances and on the classification of the Bonds from a Maltese tax perspective, and professional advice in this respect should be sought accordingly.

## **7.2. MALTA TAX ON INTEREST**

Since interest is payable in respect of a Bond which is the subject of a public issue and such interest should constitute "investment income" in terms of article 41(a)(iv)(1) of the Income Tax Act, Chapter 123 of the laws of Malta (the "Income Tax Act"), unless the Bondholder elects, by means of an instruction in writing sent to the Issuer in terms of article 35 of the Income Tax Act, to receive the interest gross of any withholding tax, or if the Bondholder does not fall within the definition of "recipient" in terms of article 41(c) of the Income Tax Act, interest shall be paid to such Bondholder net of a final withholding tax, currently at the rate of fifteen percent (15%) (ten percent (10%) in the case of certain types of collective investment schemes) of the gross amount of the interest, pursuant to article 33 of the Income Tax Act. Bondholders who do not fall within the definition of a "recipient" do not qualify for the abovementioned "investment income" final withholding tax and should seek advice on the taxation of such income as special rules may apply.

Article 41(c) of the Income Tax Act defines the term “recipient” for the purposes of the provisions applicable to “investment income”, and includes, *inter alia*, a person (or a receiver, guardian, tutor, curator, judicial sequestrator, trustee, foundation or other fiduciary acting on behalf of a person) who is resident in Malta during the year in which “investment income” is payable to him/her, and EU/EEA nationals (and their spouse where applicable) who are not resident in Malta for Maltese tax purposes but who apply the tax rates applicable to Maltese residents on the basis that the income that arises in Malta is at least 90% of their worldwide income.

The aforementioned withholding tax is considered a final tax and a Maltese resident individual Bondholder is not obliged to declare the interest so received in his or her income tax return (to the extent that the interest is paid net of tax). No person shall be charged to further tax in respect of such income (to the extent that the income has been subjected to the aforementioned withholding tax). Furthermore, such tax should not be available as a credit against the recipient’s tax liability or for a refund, as the case may be, for the relevant year of assessment in Malta. The Issuer is required to submit to the Malta Commissioner for Tax and Customs, the tax withheld by the fourteenth day following the end of the month in which the payment is made. The Issuer will also render an account to the Malta Commissioner for Tax and Customs of all payments of qualifying “investment income” as well as an account of the amounts so deducted, including the identity of the recipient.

In the case of a valid election in terms of article 35 of the Income Tax Act made by an eligible Bondholder resident in Malta to receive the interest due without the deduction of final tax, interest will be paid gross and such person will be obliged to declare the interest so received in his or her Maltese income tax return and be subject to tax on such interest at the standard rates applicable to such Bondholder at that time. Additionally, in this latter case the Issuer will advise the Malta Commissioner for Tax and Customs on an annual basis in respect of all interest paid gross and of the identity of all such recipients. Any such election made by a resident Bondholder at the time of subscription may be subsequently changed by giving notice in writing to the Issuer. Such election or revocation will be effective within the time limit set out in the Income Tax Act.

In terms of article 12(1)(c)(i) of the Income Tax Act, Bondholders who are not resident in Malta and who satisfy the applicable conditions set out in the Income Tax Act should be exempt from tax in Malta on the interest received, and they will receive interest gross, subject to the requisite declaration/evidence being provided to the Issuer in terms of law.

### **7.3. EXCHANGE OF INFORMATION**

In terms of applicable Maltese legislation, the Issuer and, or its agent may be required to collect and forward certain information (including, but not limited to, information regarding payments made to certain Bondholders) to the Malta Commissioner for Tax and Customs. The Malta Commissioner for Tax and Customs will or may, in turn, automatically or on request, forward the information to other relevant tax authorities subject to certain conditions.

#### *The Common Reporting Standard and the Directive on Administrative Cooperation*

The Organisation for Economic Co-operation and Development (‘OECD’) has developed a global framework, commonly known as the Common Reporting Standard (‘CRS’) for the identification and timely reporting of certain financial information on individuals, and controlling persons of certain entities, who hold financial accounts with financial institutions of participating jurisdictions in order to increase tax transparency and cooperation between tax administrations. Numerous jurisdictions, including Malta, have signed the OECD Multilateral Competent Authority Agreement, which is a multilateral agreement outlining the framework to automatically exchange certain financial and personal information as set out within CRS.

So as to introduce an extended automatic exchange of information regime in accordance with the global standard released by the OECD, CRS has also been adopted in the EU through the implementation of Council Directive 2014/107/EU of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of tax information in the field of taxation. This has been transposed in Malta by means of Legal Notice 384 of 2015 amending the Cooperation with Other Jurisdictions on Tax Matters Regulations, Subsidiary Legislation 123.127 (‘Cooperation Legislation’), and has been applicable since 1 January 2016. In terms of this legal notice, the automatic exchange of information obligations shall extend to jurisdictions that are not EU Member States with which there is a relevant arrangement in place.

Malta based financial institutions (defined as such for the purposes of CRS) are obliged to identify and annually report to the Malta Commissioner for Tax and Customs financial accounts held by a reportable person, as defined under the Cooperation Legislation, including certain entities with one or more controlling persons, as defined under the Cooperation Legislation. Financial information relating to the Bonds and the holders thereof may fall within the purview of CRS and may be subject to reporting and information exchange provisions.

Under CRS, financial institutions resident in a CRS participating jurisdiction (such as Malta) would be required to apply onerous due-diligence procedures for the identification of reportable accounts. Bondholders may be required to provide certain information and certifications to financial institutions, such as qualifying custodians or any intermediaries, in order to satisfy their obligations under CRS. Certain confidential information in relation to the Bondholders and, or other reportable persons may be reported to the Malta Commissioner for Tax and Customs or other relevant overseas tax authorities and automatically exchanged pursuant to these arrangements with the tax administrations of other participating jurisdictions.

Investors are also advised to assess any reporting obligations in terms of Council Directive (EU) 2018/822 of 25 May 2018 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation in relation to reportable cross-border arrangements (‘DAC 6’), as transposed into Maltese domestic law by way of Legal Notice 342 of 2019 amending the Cooperation Legislation.



Investors are advised to seek professional advice in relation to the Cooperation Legislation and EU Council Directive 2011/16/EU, as amended. Not complying with the CRS and DAC 6 rules may give rise to certain fines or closure of financial accounts.

#### *The Exchange of Information (United States of America) (FATCA) Order*

The United States of America ("U.S.") has enacted rules, commonly referred to as 'FATCA', that generally impose a reporting regime and, in some cases withholding requirements, with respect to certain U.S. source payments (including dividends and interest), gross proceeds from the disposition of property that can produce U.S. source interest and dividends as well as certain payments made by, and financial accounts held with, entities that are classified as financial institutions under FATCA. The U.S. has entered into an intergovernmental agreement with Malta dated 6 December 2013 regarding the implementation of FATCA in Malta which has been implemented into Maltese law through the Exchange of Information (United States of America) (FATCA) Order, Subsidiary Legislation 123.156 ("FATCA Legislation").

Under the FATCA Legislation, financial institutions in Malta (defined as such for the purposes of FATCA) are required to satisfy applicable due diligence requirements to identify and report financial accounts held by specified U.S. persons, as defined under the FATCA Legislation, and certain non-U.S. entities, which are controlled by U.S. Controlling Persons, as defined under the FATCA Legislation, to the Malta Commissioner for Tax and Customs. The Maltese Government and the Government of the U.S. shall annually exchange the information obtained pursuant to the FATCA Legislation on an automatic basis.

Financial account information in respect of holders of the Bonds could fall within the scope of FATCA and they may therefore be subject to reporting obligations. In order to comply with its FATCA obligations, if any, the Issuer and, or its agent may be required to obtain certain information, forms and other documentation on the Bondholders to report information on reportable accounts to the Malta Commissioner for Tax and Customs, in accordance with applicable laws and regulations, which will in turn report this information to the Internal Revenue Service in the U.S. Bondholders should note that a specified U.S. person in terms of FATCA may include a wider range of investors than the current U.S. Person definition referred to in the Terms And Conditions of Application.

Financial institutions reserve the right to request any information and, or documentation required, in respect of any financial account, in order to comply with the obligations imposed under FATCA and any referring legislation. In the case of failure to provide satisfactory documentation and, or information, financial institutions may take such action as it thinks fit, including without limitation, the closure of the financial account.

#### **7.4. MALTESE TAXATION ON CAPITAL GAINS ON TRANSFER OF THE BONDS**

On the basis that the Bonds should not fall within the definition of "securities" in terms of article 5(1)(b) of the Income Tax Act, that is, "shares and stocks and such like instrument that participate in any way in the profits of the company and whose return is not limited to a fixed rate of return", and to the extent that the Bonds are held as capital assets by the Bondholder and not as stock-in-trade, no income tax or capital gains should be chargeable in respect of a transfer of the Bonds.

#### **7.5. DUTY ON DOCUMENTS AND TRANSFERS**

In terms of the Duty on Documents and Transfers Act (Chapter 364 of the laws of Malta), (the "Duty on Documents and Transfers Act"), duty of 2% on the consideration or the real value (whichever is higher) is chargeable *inter alia* on the transfer *inter vivos* or transmission *causa mortis* of a "marketable security". However, on the basis that the Bonds should not fall within the definition of a "marketable security", defined in article 2 of the Duty on Documents and Transfers Act as "a holding of share capital in any company and any document representing the same", the transfer/transmission of the Bonds should not be chargeable to duty.

Furthermore, in terms of article 50 of the Financial Markets Act, as the Bonds should constitute qualifying financial instruments of a company quoted on a regulated market (that is, the MSE) any transfers or transmissions of the Bonds should, in any case, be exempt from duty.

**THE ABOVE INFORMATION IS BASED ON TAX LAW AND PRACTICE APPLICABLE AS AT THE DATE OF THIS PROSPECTUS. INVESTORS AND PROSPECTIVE INVESTORS ARE URGED TO SEEK PROFESSIONAL ADVICE AS REGARDS BOTH MALTESE AND ANY FOREIGN TAX LEGISLATION APPLICABLE TO THE ACQUISITION, HOLDING AND DISPOSAL OF BONDS AS WELL AS INTEREST PAYMENTS MADE BY THE ISSUER. THE ABOVE IS A SUMMARY OF THE ANTICIPATED TAX TREATMENT APPLICABLE TO THE BONDS AND TO BONDHOLDERS. THIS INFORMATION, WHICH DOES NOT CONSTITUTE LEGAL OR TAX ADVICE, REFERS ONLY TO BONDHOLDERS IN MALTA WHO DO NOT DEAL IN SECURITIES IN THE COURSE OF THEIR NORMAL TRADING ACTIVITY AND DEPENDS, AMONG OTHER THINGS, ON THE PARTICULAR INDIVIDUAL CIRCUMSTANCES OF THE INVESTORS AND OF THE CLASSIFICATION OF THE BONDS FROM A MALTESE TAX PERSPECTIVE.**

## 8. TERMS AND CONDITIONS OF THE BOND ISSUE

### 8.1. EXPECTED TIMETABLE OF THE BOND ISSUE

1. Application Forms mailed to Existing Bondholders	9 February 2024
2. Placement Date	16 February 2024
3. Closing date for Applications to be received from Existing Bondholders	23 February 2024
4. Intermediaries' Offer*	28 February 2024
5. Expected date of announcement of basis of acceptance	4 March 2024
6. Refunds of unallocated monies (if any)	11 March 2024
7. Expected date of admission of the securities to listing	11 March 2024
8. Expected dispatch of allotment advices	11 March 2024
9. Commencement of interest	12 March 2024
10. Expected date of commencement of trading in the securities	12 March 2024

*\* In the event that, following closing of the Offer Period, the total value of Bonds subscribed for pursuant to Placement Agreements and Applications received from Existing Bondholders reaches €50,000,000, the Intermediaries' Offer will not take place.*

### 8.2. EARLY REDEMPTION OPTION

At the sole option of the Issuer, the Issuer shall be entitled to prepay all of the principal amount of the Bonds and all interests accrued up to the date of prepayment on any date falling between 30 December 2028 and 30 December 2033, by giving not less than 60 days' notice to the Bondholders. Such notice may be revoked by the Issuer at its sole discretion by notice in writing, at any time, before the appointed Early Redemption Date.

### 8.3. TERMS AND CONDITIONS OF APPLICATION

The following terms and conditions shall be read in conjunction with all the other terms and conditions relative to and regulating the contractual relationship created between the Issuer and the Guarantors on the one hand and the Applicant on the other.

- 8.3.1. The issue and allotment of the Bonds is conditional upon the Bonds being admitted to the Official List of the MSE. In the event that the said condition is not satisfied within 30 Business Days of the closing of the Offer Period, any monies received by the Issuer will be returned without interest by direct credit into the Applicant's bank account.
- 8.3.2. An Applicant applying for the Bonds is thereby confirming to the Issuer and the Authorised Financial Intermediary through whom the Application is made, that the Applicant's remittance will be honoured on first presentation and agrees that, if such remittance is not so honoured on its first presentation, the Authorised Financial Intermediary reserves the right to invalidate the relative Application. Furthermore, the Applicant will not be entitled to receive a registration advice or to be registered in the register of Bondholders, unless the Applicant makes payment in cleared funds and such consideration is accepted by the respective Authorised Financial Intermediary (which acceptance shall be made in the Authorised Financial Intermediary's absolute discretion and may be on the basis that the Applicant indemnifies the Authorised Financial Intermediary against all costs, damages, losses, expenses, and liabilities arising out of or in connection with the failure of the Applicant's remittance to be honoured on first presentation).
- 8.3.3. The contract created by the Issuer's acceptance of an Application filed by an applicant shall be subject to all the terms and conditions set out in this Securities Note and the Memorandum and Articles of Association of the Issuer. It is the responsibility of investors wishing to apply for the Bonds to inform themselves as to the legal requirements of so applying including any requirements relating to external transaction requirements in Malta and any exchange control in the countries of their nationality, residence or domicile.
- 8.3.4. If an Application is submitted on behalf of another person, whether legal or natural, the person submitting the Application will be deemed to have duly bound such other person on whose behalf the Application has been submitted. The person submitting such Application shall be deemed also to have given the confirmations, warranties and undertakings contained in these terms and conditions on their behalf. Such representative may be requested to submit the relative power of attorney, or resolution or a copy thereof duly certified by a lawyer or notary public if so required by the Issuer and the Registrar, but it shall not be the duty or responsibility of the Registrar or Issuer to ascertain that such representative is duly authorised to sign the Application. Furthermore, in cases where the decision to invest is taken by a third party authorised to transact on behalf of the Applicant (a "decision maker") such as an individual that holds a power of attorney to trade on the Applicant's account or applications under a discretionary account, details of the decision maker need to be included in the relative panel of the Application Form.

- 8.3.5. In the case of joint Applications, reference to the Applicant in these Terms and Conditions is a reference to each of the joint Applicants, and liability therefor is joint and several. The person whose name shall be inserted in the field entitled "Applicant" on the Application Form, or first-named in the register of Bondholders shall, for all intents and purposes, be deemed to be such nominated person by all those joint holders whose names appear in the field entitled "Additional (Joint) Applicants" in the Application Form or joint holders in the register, as the case may be. Such person shall, for all intents and purposes, be deemed to be the registered holder of the Bond/s so held.
- 8.3.6. In the case of corporate Applicants or Applicants having separate legal personality, the Application must be signed by a person authorised to sign and bind such Applicant. It shall not be incumbent on the Issuer or Registrar to verify whether the person or persons purporting to bind such Applicant is or are in fact authorised. Applications by corporate Applicants have to include a valid legal entity identifier ("LEI") which must be unexpired. Applications without such information or without a valid LEI will not be accepted.
- 8.3.7. In respect of a Bond held subject to usufruct, the name of the bare owner and the usufructuary shall be entered in the register. The usufructuary shall, for all intents and purposes, be deemed *vis-à-vis* the Issuer to be the holder of the Bond/s so held and shall have the right to receive interest on the Bond/s and to vote at meetings of the Bondholders but shall not, during the continuance of the Bond/s, have the right to dispose of the Bond/s so held without the consent of the bare owner, and shall not be entitled to the repayment of principal on the Bond (which shall be due to the bare owner). Furthermore, the signatures of both the bare owner and the usufructuary will be required in the respective Application.
- 8.3.8. Applications in the name and for the benefit of minors shall be allowed provided that the Applicant already holds an account with the MSE. Any Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest and redemption monies payable to the parents / legal guardian/s signing the Application Form until such time as the minor attains the age of 18 years, following which all interest and redemption monies shall be paid directly to the registered holder, provided that the Issuer has been duly notified in writing of the fact that the minor has attained the age of 18 years.
- 8.3.9. The Bonds have not been and will not be registered under the Securities Act of 1933 of the United States of America, and accordingly may not be offered or sold within the United States or to or for the account or benefit of a U.S. person.
- 8.3.10. No person receiving a copy of the Prospectus or an Application Form in any territory other than Malta may treat the same as constituting an invitation or offer to such person nor should such person in any event use such Application Form, unless, in the relevant territory, such an invitation or offer could lawfully be made to such person or such Application Form could lawfully be used without contravention of any registration or other legal requirements. In light of the aforesaid, including but not limited to the onerous requirements involved in the registration of the Prospectus in any territory other than Malta and, or compliance with the relevant legal or regulatory requirements, the Issuer has elected not to send Applications to Existing Bondholders having their address as included in the respective register of bondholders outside Malta, except where, *inter alia*, in the absolute discretion of the Issuer, it is satisfied that such action would not result in a contravention of any applicable legal or regulatory requirement in the relevant jurisdiction.
- 8.3.11. It is the responsibility of any person outside Malta wishing to make any Application to satisfy himself/herself to fully observe the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other formalities required to be observed in such territory and paying any issue, transfer, or other taxes required to be paid in such territory.
- 8.3.12. Subject to all other terms and conditions set out in the Prospectus, the Issuer acting through the Registrar reserves the right to reject, in whole or in part, or to scale down, any Application, including multiple or suspected multiple Applications, and to present any cheques and/or drafts for payment upon receipt. The right is also reserved to refuse any Application which in the opinion of the Issuer acting through the Registrar is not properly completed in all respects in accordance with the instructions or is not accompanied by the required documents. Only original Application Forms will be accepted and photocopies/facsimile copies will not be accepted.
- 8.3.13. The Bonds will be issued in multiples of €100. The minimum subscription amount of the Bonds that can be subscribed for by Applicants (who are not Existing Bondholders subscribing for Bonds through an Existing Bond Transfer) is €2,000. No minimum amount per subscription shall be applicable in respect of Existing Bondholders subscribing for Bonds through an Existing Bond Transfer. All Applications are to be lodged with any of the Authorised Financial Intermediaries listed in Annex IV of this Securities Note together with payment of the full price of the Bonds applied for, in Euro with the exception of Applications submitted by Existing Bondholders, where payment needs to correspond to the amount applied for less the aggregate value of the bonds forming the subject of the Existing Bond Transfer, where applicable. Payments in Euro may be made through any method of payment as accepted by the respective Authorised Financial Intermediary.
- 8.3.14. In the event that an Applicant fails to submit full information and, or documentation required with respect to an Application, the Applicant shall receive a full refund without interest, by credit transfer to such account indicated in the Application Form at any time before the Bonds are admitted to listing on the Official List of the MSE. The Issuer shall not be responsible for any charges, loss, or delay arising in connection with such credit transfer.
- 8.3.15. By not later than 4 March 2024, the Issuer shall announce the results of the Bond Issue through a company announcement.

- 8.3.16. The Issuer has not sought assessment of the Bonds by any independent credit rating agency.
- 8.3.17. For the purposes of the Prevention of Money Laundering and Funding of Terrorism Regulations (Subsidiary Legislation 373.01 of the laws of Malta), as amended from time to time, the Authorised Financial Intermediaries are under a duty to communicate, upon request, all information about clients as is mentioned in articles 1.2(d) and 2.4 of the “Members’ Code of Conduct” appended as Appendix 3.6 to Chapter 3 of the MSE Bye-Laws, irrespective of whether the said appointed Authorised Financial Intermediaries are MSE Members or not. Such information shall be held and controlled by the MSE in terms of the Data Protection Act (Chapter 586 of the laws of Malta) (the “Data Protection Act”) and the General Data Protection Regulation (GDPR) (EU) 2016/679 (“GDPR”), as may be amended from time to time, for the purposes and within the terms of the MSE Data Protection Policy as published from time to time.
- 8.3.18. It shall be incumbent on the respective Authorised Financial Intermediary to ascertain that all other applicable regulatory requirements relating to subscription of Bonds by an Applicant are complied with, including without limitation the obligation to comply with all applicable requirements set out in Regulation (EU) No. 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No. 648/2012 (“MiFIR”), as well as applicable MFSA Rules for investment services providers.
- 8.3.19. No person receiving a copy of the Prospectus or an Application Form in any territory other than Malta may treat the same as constituting an invitation or offer to such person nor should such person in any event use such Application Form, unless, in the relevant territory, such an invitation or offer could lawfully be made to such person, or such Application Form could lawfully be used without contravention of any registration or other legal requirements.
- 8.3.20. Subscription for Bonds by persons resident in, or who are citizens of, or who are domiciled in, or who have a registered address in, a jurisdiction other than Malta, may be affected by the law of the relevant jurisdiction. Those persons should consult their professional advisers (including tax and legal advisers) as to whether they require any governmental or other consents, or need to observe any other formalities, to enable them to subscribe for the Bonds. It is the responsibility of any person (including, without limitation, nominees, custodians, depositaries and trustees) outside Malta wishing to participate in the Bond Issue, to satisfy himself / herself / itself as to full observance of the applicable laws of any relevant jurisdiction, including, but not limited to, obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any transfer or other taxes (of any nature whatsoever) due in such territories. The Issuer shall not accept any responsibility for the non-compliance by any person of any applicable laws or regulations of foreign jurisdictions.
- 8.3.21. The Bonds have not been and will not be registered under the Securities Act of 1933 of the United States of America and accordingly may not be offered or sold within the United States or to or for the account or benefit of a U.S. person.
- 8.3.22. Subject to all other terms and conditions set out in the Prospectus, the Issuer reserves the right to reject, in whole or in part, or to scale down, any Application, which in the opinion of the Issuer is not properly completed in all respects in accordance with the instructions or is not accompanied by the required documents. Only original Application Forms will be accepted, and photocopies / facsimile copies will not be accepted.
- 8.3.23. The Bonds will be issued in multiples of one hundred Euro (€100). The minimum subscription amount of Bonds that can be subscribed for by Applicants (who are not Existing Bondholders subscribing for Bonds through an Existing Bond Transfer) is two thousand Euro (€2,000).
- 8.3.24. On the completion of an Application, the Applicant:
- (i) agrees and acknowledges to have had the opportunity to read the Prospectus and to be deemed to have had notice of all information and representations concerning the Issuer and the issue of the Bonds contained therein;
  - (ii) warrants that the information submitted by the Applicant in the form of Application is true and correct in all respects. All Applications need to include a valid MSE account number in the name of the Applicant/s. Failure to include an MSE account number will result in the Application being cancelled by the Issuer (acting through the Registrar) and subscription monies will be returned to the Applicant in accordance with Section 8.3.1 above. In the event of a discrepancy between the personal details (including name and surname and the Applicant’s address) appearing on the form of Application and those held by the MSE in relation to the MSE account number indicated on the form of Application, the details held by the MSE shall be deemed to be the correct details of the Applicant;
  - (iii) acknowledges the processing of any personal data for the purposes specified in the privacy notice published by the Issuer, which is available on the Issuer’s website at [www.phoeniciafinance.com](http://www.phoeniciafinance.com). The Applicant hereby acknowledges that the processing of personal data may validly take place, even without the Applicant’s consent, in the circumstances set out in the GDPR and the Data Protection Act and any applicable subsidiary legislation, as may be amended from time to time. The Applicant hereby confirms that he/she/it has been provided with and read the privacy notice;
  - (iv) authorises the Issuer (or its service providers, including the CSD and, or the Sponsor, Manager and Registrar) and, or the relevant Authorised Financial Intermediary, as applicable, to process the personal data that the Applicant provides in the form of Application, for all purposes necessary and subsequent to the Bond Issue applied for, in accordance with the Data Protection Act and the GDPR. The Applicant has the right to request access to and rectification of the personal data relating to him/her in relation to the Bond Issue. Any such requests must be made in writing and sent to the Issuer and sent to the CSD at the Malta Stock Exchange. The requests must be signed by the Applicant to whom the personal data relates;

- (v) confirms that in making such Application and, or subscribing for the Bonds, no reliance was placed on any information or representation in relation to the Issuer or the issue of the Bonds other than what is contained in the Prospectus and accordingly agree/s that no person responsible solely or jointly for the Prospectus or any part thereof will have any liability for any such other information or representation;
- (vi) agrees that any refund of unallocated Application monies, without interest, will be paid by direct credit, at the Applicant's own risk, to the bank account as indicated in the form of Application. The Issuer shall not be responsible for any loss or delay in transmission or any charges in connection therewith;
- (vii) warrants that the remittance will be honoured on first presentation and agrees that, if such remittance is not so honoured: (i) the Applicant will not be entitled to receive a registration advice or to be registered in respect of such Bonds, unless and until a payment is made in cleared funds for such Bonds and such payment is accepted by the respective Authorised Financial Intermediary (which acceptance shall be made in its absolute discretion and may be on the basis that the Authorised Financial Intermediary is indemnified for all costs, damages, losses, expenses and liabilities arising out of, or in connection with, the failure of the Applicant's remittance to be honoured on first presentation at any time prior to unconditional acceptance by the Issuer acting through the Registrar of such late payment in respect of the Bonds); or (ii) the Issuer may, without prejudice to other rights, treat the agreement to allocate such Bonds as void and may allocate such Bonds to another person, in which case the Applicant will not be entitled to a refund or payment in respect of such Bonds (other than return of such late payment);
- (viii) agrees that the registration advice and other documents and any monies returnable to the Applicant may be retained pending clearance of his / her remittance and any verification of identity as required by the Prevention of Money Laundering Act (Cap. 373 of the laws of Malta) and regulations made thereunder, and that such monies will not bear interest;
- (ix) warrants, in connection with the subscription of the Bonds, to have observed all applicable laws, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with the subscription of Bonds in any territory, and that the Applicant has not taken any action which will or may result in the Issuer or the Sponsor, Manager and Registrar acting in breach of the regulatory or legal requirements of any territory in connection with the issue of the Bonds;
- (x) agrees to provide the Registrar and, or the Issuer, as the case may be, with any information which may be requested in connection with the Application;
- (xi) warrants that all applicable exchange control or other such regulations (including those relating to external transactions) have been duly and fully complied with;
- (xii) agrees that all Applications, forms of Application, acceptances of Applications and contracts resulting therefrom will be governed, and construed, in accordance with Maltese law, and to submit to the jurisdiction of the Maltese courts, and agrees that nothing shall limit the right of the Issuer to bring any action, suit or proceedings arising out of or in connection with any such Applications, forms of Application, acceptance of Applications and contracts resulting therefrom in any manner permitted by law in any court of competent jurisdiction;
- (xiii) represents that the Applicant is not a U.S. person (as such term is defined in Regulation S under the Securities Act of 1933 of the United States of America, as amended) as well as not to be accepting the invitation set out in the Prospectus from within the United States of America, its territories or its possessions, or any area subject to its jurisdiction (the "United States") or on behalf or for the account of anyone within the United States or anyone who is a U.S. person;
- (xiv) agrees that the Advisers to the Bond Issue (listed in Section 5.3 of the Registration Document) will owe the Applicant no duties or responsibilities concerning the Bonds or the suitability of the Applicant;
- (xv) warrants that, where an Applicant submits a form of Application on behalf of another person or on behalf of a corporation or corporate entity or association of persons, the Applicant is duly authorised to do so and such person, corporation, corporate entity, or association of persons will also be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained in the terms and conditions and accordingly will be deemed also to have given the confirmations, warranties and undertakings contained in the terms and conditions and undertake to submit your power of attorney or a copy thereto duly certified by a lawyer or notary public if so required by the Issuer or the Registrar;
- (xvi) warrants that where the Applicant is under the age of 18 years, or where an Application is being lodged in the name and for the benefit of a minor, the Applicant is the parent/s or legal guardian/s of the minor;
- (xvii) agrees that all documents in connection with the issue of the Bonds will be sent at the Applicant's own risk and may be sent by post at the address (or, in the case of joint Applicants, the address of the first named Applicant) as designated in the respective MSE account quoted by the Applicant; and
- (xviii) renounces to any rights the Applicant may have to set off any amounts the Applicant may at any time owe the Issuer against any amount due under the terms of the Bonds.

8.3.25. The completed Application Forms are to be lodged with any of the Authorised Financial Intermediaries. The Bonds are deemed to be complex instruments in accordance with the provisions of conduct of business rulebook issued by the MFSA (the "COBR"). Authorised Financial Intermediaries shall, prior to accepting an Application, conduct an Appropriateness Test in respect of the Applicant and based on the results of such test, be satisfied that an investment in the Bonds may be considered appropriate for the Applicant.

To the extent that an Authorised Financial Intermediary is providing advice in respect of a purchase of the Bonds by an Applicant, such Authorised Financial Intermediary shall also be required to conduct a Suitability Test in respect of the Applicant and based on the results of such test, be satisfied that an investment in the Bonds may be considered suitable for the Applicant.

For the purpose of this Securities Note, the term “Appropriateness Test” means the test conducted by any licensed financial intermediary, when providing an investment service (other than investment advice or portfolio management) in relation to the subscription for and the trading of Bonds, for the purpose of such licensed financial intermediary determining (after collecting the necessary information) whether the investment service or the Bonds are appropriate for the prospective Applicant or prospective transferee. In carrying out this assessment, the licensed financial intermediary shall ask the Applicant or the prospective transferee to provide information regarding the Applicant or transferee’s knowledge and experience so as to determine that the Applicant or transferee has the necessary experience and knowledge in order to understand the risks involved in relation to the Bond or investment service offered or demanded, in accordance with the COBR. In the event that the licensed financial intermediary considers, on the basis of the test conducted, that the transfer of Bonds is not appropriate for the Applicant or prospective transferee, the licensed financial intermediary shall reject the prospective Applicant’s request to subscribe for or acquire Bonds, irrespective of whether the Applicant or transferee is warned that the investment in the Bonds is not appropriate for the Applicant or transferee;

For the purpose of this Securities Note, the term “Suitability Test” means the process through which a licensed financial intermediary providing investment advice or portfolio management services in relation to the subscription for and trading of Bonds obtains such information from the Applicant or prospective transferee as is necessary to enable the licensed financial intermediary to recommend to or, in the case of portfolio management, to effect for, the Applicant or prospective transferee, the investment service and trading in Bonds that are considered suitable for him/her, in accordance with the COBR. The information obtained pursuant to this test must be such as to enable the licensed financial intermediary to understand the essential facts about the Applicant or prospective transferee and to have a reasonable basis for believing, giving due consideration to the nature and extent of the service provided, that the specific transaction to be recommended, or to be entered into in the course of providing a portfolio management service, satisfies the following criteria: a) it meets the investment objectives of the Applicant or prospective transferee in question; b) it is such that the Applicant or prospective transferee is able financially to bear any related investment risks consistent with investment objectives of such Applicant or prospective transferee; and c) it is such that the Applicant or prospective transferee has the necessary experience and knowledge in order to understand.

#### **8.4. PRICING**

The Bonds are being issued at par, that is, at €100 per Bond, with the full amount payable upon subscription.

#### **8.5. ADMISSION TO TRADING**

The MFSA has authorised the Bonds as admissible to listing pursuant to the Capital Markets Rules by virtue of a letter dated 8 February 2024.

Application has been made to the MSE for the Bonds being issued pursuant to the Prospectus to be listed and traded on the Official List of the MSE.

The Bonds are expected to be admitted to the MSE with effect from 11 March 2024 and trading is expected to commence on 12 March 2024.

#### **8.6. ADDITIONAL INFORMATION**

Save for the Financial Analysis Summary set out in Annex III, this Securities Note does not contain any statement or report attributed to any person as an expert.

The Financial Analysis Summary has been included in the form and context in which it appears with the authorisation of the Sponsor, which has given and has not withdrawn its consent to the inclusion of such report herein.

The Sponsor does not have any material interest in the Issuer or the Guarantors. The Issuer confirms that the Financial Analysis Summary has been accurately reproduced in this Securities Note and that there are no facts of which the Issuer is aware that have been omitted and which would render the reproduced information inaccurate or misleading.

The business address of the Sponsor is at Finance House, Princess Elizabeth Street, Ta' Xbiex XBX 1102, Malta.





PHOENICIA FINANCE  
COMPANY P.L.C.

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**ANNEX**





PHOENICIA FINANCE  
COMPANY P.L.C.

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# **ANNEX I**

## *Application Form*



This Application Form is not transferable and entitles you to subscribe for the Phoenicia Finance Company p.l.c. 5.75% Unsecured Bonds 2028-2033 as an Existing Bondholder (as defined in the Prospectus dated 8 February 2024).

<b>A APPLICANT</b> (see notes 2 to 8)			
		I.D. CARD / PASSPORT	MSE A/C NO.
DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH	NATIONALITY
LEI (Legal Entity Identifier) (if applicant is NOT an Individual)		PLEASE REGISTER ME FOR E-PORTFOLIO <input type="checkbox"/>	MOBILE NO. (mandatory for e-portfolio)
<b>B ADDITIONAL (JOINT) APPLICANTS</b> (see note 3) (please use Addendum to Application Form if space is not sufficient)			
TITLE (Mr/Mrs/Ms/...)	FULL NAME AND SURNAME		I.D. CARD/PASSPORT NO.
DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH	NATIONALITY
<b>C DECISION MAKER/MINOR'S PARENTS / LEGAL GUARDIAN(S) / USUFRUCTUARY/IES</b> (see notes 4, 7 & 8) (to be completed ONLY if applicable)			
TITLE (Mr/Mrs/Ms/...)	FULL NAME AND SURNAME		I.D. CARD/PASSPORT NO.
DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH	NATIONALITY
TITLE (Mr/Mrs/Ms/...)	FULL NAME AND SURNAME		I.D. CARD/PASSPORT NO.
DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH	NATIONALITY
<b>D I/WE APPLY TO PURCHASE AND ACQUIRE</b>			
<b>BOX 1 - Nominal Value of Existing Bonds</b>		AMOUNT IN FIGURES <b>Box 1</b>	
<b>BOX 2 - Amount of Bonds applied for in addition to the nominal holding in the Existing Bonds payable in full upon application under the Terms and Conditions of the Bonds set out in the Prospectus.</b>		€	
<b>BOX 3 - I/We wish to purchase and acquire the amount set out in Box 3 in Bonds at the Bond Issue price (at par) pursuant to the Prospectus dated 8 February 2024 (the "Prospectus").</b>		AMOUNT ADDED IN FIGURES <b>Box 2</b>	
AMOUNT IN WORDS		€	
		TOTAL AMOUNT IN FIGURES <b>Box 3</b>	
		€	
<b>E RESIDENT - FINAL WITHHOLDING TAX ("FWT") DECLARATION</b> (see notes 9) (to be completed ONLY if the Applicant is a resident of Malta)			
<input type="checkbox"/> I/We elect to receive interest NET of FWT		<input type="checkbox"/> I/We elect to receive interest GROSS (i.e. without FWT)	
<b>F NON-RESIDENT - DECLARATION FOR TAX PURPOSES</b> (see notes 2 & 10) (to be completed ONLY if the Applicant is a non-resident)			
TAX COUNTRY		CITY OF BIRTH	
T.I.N. (Tax Identification Number)		COUNTRY OF BIRTH	
<input type="checkbox"/> NOT resident in Malta but resident in the European Union		<input type="checkbox"/> NOT resident in Malta and NOT resident in the European Union	
<b>G INTEREST, REFUND AND REDEMPTION MANDATE</b> (see notes 11 & 12) (completion of this panel is MANDATORY)			
BANK		IBAN	
<p>I/We have fully understood the instructions for completing this Application Form, and am/are making this Application solely on the basis of the Prospectus, and subject to its Terms and Conditions of the Bonds as contained therein which I/we fully accept.</p> <p>I/We hereby authorise the Company to forward the details to the Malta Stock Exchange for the purposes of registering the Bonds in my/our MSE account, to register for the e-portfolio (where applicable) and to enable the reporting of all necessary transaction and personal information provided in this Application Form in compliance with Article 26 of MiFIR (Markets in Financial Instruments Regulation) to the Malta Financial Services Authority as competent authority ("Transaction Reporting"). Furthermore, I/we understand and acknowledge that the Company may require additional information for Transaction Reporting purposes and agree that such information will be provided.</p>			
Signature/s of Applicant/s <small>(Parent/s or legal guardian/s are/is to sign if Applicant is a minor) (All parties are to sign in the case of a joint Application) (Bare owner/s and usufructuary/ies to sign in the case of holdings of Bonds that are subject to usufruct)</small>			Date
AUTHORISED FINANCIAL INTERMEDIARY'S STAMP	AUTHORISED FINANCIAL INTERMEDIARY'S CODE	APPLICATION NUMBER	

## Notes on how to complete this Application Form and other information

*The following notes are to be read in conjunction with the Prospectus dated 8 February 2024 regulating the Bond Issue*

This Application Form is not transferable and entitles you to a preferential treatment as holder of the 4.15% Phoenicia Finance Company p.l.c. unsecured bonds 2023-2028 (the "Existing Bonds") and is to be submitted as a method of payment where the Applicant selects to apply for the 5.75% Phoenicia Finance Company p.l.c. Unsecured Bonds 2028-2033 (the "Bond/s") so as to transfer to the Issuer all or part of the holding in the Existing Bonds held by the Applicant as at the Cut-Off Date, the nominal value of which is set out in Box 1 of Panel D. By submitting this signed Application Form, Existing Bondholders shall be deemed to:

- i. cause the transfer of the said Existing Bonds in the Issuer's name in consideration of the issue of Bonds; and
- ii. engage, at the Issuer's cost, the services of such brokers or intermediaries as may be necessary to fully and effectively vest title in the said Existing Bonds in the Issuer and fully and effectively vest title in the appropriate number of Bonds in the Applicant.

1. This Application is governed by the Terms and Conditions of the Bonds contained in Section 8 of the Securities Note dated 8 February 2024 forming part of the Prospectus. Capitalised terms not defined herein shall, unless the context otherwise requires, have the meaning ascribed to them in the Prospectus.
2. The Application Form is to be completed in BLOCK LETTERS. For applicants who are non-residents in Malta for tax purposes, the relative box in Panel F must be completed.

3. The MSE account number pertaining to the Existing Bondholders, has been preprinted in Panel A and reflects the MSE account number on the bond register of the Existing Bonds held at the CSD as at 23 November 2023 (trading session of the 21 November 2023). If an MSE account pertains to more than one person (including husband and wife), the full details of all individuals must be given in Panels A and B but the first named bondholder shall, for all intents and purposes, be deemed to be the registered holder of the Bonds (vide note 6 below). Applications by more than two persons are to use the Addendum to the Application Form.

Upon submission of an Application Form, Bondholders who opt to have an online e-portfolio facility (by marking the relative box in Panel A), will receive by mail at their registered address a handle code to activate the new e-portfolio login. Registration for the e-Portfolio facility requires a mobile number to be provided on the Application Form. The Bondholder's statement of holdings evidencing entitlement to Bonds held in the register kept by the CSD and registration advices evidencing movements in such register will be available through the said e-portfolio facility on <https://eportfolio.borzamalta.com.mt/>. Further details on the e-portfolio may be found on <https://eportfolio.borzamalta.com.mt/Help>.

4. Applications in the name and for the benefit of minors shall be allowed provided that the applicant already holds an account with the MSE. Any Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest and redemption proceeds payable to the parents or legal guardian/s signing the Application Form until such time as the minor attains the age of eighteen (18) years, following which all interest and redemption proceeds shall be payable directly to the registered holder, provided that the Company has been duly notified in writing of the fact that the minor has attained the age of eighteen (18) years. Panel C must be inserted with full details of the parents/legal guardians.

5. In the case of a body corporate, a valid Legal Entity Identifier ("LEI") needs to be inserted in Panel A. **Failure to include a valid LEI code, will result in the Application being cancelled by the Registrar.** Applications must be signed by duly authorised representatives indicating the capacity in which they are signing.

6. **EXISTING BONDHOLDERS ARE TO NOTE THAT ANY SECURITIES ALLOTTED TO THEM WILL BE RECORDED BY THE MALTA STOCK EXCHANGE IN THE MSE ACCOUNT QUOTED ON THIS APPLICATION FORM EVEN IF THE DETAILS OF SUCH MSE ACCOUNT NUMBER, AS HELD BY THE CSD OF THE MALTA STOCK EXCHANGE, DIFFER FROM ANY OR ALL OF THE DETAILS APPEARING OVERLEAF. A SEPARATE REQUEST BY THE APPLICANT TO CHANGE THESE DETAILS AS RECORDED AT THE MSE, WILL HAVE TO BE EFFECTED.**

7. Where a decision to invest is taken by a third party authorised to transact on behalf of the Applicant (a "decision maker") such as an individual that holds a power of attorney to trade on the Applicant's account or applications under a discretionary account, details of the decision maker need to be included in Panel C.

8. Where an MSE account number is held subject to usufruct, Panel C needs to be completed and both the bare owner/s and the usufructuary/ies are to sign this Application Form.

9. Only Applicants who hold a valid official Maltese Identity Card or companies registered in Malta will be treated as resident in Malta. In such a case the Applicant may elect to have final withholding tax, currently 15%, deducted from interest payments in which case such interest need not be declared in the Applicant's income tax return. The Applicant may elect to receive the interest gross (i.e. without deduction of final withholding tax), but will be obliged to declare interest so received in the tax return. The Company will render an account to the Maltese Commissioner for Revenue of all interest paid, all amounts of tax deducted by the payor in respect of the interest paid and of the identity of all such recipients. Interest received by non-resident Applicants is not taxable in Malta and non-residents will receive interest gross. Authorised entities applying in the name of a prescribed fund will have final withholding tax (currently 10%), deducted from interest payments.

In terms of Section 7.2 of the Securities Note, unless the Company is otherwise instructed by a Bondholder, or if the Bondholder does not fall within the definition of "recipient" in terms of article 41(c) of the Income Tax Act (Cap. 123 of the laws of Malta), interest shall be paid to such person net of final withholding tax, (currently 15%) of the gross amount of interest, pursuant to article 33 of the Income Tax Act (Cap. 123 of the laws of Malta).

10. Non-residents of Malta should note that payment of interest to individuals and certain residual entities residing in another EU Member State is reported on an annual basis to the Director General Inland Revenue, Malta, who will in turn exchange the information with the competent tax authority of the Member State where the recipient of interest is resident. This exchange of information takes place in terms of the Council Directive 2014/107/EU, of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation.

*The contents of Notes 9 and 10 above do not constitute tax advice by the Company and Applicants are to consult their own independent tax advisors in case of doubt.*

11. Interest, refund and redemption proceeds will be credited to the account indicated in Panel G or as otherwise amended by the Bondholder/s during the term of the Bond.

12. The Offer Period will open at 08:30 hours on 12 February 2024 and will close at 14:00 hours on 23 February 2024. Application for Bonds may be lodged with any Authorised Financial Intermediary listed in Annex IV of the Securities Note and must be accompanied by the relevant subscription amount in Euro. Remittances by post are made at the risk of the Applicant and the Company disclaims all responsibility for any such remittances not being received by the date of closing of the subscription lists. If any Application is not accepted after the closure of the Offer Period or is accepted for fewer Bonds than those applied for, the monies equivalent to the number of Bonds not being accepted will be returned by direct credit into the IBAN specified in panel G.

13. By completing and delivering an Application Form you (as the Applicant(s)) acknowledge that:
  - a. the Company or its duly appointed agents including the CSD and the Registrar, may process the personal data that you provide in the Application Form in accordance with the Data Protection Act (Cap. 586 of the laws of Malta) and the General Data Protection Regulation (GDPR) (EU) 2016/679 as amended from time to time;
  - b. the Company may process such personal data for all purposes necessary for and related to the Bonds applied for; and
  - c. you, as the Applicant, have the right to request access to and rectification of the personal data relating to you, as processed by the Company.

Any such requests must be made in writing and addressed to the Company. The request must be signed by yourself as the Applicant to whom the personal data relates.

**The value of investments can go up or down and past performance is not necessarily indicative of future performance. The nominal value of the Bonds on offer will be repayable in full upon redemption. An investor should consult an independent financial advisor, licensed under the Investment Services Act (Cap. 370 of the laws of Malta), for advice.**



**ANNEX II**  
*The Guarantee*

## To all Bondholders:

Reference is made to the issue of €50,000,000 5.75% Unsecured Bonds to be redeemed and finally repaid on 30 December 2033, subject to early redemption at the option of the Issuer on any date falling between 29 December 2028 and 29 December 2033 (the “**Bonds**”) by Phoenicia Finance Company p.l.c., a company registered in Malta bearing company registration number C 88958 (the “**Issuer**”), pursuant to and subject to the Terms and Conditions contained in a prospectus to be dated 8 February 2024 (the “**Prospectus**”).

Now therefore, by virtue of this Guarantee, Phoenicia Malta Limited (C-41576) and Phoenicia Hotel Company Limited (OC1) (hereinafter together referred to as the “**Guarantors**”), hereby stand, jointly and severally between them, as surety with the Issuer and irrevocably and unconditionally undertake to effect the due and punctual performance of all the payment obligations undertaken by the Issuer under the Bonds if the Issuer fails to do so and, without prejudice to the generality of the foregoing, undertake to pay on an ongoing basis, interest which may become due and payable during the term of the Bonds and the principal amount of the Bonds on the Redemption Date should the Issuer default in paying the Bondholders under the Bonds, within 60 days from the date when such amounts fall due and remain unpaid by the Issuer.

Signed and executed on this 8 February 2024, after approval of the board of directors of Phoenicia Malta Limited and Phoenicia Hotel Company Limited.

## 1. INTERPRETATION

In this Guarantee, unless the context otherwise requires:

- a. terms and expressions defined in or construed for the purposes of the Prospectus shall have the same meanings or be construed in the same manner when used in this Guarantee, unless defined otherwise in this Guarantee;
- b. “**Indebtedness**” means any and all moneys, obligations, and liabilities now and hereafter due, owing or incurred by the Issuer under the Bonds to the Bondholders (whether alone and, or with others) in terms of the Prospectus and in any and all cases whether for principal, interests, capitalised interests, charges, disbursements, or otherwise and whether for actual or contingent liability; and
- c. “**writing**” or “**in writing**” means any method of visual representation and shall include e-mails and other such electronic methods.

## 2. NATURE AND SCOPE OF THE GUARANTEE

- 2.1 The offering of Bonds that will be made by the Issuer pursuant to the Prospectus will be made with the benefit of the joint and several corporate guarantee of the Guarantors, the full terms of which are set out in clause 4 below.
- 2.2 The Guarantee is unconditional and shall cover all payments that may be due to Bondholders pursuant to the Prospectus.

## 3. INFORMATION ABOUT THE GUARANTORS

The information about the Guarantors required pursuant to the Capital Markets Rules and the Prospectus Regulation may be found in the Registration Document forming part of the Prospectus.

## 4. TERMS OF THE GUARANTEE

### 4.1 Undertaking to Pay

For the purposes of the Guarantee, the Guarantors, as primary obligors, jointly and severally between them and with the Issuer, hereby irrevocably and unconditionally guarantee to each Bondholder that if for any reason the Issuer fails to pay any sum payable by it to such Bondholder pursuant to the terms and conditions of the Bonds detailed in the Securities Note as and when the same shall become due under any of the foregoing, the Guarantors will pay to such Bondholder on written demand the amount payable by the Issuer to such Bondholder. All demands shall be sent to the addresses stated below in clause 4.12 as the same may be changed by company announcement issued by the Issuer from time to time.

Such payment shall be made in the currency in force in Malta at the time the payment falls due.

All payments shall be made to Bondholders without any withholding for taxes and, in so far as this obligation exists under any law, the payment shall be grossed up by the amount of withholding, and without set-off for any amounts which may be then owing to the Guarantors by the Issuer.

This Guarantee shall apply to all Bonds issued on or about 8 February 2024 in accordance with the terms of the Securities Note.

### 4.2 Maximum Liability

This is a continuing Guarantee for the whole amount due or owing under the Bonds or which may hereafter at any time become due or owing under the Bonds by the Issuer, but the amount due by the Guarantors to the Bondholders under this Guarantee shall be up to and

shall not be in excess of €50,000,000 (fifty million Euro), apart from interest due up to the date of payment and costs and expenses relating to the protection, preservation, collection or enforcement of the Bondholders' rights against the Issuer and, or the Guarantors, which shall be additional to the maximum sum herein stated.

### **4.3 Guarantors as Joint and Several Surety**

Each Guarantor will be liable under this Guarantee as joint and several surety with the Issuer.

### **4.4 Continuing Obligations**

The liability of each Guarantor under this Guarantee shall be continuing until such time as the Indebtedness is fully repaid and shall in no way be prejudiced or affected, nor shall it in any way be discharged or reduced, by reason of:

- a. the insolvency, liquidation or winding-up of the Issuer; or
- b. the incapacity or disability of the Issuer or any other person liable for any reason whatsoever; or
- c. any change in the name, style, constitution, any amalgamation or reconstruction of either the Issuer or any of the Guarantors;
- d. a Bondholder conceding any time or indulgence or renewing the term for payment or omitting to claim or enforce or extract payment from the Issuer or any other person liable; or
- e. any event, act, or omission that might, were it not for this clause operate to exonerate any Guarantor without settlement in full of the Indebtedness towards the relevant Bondholder.

### **4.5 Indemnity**

As a separate and alternative stipulation, each Guarantor unconditionally and irrevocably agrees that any Indebtedness to be payable by the Issuer but which is for any reason (whether or not now known or becoming known to the Issuer, any Guarantor or any Bondholder) not recoverable from any Guarantor, will nevertheless be recoverable from it as if it were the sole principal debtor and will be paid by it to the Bondholder on demand. This indemnity constitutes a separate and independent obligation from the other obligations in this Guarantee and gives rise to a separate and independent cause of action.

### **4.6 Status of Guarantee**

The obligations of the Guarantors under this Guarantee constitute a general, direct, unconditional and unsecured obligation of the Guarantors and rank equally with all other existing and future unsecured obligations of the Guarantors, if any, except for any debts for the time being preferred by law.

### **4.7 Representations and Warranties**

4.7.1 Each Guarantor hereby warrants and represents that:

- a. it is duly incorporated and validly existing under the laws of Malta and has the power to carry on business;
- b. it has all corporate power, and has taken all necessary corporate or other action in accordance with its deed of constitution and the laws of its incorporation and regulation, to enable it to execute, deliver, and perform this Guarantee, and that this Guarantee constitutes the legal, valid, and binding obligations of each Guarantor;
- c. it is not in breach of or in default under any agreement relating to indebtedness to which it is a party or by which it may be bound nor has any default occurred in its regard;
- d. all the information, verbal or otherwise tendered in connection with the negotiation and preparation of this Guarantee is accurate and true and there has been no omission of any material facts; and
- e. the granting of this Guarantee is in the commercial interest of each Guarantor and that each Guarantor acknowledges that it is deriving commercial benefit therefrom.

4.7.2 As from the date of this Guarantee, until such time as the Indebtedness is paid in full to the Bondholders, and for as long as this Guarantee shall remain in force, the Guarantors shall hold true, good and valid all the representations and warranties given under this clause.

### **4.8 Deposit and Production of the Guarantee**

The original instrument creating this Guarantee shall be deposited with and held by the Issuer at its registered address until all obligations of the Guarantors have been discharged in full, and until such time, the Guarantors acknowledge the right of every Bondholder to obtain a copy of the instrument creating the Guarantee.

### **4.9 Subrogation**

Until all amounts which may be payable under the terms of the Bonds have been irrevocably paid in full, the Guarantors shall not by virtue of this Guarantee be subrogated to any rights of any Bondholder or claim in competition with the Bondholders against the Issuer.

### **4.10 Benefit of the Guarantee and No Assignment**

This Guarantee is to be immediately binding upon the Guarantors for the benefit of the Bondholders. The Guarantors shall not be entitled to assign or transfer any of their respective obligations under this same Guarantee.

#### 4.11 Amendments

The Guarantors have the power to veto any changes to the terms and conditions of the Bonds which are issued with the benefit of its Guarantee.

#### 4.12 Notices

4.12.1 Any notice required to be given by any party hereto to the other party shall be deemed to have been validly served if delivered by hand or sent by pre-paid registered letter through the post to such other party at his address given herein or such other address as may from time to time be notified to the other party for this purpose and any notice so served shall be deemed to have been served, if delivered by hand, at the time of delivery, or if by post, seven days after posting, provided that in the case of a change in the details of specified below, a company announcement by the Issuer to this effect shall constitute sufficient and proper notice to the Bondholders for the purposes of this clause.

4.12.2 For the purposes of this Guarantee, the proper addresses and telephone numbers of the Guarantors are:

Phoenicia Malta Limited  
Address: The Phoenicia Hotel, The Mall, Floriana, Malta  
Telephone number: +356 2122 5241  
Contact person: Mr Jean Pierre Ellul Castaldi

Phoenicia Hotel Company Limited  
Address: The Phoenicia Hotel, The Mall, Floriana, Malta  
Telephone number: +356 2122 5241  
Contact person: Mr Jean Pierre Ellul Castaldi

#### 4.13 Governing Laws and Jurisdiction

4.13.1 This Guarantee is governed by and shall be construed in accordance with Maltese law.

4.13.2 Any dispute, controversy or claim arising out of or relating to this Guarantee or as to the interpretation, validity, performance, or breach thereof shall be brought exclusively before the Maltese courts.

Signed:



**Mark Shaw**  
Director  
(Phoenicia Malta Limited)



**Jean Pierre Ellul Castaldi**  
Director  
(Phoenicia Malta Limited)



**Mark Shaw**  
Director  
(Phoenicia Hotel Company Limited)



**Jean Pierre Ellul Castaldi**  
Director  
(Phoenicia Hotel Company Limited)



**ANNEX III**  
*Financial Analysis Summary*





PHOENICIA FINANCE  
COMPANY P.L.C.

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## **FINANCIAL ANALYSIS SUMMARY**

8 February 2024

**CURMI &  
PARTNERS**

1 February 2024

The Directors  
The Phoenicia Malta  
The Mall  
Floriana, FRN1478  
Malta

Dear Sirs,

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

In accordance with your instructions, and in line with the requirements of the MFSA Listing Policies, we have compiled the Financial Analysis Summary (“the Analysis”) set out in 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 Phoenicia Finance Company p.l.c. (“the Issuer” or “PFC”), in addition to Phoenicia Hotel Company Limited (“PHCL”) and Phoenicia Malta Limited (“PML”) (collectively, “the Guarantors”). The Issuer and the Guarantors are collectively referred to as “the Group”. The data is derived from various sources, as disclosed, or is based on our own computations as follows:

1. Historical financial data for the three years ended 31<sup>st</sup> December 2020, 31<sup>st</sup> December 2021 and 31<sup>st</sup> December 2022 have been extracted from the Group’s audited Combined Financial Statements and the Issuer’s audited financial statements.
2. The forecast data for the financial year ending 31<sup>st</sup> December 2023 and 31<sup>st</sup> December 2024 have been extracted from the Issuer and Group’s financial projections as prepared and provided by management.
3. Our commentary on the financial results and position of the Issuer and of the Group is based on the explanations set out by management of the Group.
4. The ratios quoted in the following pages have been computed by us applying the definitions set out and defined in the Section 8 of the Analysis.
5. The comparable companies listed in Section 7 of the Analysis have been identified by us. The relevant financial data in respect of such companies has been sourced from publicly available information, mainly financial statements filed with the Registrar of Companies or websites providing financial data.

The Analysis is meant to assist potential investors by summarising the more important financial data of the Group. The Analysis does not contain all data that is relevant to potential investors and is meant to complement, and not replace, the information made available in the public domain by the Group. The Analysis does not constitute an endorsement by our firm of the securities of the Issuer or Group and We shall not accept any liability for any loss or damage arising out of the use of Analysis. As with all investments, potential investors are encouraged to seek professional advice before investing in the securities of the Issuer or Group.

Yours sincerely,



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

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# 1 OVERVIEW OF THE ISSUER

## 1.1 History and Development of the Issuer

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

## 1.2 Shareholding of the Issuer

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

## 1.3 Directors

The Board of Directors of the Company consists of five directors who are entrusted with setting the overall direction and strategy of the Company. Mrs Robyn Pratt is the General Manager of the Hotel.

As at the date of the Financial Analysis Summary November 2023 (“FAS Nov-23”), the Board of Directors of the Issuer is constituted as follows:

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

# 2 OVERVIEW OF THE GROUP

## 2.1 History of the Group

The Group owns, manages and operates The Phoenicia Malta (“the Hotel” or “the Phoenicia”), a renowned five-star hotel located in Floriana. The Hotel was built in the 1930s and officially opened for business in 1947 as Malta’s inaugural luxury hotel.

The hotel currently contains 132 rooms, of which twelve are luxurious suites and four are interconnected rooms. In February 2022, the total room count at the Hotel was reduced from 136 to 132 as part of a project that transformed eight rooms into four new Pegasus Suites. The Phoenicia also provides conference and banqueting facilities, as well as various food and beverage outlets within its premises. It is worth noting that the Hotel’s physical footprint occupies less than 10 percent of the overall site, which spans over 40,000 square meters of prime land encompassing various zones that have not been fully utilized yet.

In 2020, the Hotel faced several unprecedented challenges related to the outbreak of Coronavirus (Covid-19) pandemic. On 30th January 2020, the World Health Organization declared Covid-19 as a Public Health Emergency of International Concern, and a pandemic on 11th March 2020. Governments globally announced several measures to limit contagion. Hotels suffered a total curtailment of their business during March to June 2020 and they were forced to introduce a number of new restrictions and follow strict guidelines from March 2020. Furthermore, mass events were also restricted, and therefore large conferences, weddings and other receptions were not allowed, also having a significant impact on the operations of the Phoenicia. In order to mitigate the impact on the Hotel’s operational and financial sustainability, management implemented a number of measures, including cost-cutting initiatives and enhanced flexibility within the workforce.

As part of the Refurbishment, the Hotel embarked on a project of completion of the Spa building together with the upgrading of a number of other areas of the hotel. The works on the Spa continued during 2020 and on 15th October 2020 the Spa was open for inhouse guests. Thereafter, it was extended to non-guests. The Spa was open throughout all of 2021 however operating under restrictions on the use of facilities. The first six months of 2021 were still significantly impacted by Covid-19 restrictions. However the Spa’s contribution increased from July 2021 onwards. The Spa entails an indoor swimming pool, five treatment rooms, a gym, studio, sauna, steam room, multi jet showers, salt room and a water bar, and is managed by the management of Hotel Phoenicia Malta.

In 2021, with the Covid-19 vaccination programme being rolled out across Malta and abroad, tourism slowly recovered to more familiar

levels. The newly refurbished Phoenicia was prepared to welcome the increase in demand, re-establishing itself as a leader within the luxury hotel space in Malta. This positive momentum continued into 2022 in which business activity surpassed pre-pandemic level. The benefits resulting from the operational efficiencies implemented due to Covid-19, as well as the various recent property renovations and upgrades, are now being realized.

Key historical developments include the following:

1935	PHCL (previously known as “Malta Hotels Company Limited”) was incorporated in the UK for the purpose of acquiring by emphyteutical title the land over which the premises was subsequently constructed.
1947	The Phoenicia Hotel celebrated its official opening in 1947.
1961	PHCL granted the premises on sub-emphyteusis to Ms. Agnes Graham.
1965	PHCL was registered as an overseas company in Malta.
1966	Agnes Graham transferred the sub-emphyteusis over the Premises to Holtours Limited.
1997	The Phoenicia Hotel was renamed “Le Méridien Phoenicia”.
2007	PML (previously Cuffe (Malta) Limited) was incorporated on 8 June 2007, for the purpose of acquiring the sub-emphyteusis over the Premises from Holtours Limited. The hotel was renamed as “The Phoenicia Malta”.
2013	Acquisition of the Phoenicia Group by the Phoenicia Hotel Lux.
2015-2017	The Phoenicia Hotel was closed for refurbishment in 2015 and re-opened for business in 2017
2018	Major refinancing by PFC via issue of the €25million 4.15% Unsecured Bond 2023-2028.
2020	Inauguration of the new Spa building in its unique design, inspired by ancient Roman baths which blends with the Art Deco elements of the Hotel.

## 2.2 Organisational Structure

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

The organisational structure of the Group is illustrated in the diagram below. As stated above, the Issuer’s principal activity is that of acting as the financing arm of the Group and is thus dependent upon the operations and performance of the Phoenicia Group entities, namely PML and PHCL.

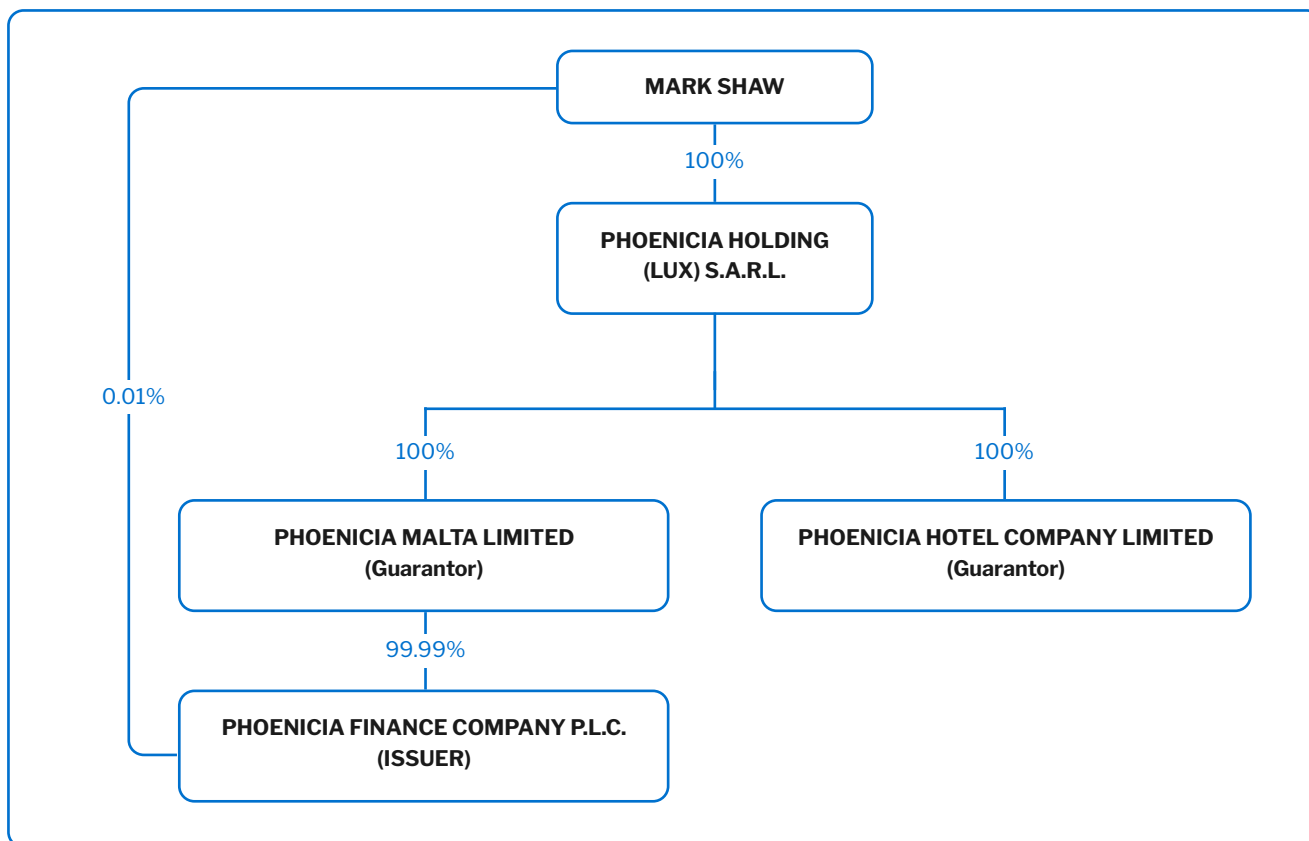


Figure 1: Organisational Structure  
Source: Management information

The Issuer and the two operating companies constituting the Group employed an average of 168 employees in 2022. As of October 2023 this number increased to 188 employees.

## 2.3 Overview of the Guarantors

### 2.3.1 Phoenicia Malta Limited

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

The main operating activity of PML is to lease the Phoenicia premises to PHCL by virtue of a lease agreement, which is renewable every year. Rental agreement is currently at €2.5 million per annum, assuming a complete development of the hotel. Rent is paid on a monthly basis in advance and the agreement is renewable every three years.

Following the outbreak of the Covid-19 pandemic, PML gave a rent concession to PHCL of €175k in 2020 followed by further rent concessions of €175k and €75k in 2021 and 2022 respectively.

### 2.3.2 Phoenicia Hotel Company Limited

PHCL was incorporated in the United Kingdom in 1935 and registered in Malta in 1965. PHCL is responsible for the operations of the Phoenicia Hotel. Through PHCL the Group provides hospitality services which can be further divided into three major segments; hotel accommodation (“Rooms”), restaurants and bars, conferencing and banqueting (“Catering”) and other minor divisions (“Other”) mainly comprising of the Spa. These operations have been performing strongly in recent periods, following the recovery from the naturally challenging Covid-19 pandemic phase.

#### Rooms

The Rooms segment is the most important source of income for the Group, accounting for 68% of the Group’s revenue in 2023, up from 65% in 2022. The trend reversed upwards in 2021 following the total curtailment of business between March and June 2020 and continued on this positive trajectory in 2022 and 2023. The Hotel has a capacity of 132 rooms, 12 of which are luxury suites. Room revenue is generated through various channels, including online bookings made on the Hotel’s official website, global distribution systems, the Leading Hotels of the World network (“LHW”) reservation systems and other online travel agents.

## Catering

The Catering segment covers the Hotel's food and beverage facilities, which can be further subdivided into the operations of the Hotel's restaurants and bars and the Hotel's conference and banqueting services offered at the Phoenicia. The Hotel operates 4 food and beverage outlets (with a further outlet which is currently leased out) and 650 sqm of conference and banqueting facilities used to cater for large events, weddings, conferences and meeting rooms. In 2021, restrictions which were previously in place following the pandemic were gradually lifted and this continued strongly in 2022, allowing both new and postponed events to be held. Catering revenue accounts for 27% of Group revenue in 2023 which is proportionally similar to the 29% levels of 2019.

## Other

Following 7 months of actual data, the newly developed Spa is expected to generate €447k by the end of 2023. Phoenicia also generates income via the provision of concierge services, the sub-leasing of two establishments, as well as guest laundry and airport transfers.

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

During 2023, The Phoenicia has been selected to become a member of the US Virtuoso Network, one of the most prestigious luxury travel networks in the world. Virtuoso is the leading global network of agencies specializing in luxury and experiential travel, with more than 20,000 advisors and partnering with the world's best hotels, cruise lines, tour operators, and more. In addition, during 2023 The Phoenicia earned a Forbes Travel Guide Four-Star award and is showcased with other honorees on ForbesTravelGuide.com.

## 3 MAJOR ASSETS OF THE GROUP

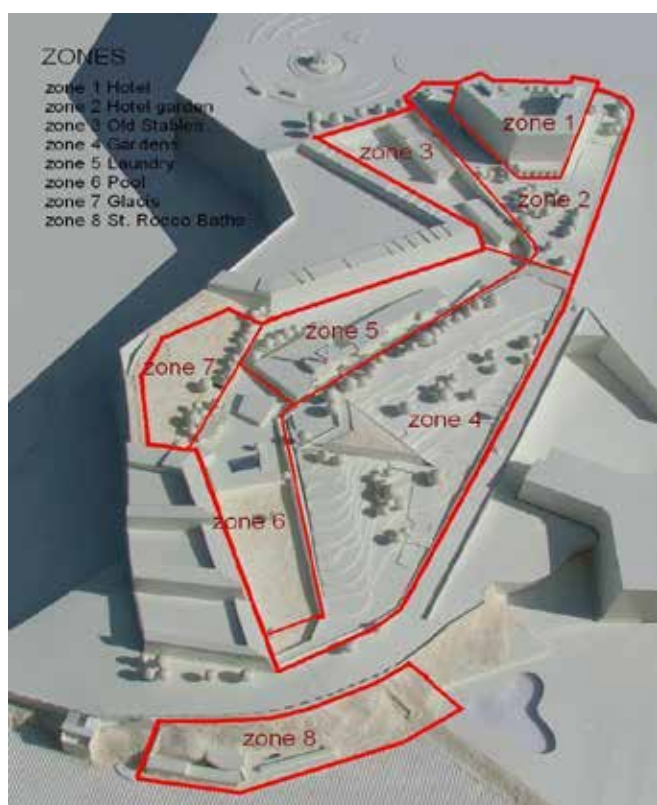


Figure 2: Phoenicia Hotel  
Source: Management information

### 3.1 The Phoenicia Hotel

The Phoenicia is a prestigious five-star hotel situated in Floriana that is owned by PML and operated by PHCL. The Hotel has a capacity of 132 rooms, including 12 luxury suites, 3 restaurants, 2 bars, a Spa and conference amenities.

Figure 2: Phoenicia Hotel  
Source: Management information

The Hotel's property was valued at €99.5 million as at 31 December 2022. In September 2023, the Group engaged independent architects DeMicoli & Associates Architects to carry out an updated and independent valuation of the property. The combined value of the existing property, including a potential proposed development, was estimated to be in the region of €120 million.

This revalued amount was determined by reviewing the previous, current and forecast trading performance while taking into account the following:

1. Land and existing buildings (132 rooms), including the new Spa and Wellness centre
2. Trade fixtures, fittings, furniture and equipment
3. The market's perception of the trading potential together with an assumed ability to obtain or renew existing licenses, consents and certifications
4. The value of the potential development in the form of additional rooms/suites/keys

<b>HOTEL METRICS AND COMBINED FINANCIAL INFORMATION</b>					
<b>KPIs</b>	<b>2020</b> Actual	<b>2021</b> Actual	<b>2022</b> Actual	<b>2023</b> Forecast	<b>2024</b> Forecast
Revenue (€000)	2,941	8,037	14,747	18,114	20,624
Gross Operating Profit (€000)	(1,662)	1,566	4,850	7,304	8,817
EBITDA (€000)	(1,206)	2,508	4,497	5,855	7,382
<b>Benchmark Performance</b>					
Occupancy	20%	33%	49%		
ARR (€)	140	180	198		
RevPAR (€)	27	59	98		
<b>Phoenicia Performance</b>					
Room Revenue (€000)	1,648	5,102	9,601	12,314	14,261
Gross Operating Profit Margin	-57%	19%	33%	40%	43%
Occupancy	20%	48%	67%	75%	81%
ARR	162	215	295	343	364
RevPAR (€)	33	103	199	256	295

Source: Management information, Combined Financial Statements ; STR benchmark consisting of local 5-star peers

As evidenced in the first 7 months of actual data, 2023 is expected to be a record year for the Hotel in terms of top line revenue and profitability. This is largely attributable to the increasing room rates which the Hotel is able to command, in particular following the upgrades made in recent years coupled with its uniqueness in terms of location and footprint, and its ability to tap into upper market niche market sources not only in the UK but also in the US and continental Europe, through its affiliations and partnerships with leading global marketing consortia like LHW, Virtuoso and American Express Travel.

The robust actual results in 2023 and positive outlook, are a continuation of the enhanced performance delivered by the Hotel throughout the recovery period post-pandemic. Elevated and increasing KPIs were achieved in 2021 and 2022, reflecting the first full year of normalized occupancy (after COVID-19), in addition to the continued outperformance also compared to the benchmark and peers in the industry.

Management expects these positive trends to continue in 2024, as occupancy picks up to normalized levels of c. 80% in tandem with an additional 6% increase in ARR to €364 from €343.



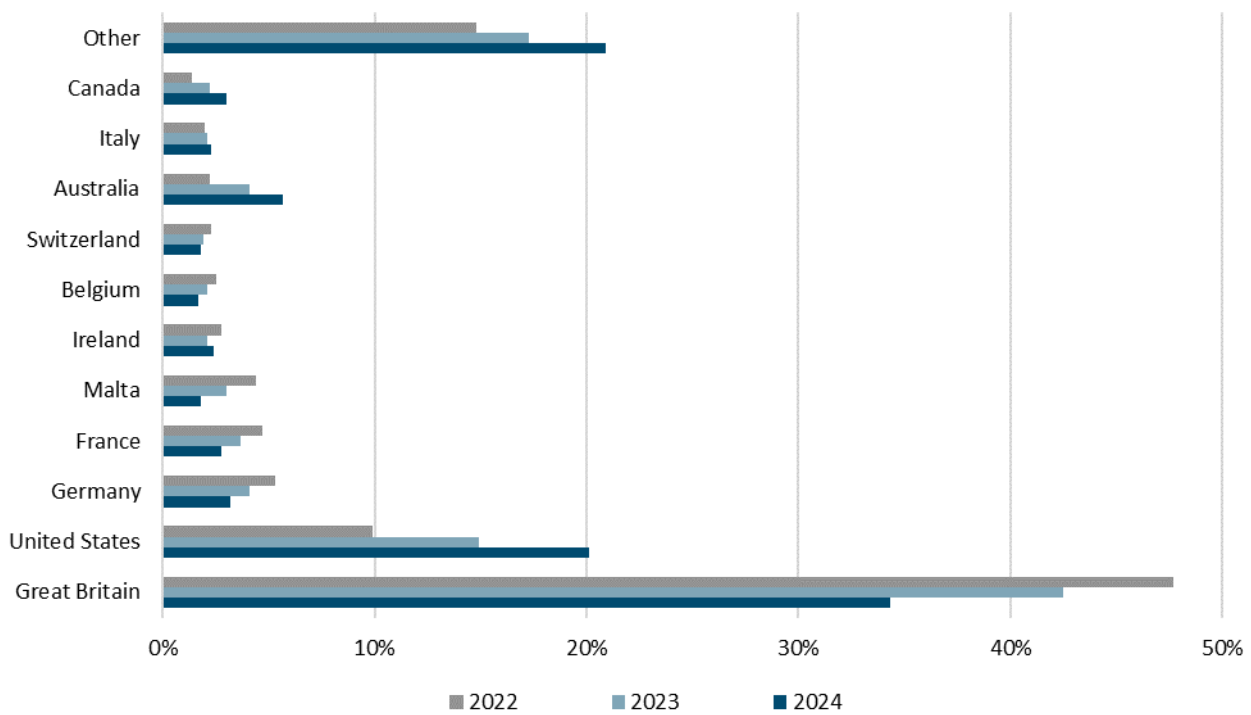


Figure 3: Geographical Mix of Source of Business

Source: Management information (2023 figures are comprised of actual data from January to October)

In terms of guest breakdown, the UK market continues to be dominant despite a drop off from 48% in 2022 to an expected 34% in 2024. Management notes that following the pandemic, the client base benefited from increased diversification with steady growth in guests from continental Europe, from Australia and most notably from a surge in business from the US.

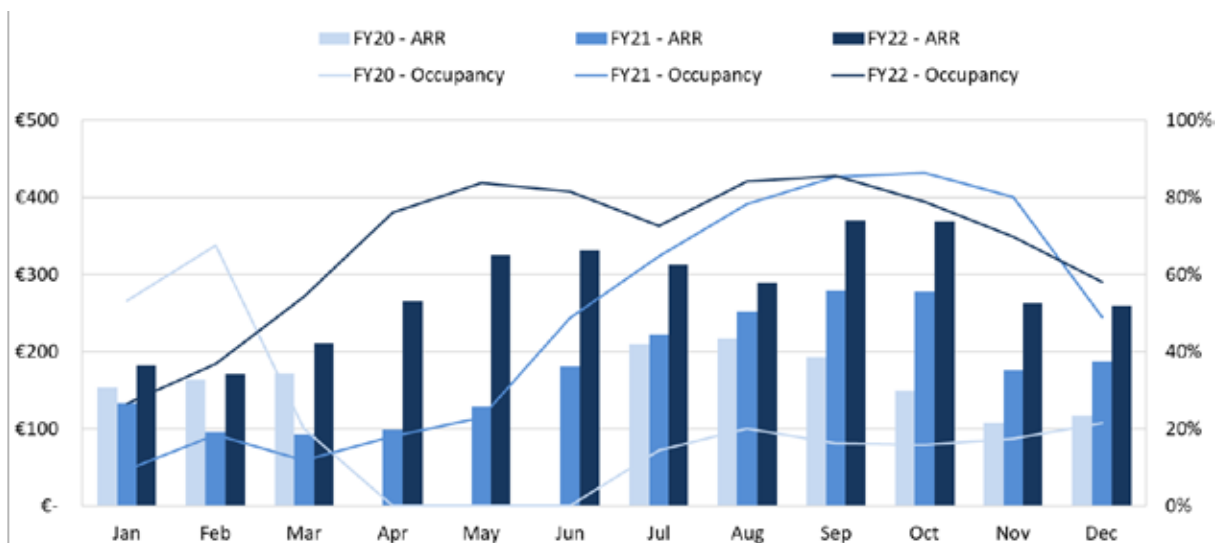


Figure 4: Phoenicia Hotel – Monthly ARR and Occupancy

Source: Management information

The main driver in the stronger-than-expected top line performance in 2022 came as a result of a significant increase in room rates, demonstrating the Hotel's ability to attract guests even at relatively higher rates. As substantiated previously, the Phoenicia's premium pricing model following the various upgrades and renovations to the premises has evidently not had a significant impact on occupancy rates. The €295 ARR of 2022 outperformed the initially forecasted €259, and is expected to continue to rise to €343 in 2023 and €364 in 2024. Lastly, the outperformance in revenue from Rooms had a knock-on effect on (and in turn also benefited from) the Group's other sources of income as in-house guests made greater use of the Hotel's catering outlets and Spa facilities.

### 3.2 St. John's Gardens Development Project

The St. John's Gardens development project ("SJG Project") is a potential project that is being planned by the Group. The SJG Project is a comprehensive endeavor aimed at revitalizing the St John's Ditch and related areas within the Phoenicia hotel's premises. Whilst still subject to planning approval, the Group intends to submit a full development application in respect of this potential investment.

Management indicates that the primary objective would be to expand the Hotel's current offerings on the basis of a holistic masterplan that embellishes the historical significance of the site.

The Group intends to submit a full development application in respect of the St. John's Gardens Project to the Planning Authority. This application will be intended to substitute planning permit PA/02925/15 which is a renewal of PA /05753/09 for an extension of bedrooms, accompanied by the upgrading of the existing hotel, the restoration and rehabilitation of the nearby stables to accommodate bedrooms, as well as the upgrading of St. John's Ditch and the nearby hotel grounds.

Such expansion will include two new accommodation buildings, one replacing the Old Stables building and the other the old laundry buildings, resulting in a total of 52 guest rooms, which include 11 suites. The Coach House building will be restored and repurposed to serve as a central Reception area between the two guest room blocks, complete with ancillary breakfast, bar and dining facilities, as well as meeting space. A landscaped garden alongside St John's ditch will connect these guest areas and offer a scenic pathway leading to the Bastion Pool. In addition, a new pool facility will be added beside a historical spur, and it will be serviced by the existing Bastion Pool building without the need for a separate structure. To accommodate operational needs, an extension to the existing pool back of house building is proposed. Management highlights that furthermore the SJG Project emphasizes the restoration of several heritage sites on the property, and will prioritise sustainability.



Figure 5: St. John's Gardens Development Project  
Source: Management information

The Group is currently forecasting that the SJG Project will reach completion around December 2025, and its operational launch in January 2026. Management notes that on the basis of current estimates, the SJG Project is estimated to cost in the region of circa €38 million, and could potentially result in an expected incremental average annual EBITDA of €7.5 million.

## 4 INDUSTRY OVERVIEW

### 4.1 Economic update<sup>1</sup>

In 2022, Malta's economy experienced an increase in private consumption and investment, resulting in real GDP growth of 6.9%. This growth was primarily driven by the services sector and a notable recovery in the Maltese tourism industry. For 2023 however, the forecast suggests a slower real GDP growth rate of 3.9%, mainly due to high inflation and reduced positive effects from tourism. Such growth is expected to rebound slightly in 2024 to 4.1%.

Employment in Malta increased by 6.0% in 2022 across various sectors, including tourism and administrative services. The European Commission's Country Report for Malta indicates that employment is projected to continue growing in 2023 and 2024, in line with population growth and the attraction of foreign workers. However, labor and skills shortages are anticipated to remain significant

1 European Commission – 2023 Country Report (Malta) – Institutional Paper 242 June '23

constraints on the economy. Malta's unemployment rate was 2.9% in 2022, among the lowest in Europe, and is expected to remain at this level in 2023 and 2024.

According to Statista<sup>2</sup>, the collective impact of the travel and tourism sectors on Malta's gross domestic product (GDP) in 2022 experienced a decline of approximately 8.7% in comparison to 2019. The combined direct and indirect contributions of these industries to the nation's GDP amounted to €2.1 billion in 2022.

## 4.2 Inbound tourism

In 2023, the tourism industry has continued its recovery from the pandemic and is on course to surpass the pre-pandemic total inbound tourist arrivals of 2019. Official data<sup>3</sup> released by the National Statistics Office (NSO) illustrates that Malta welcomed 2,816,641 tourists between January and November 2023 which is 8.0% higher than the 2,608,533 arrivals during the same 11-month period in 2019. This strong performance experienced in 2023 is evidence of the strong economic recovery witnessed in the latter part of 2022 following the loosening of the pandemic-related and Government-imposed travel restrictions in Q2 2022.

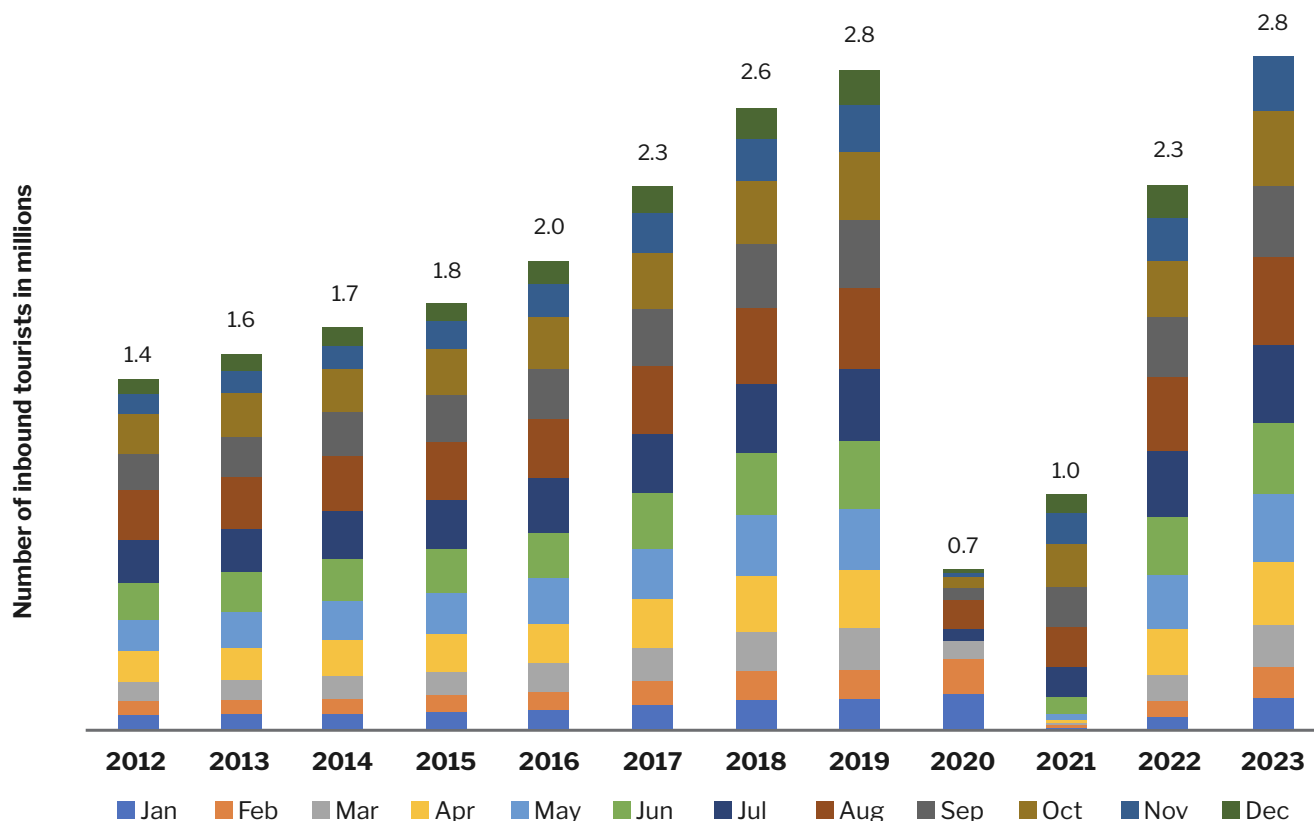


Figure 1: Total inbound tourism in Malta & Gozo monthly between Jan 2012 and Nov 2023  
Source: National Statistics Office

Expenditure per capita between January and November 2023 is 3% higher than what was recorded during the same period in 2019 with an average of €870 spent per tourist today versus €845 in 2019. However, the inflationary pressures brought about in 2022 are also contributing to this increase.

On a broader scale, the European Travel Commission<sup>4</sup> highlighted that despite the expectation that Europe is to avoid a technical recession, the persistent higher inflation rates are likely to affect household incomes and discretionary spending, which may potentially slow the travel industry's recovery. Moreover, two further challenges faced by European travel remain the limitations imposed on Russian tourists due to the Ukraine conflict, redirecting them mainly to Serbia and Turkey, as well as the supply of flights persistently below the demand, thereby raising prices and slowing further the recovery of travel. With respect to long-haul travel into Europe, the US is set to regain market share in 2023 while the reopening of China in January should provide an additional boost to inbound travel from Asia.

## 4.3 Malta's five-star hotel market

The NSO data for inbound tourism referenced earlier further indicates that, in 2023, the five-star hotel industry has seen a similar trend to the wider tourism industry in which 8% more guests have stayed in a five-star hotel in Malta between January and September 2023

2 Statista Research – Travel, Tourism & Hospitality in Malta (Aug '23)  
3 National Statistics Office – Inbound Tourism  
4 European Travel Commission – European Tourism: Trends & Prospects (Q1 2023)

with respect to the same period in 2019. This may suggest that the high-end hospitality sector is in line to experience similar growth to the wider local tourism industry.

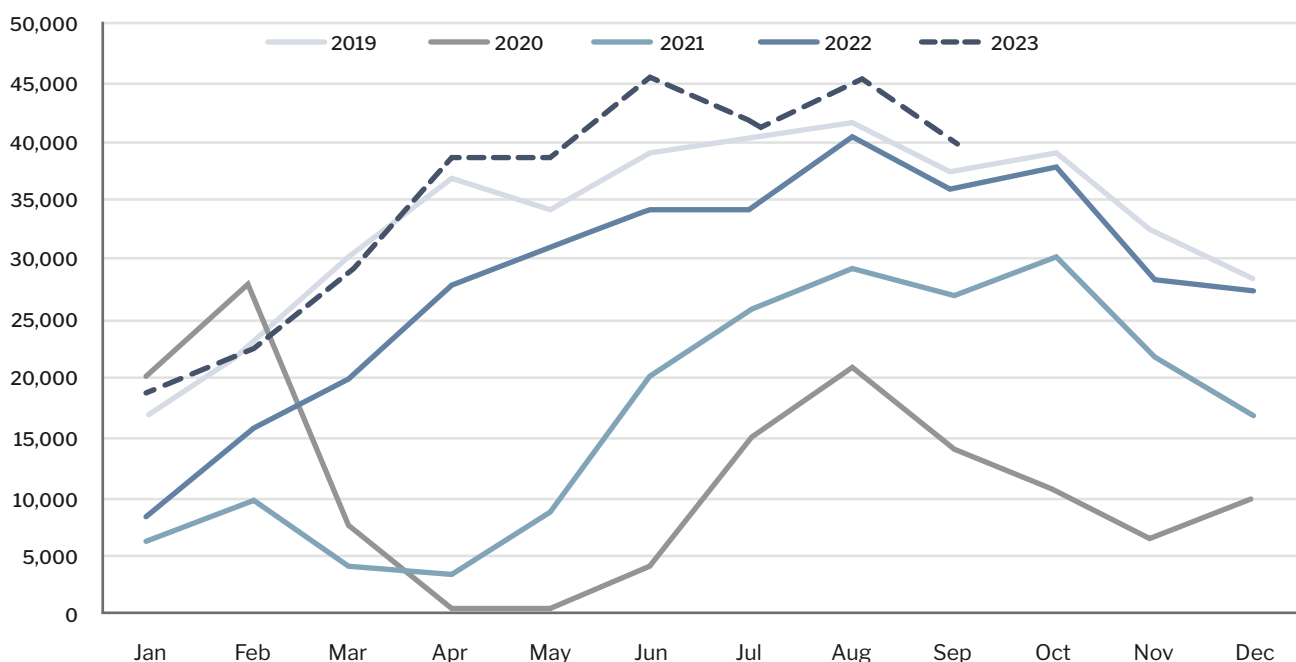


Figure 2: Total guests at 5-star hotels in Malta & Gozo monthly between Jan 2019 and Sep 2023  
Source: National Statistics Office

Occupancy rates in five-star hotels in 2023 (62% between January and September) continue to lag pre-pandemic levels (69% January - September 2019) despite an increase in the number of guests, suggesting that the expansion in supply of five-star accommodation is having an effect. In fact, the number of five-star establishments and bedrooms at the end of 2022 stood at 17 and 3,732 respectively, which is considerably higher than the 14 five-star hotels and 3,196 five-star bedrooms around Malta and Gozo in 2019.

According to the annual survey<sup>5</sup> issued by Deloitte and the Malta Hotels & Restaurants Association (MHRA), the average daily rates (ADR) for five-star hotels in Malta during Q2 2023 increased by 18% over Q2 2019, reaching €208 per room.

#### 4.4 Food and beverage industry

From research carried on the food and beverage service activities in Malta<sup>6</sup>, it is forecasted that significant growth will be achieved in the industry whereby revenue is expected to grow by 50% between 2023 and 2027.

Findings from the Ernst & Young Attractiveness Survey<sup>7</sup> show that 54% of participants expressed their demand for staff with specialized skills. Malta's labour market, however, is faced with constraints due to its geographical limitations and size. Despite the increased employment of foreign workers, the situation remains only partially alleviated.

## 5 PERFORMANCE AND FINANCIAL POSITION OF THE ISSUER

The Issuer was incorporated in 2018 to act as a financing vehicle of the Group and is therefore dependent on the financial and operational performance of the Group. The financial information presented for the Issuer represents the audited financial statements of 2020, 2021 and 2022 with the financial year running from 1st January to 31st December. The forecasted financial statements for the year 31st December 2023 include actual data until July and monthly forecasted data from thereon, while the financial forecasts representing 31st December 2024 are entirely projected and based on certain assumptions. Events and circumstances may differ from expectations; therefore, actual results may vary considerably from projections.

5 MHRA Hotel Survey by Deloitte Malta

6 Statista Research - Food & Beverage Service Activities in Malta (Aug '23)

7 EY Attractiveness Survey 2022

## 5.1 Statement of Comprehensive Income

PHOENICIA FINANCE COMPANY PLC					
Statement of comprehensive income (€000)	2020 Actual	2021 Actual	2022 Actual	2023 Forecast	2024 Forecast
<b>Finance income</b>	<b>1,275</b>	<b>1,287</b>	<b>1,287</b>	<b>1,287</b>	<b>3,063</b>
Finance costs	(1,153)	(1,158)	(1,164)	(1,174)	(3,052)
<b>Net interest</b>	<b>123</b>	<b>129</b>	<b>123</b>	<b>113</b>	<b>11</b>
Administrative expenses	(68)	(82)	(95)	(88)	(92)
<b>Profit before tax</b>	<b>55</b>	<b>47</b>	<b>28</b>	<b>25</b>	<b>(82)</b>
Income tax expense	(19)	(16)	(10)	(9)	29
<b>Profit for the period</b>	<b>36</b>	<b>30</b>	<b>18</b>	<b>16</b>	<b>(53)</b>

Source: Phoenicia Finance Company plc annual reports; Management information

PFC was set up as a special purpose vehicle, acting as the finance company for the Group and thus, income is to be generated from interest receivable on advances to Group companies. In 2022, PFC reported finance income of €1.3 million, related to interest received on a loan to the parent company, equal to the interest received in 2021 and is expected to remain flat in 2023. In 2024, an increase to €3.1 million of finance income is anticipated due to the increase in the loan balance, in turn funded via the issue of a new bond amounting to €50 million. Finance costs amounted to €1.2 million during 2022, relating to interest payable on the Bond of €1.0 million and amortisation of bond issue costs of €126k, remaining basically unchanged during 2023. In 2024 finance costs are expected to increase to €3.1 million due to the increased indebtedness as a result of the new bond issue.

## 5.2 Statement of Cash Flows

PHOENICIA FINANCE COMPANY PLC					
Statement of cash flows (€000)	2020 Actual	2021 Actual	2022 Actual	2023 Forecast	2024 Forecast
Net cash used in/ generated from operating activities	(46)	(19)	178	(99)	386
Net cash used in investing activities	(325)	-	-	-	(24,486)
Administrative expenses	-	-	-	-	24,000
<b>Net movement in cash and cash equivalents</b>	<b>(371)</b>	<b>(19)</b>	<b>178</b>	<b>(99)</b>	<b>(100)</b>
Cash and cash equivalents at beginning of year	461	90	71	249	150
<b>Cash and cash equivalents at end of year</b>	<b>90</b>	<b>71</b>	<b>249</b>	<b>150</b>	<b>50</b>

Source: Phoenicia Finance Company plc annual reports; Management information

During 2022, cash generated from operations of the finance company of €178k related to interest received on advances to parent company. For the year ending 31st December 2023, management is anticipating net cash outflows of €99k, with outflows expected to rise marginally in 2024. This projected amount mainly reflects the movements of cash proceeds of €24 million from the issue of the new bond, and the outflow of €24.5 million relating to the advance made to PML.

### 5.3 Statement of Financial Position

PHOENICIA FINANCE COMPANY PLC					
Statement of financial position (€000)	2020 Actual	2021 Actual	2022 Actual	2023 Forecast	2024 Forecast
<b>ASSETS</b>					
<b>Non-current assets:</b>					
Financial assets	24,501	24,501	24,501	24,501	48,987
Deferred tax asset	5	5	5	5	33
<b>Total non-current assets</b>	<b>24,505</b>	<b>24,505</b>	<b>24,505</b>	<b>24,505</b>	<b>49,020</b>
<b>Current assets:</b>					
Financial assets	56	56	56	56	134
Other receivables	408	601	587	726	437
Cash and cash equivalents	90	71	249	150	50
<b>Total current assets</b>	<b>554</b>	<b>728</b>	<b>892</b>	<b>932</b>	<b>621</b>
<b>Total assets</b>	<b>25,059</b>	<b>25,233</b>	<b>25,398</b>	<b>25,437</b>	<b>49,641</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and Reserves:</b>					
Issued Capital	250	250	250	250	250
Retained Earnings	(3)	27	45	62	9
<b>Total Equity</b>	<b>247</b>	<b>277</b>	<b>295</b>	<b>312</b>	<b>259</b>
<b>Non-current liabilities:</b>					
Interest-bearing borrowings	24,627	24,747	24,874	25,000	49,184
<b>Total non-current liabilities</b>	<b>24,627</b>	<b>24,747</b>	<b>24,874</b>	<b>25,000</b>	<b>49,184</b>
<b>Current liabilities:</b>					
Interest-bearing borrowings	45	45	45	45	126
Trade and other payables	121	147	183	71	72
Current tax payable	19	16	-	9	-
<b>Total current liabilities</b>	<b>186</b>	<b>209</b>	<b>229</b>	<b>125</b>	<b>198</b>
<b>Total liabilities</b>	<b>24,812</b>	<b>24,956</b>	<b>25,102</b>	<b>25,125</b>	<b>49,382</b>
<b>Total equity and liabilities</b>	<b>25,059</b>	<b>25,233</b>	<b>25,398</b>	<b>25,437</b>	<b>49,641</b>

Source: Phoenicia Finance Company plc annual reports; Management information

Table totals may be subject to rounding

The Issuer's balance sheet reflects its role as the financing arm of the Group with total assets of €25.4 million at the end of 2022, mainly consisting of the loan to parent company and other receivables (€0.6 million). These other receivables relate to amounts due from the parent company for expenses paid by PFC as part of general cashflow management purposes. Whilst remaining basically unchanged as at the end of 2023, the balance sheet of PFC is expected to increase to circa €50 million during 2024 during 2024, as the related party balance will increase in line with the issue of a new bond.

In the first quarter of 2024 PFC is expected to issue a bond amounting to €50 million due in 2033 and callable after 5 years at a coupon of 5.75% ("the 5.75% 2028-33"). The transaction will offer holders of the €25 million due 2023-2028 [ISIN: MT0002081207] ("the 4.15% 2023-28") issued in 2018 the opportunity to invest in the 5.75% 2028-33 by exchanging at par their existing holding in the 4.15% 2023-28 for an investment in the new bond, via an exchangeable bond transfer. Therefore, the funding side shows an increase in to circa €50 million.

## 6 PERFORMANCE AND FINANCIAL POSITION OF THE GROUP

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

The Group does not have a statutory requirement to prepare consolidated financial statements. However, management prepares combined financial statements based on an aggregation of the audited financial statements of PML, PHCL and PFC<sup>8</sup>, and after taking into consideration intercompany and consolidation adjustments ("the Combined Financial Statements"). The Combined Financial Statements for FY2020, FY2021 and FY2022 have been audited by Ernst & Young Malta Limited, independent auditors, as stated in their report. Combined Financial Statements are also provided on the basis of management forecasts, taking into account applicable consolidation adjustments.

The following financial information is extracted from the Combined Financial Statements of the Group for the three years ended 31st December 2020 to 31st December 2022. The forecasted financial information for the year ending 31st December 2023 ("FY2023") and 31st December 2024 ("FY2024") has been provided by the management of the Group. Events and circumstances may differ from expectations; therefore, actual results may vary considerably from projections.

### 6.1 Statement of Comprehensive Income

COMBINED FINANCIAL STATEMENTS					
Statement of comprehensive income (€000) - 31 Dec	2020 Actual	2021 Actual	2022 Actual	2023 Forecast	2024 Forecast
<b>Revenue</b>	<b>2,941</b>	<b>8,037</b>	<b>14,747</b>	<b>18,114</b>	<b>20,624</b>
Cost of sales	(4,266)	(5,770)	(8,387)	(9,056)	(9,891)
<b>Gross profit</b>	<b>(1,325)</b>	<b>2,267</b>	<b>6,360</b>	<b>9,058</b>	<b>10,732</b>
Administrative expenses	(2,499)	(2,769)	(4,119)	(4,722)	(4,786)
Selling and marketing expenses	(455)	(457)	(657)	(792)	(833)
Other income	903	1,120	507	-	-
<b>Operating profit</b>	<b>(3,376)</b>	<b>161</b>	<b>2,091</b>	<b>3,544</b>	<b>5,113</b>
Net finance costs	(1,766)	(1,786)	(1,927)	(2,402)	(2,983)
<b>Profit before tax</b>	<b>(5,142)</b>	<b>(1,625)</b>	<b>164</b>	<b>1,142</b>	<b>2,130</b>
Income tax credit/ (tax expense)	2,216	1,059	106	349	(407)
<b>Profit for the year</b>	<b>(2,926)</b>	<b>(566)</b>	<b>269</b>	<b>1,491</b>	<b>1,723</b>
Revaluation of PPE	3,028	-	10,509	-	-
<b>Total comprehensive income for the year</b>	<b>102</b>	<b>(566)</b>	<b>10,778</b>	<b>1,491</b>	<b>1,723</b>
EBITDA	(1,206)	2,508	4,497	5,855	7,382
Ajusted EBITDA*	(2,109)	1,388	3,989	5,855	7,382

Source: Combined Financial Statements, Management information

\*Adjusted EBITDA is calculated by excluding government grant (non-recurring revenue) for reported EBITDA

In line with the rebound of 2021 (as social restrictive measures began to be released), the Hotel's performance continued to thrive in 2022 and 2023. The Group continues to perform well across all business segments with the Hotel earning above average rates, benefitting strongly from the recently developed Spa and upgraded catering facilities.

Given the natural spillover effect that room occupancy has on the performance of the Hotel's other services, the performance of the bars and restaurant, as well as the Spa facilities all picked up in particular from Q2 2022 onwards and closed off last year performing above pre-pandemic levels. In 2023, a further enhanced performance is being achieved across all revenue streams.

<sup>8</sup> The audited financial statements of the Guarantors have been prepared in accordance with IFRS as adopted by the European Union and comply with the Companies Act, Cap. 386 of the Laws of Malta

Rooms are forecasted to achieve the most significant increase, with revenues rising by 28% to €12.3 million from the €9.6 million earned in 2022.

The Hotel's restaurant and bars are expected to see a moderate increase of 6% in 2023 driven by the stronger Q1 already achieved in 2023. Lastly, the performance of the Spa has continued to be particularly strong also in 2023, resulting in a 25% overall annual increase to €0.5 million from last year's €0.4 million.

For 2024, management expects similar trends to unfold overall, albeit at a more modest growth of 16% for room revenue. The catering department (including conferencing and banqueting activities in addition to restaurant and bars) is forecasted to achieve an 11% growth in 2024 continuing from the 9% in 2023.

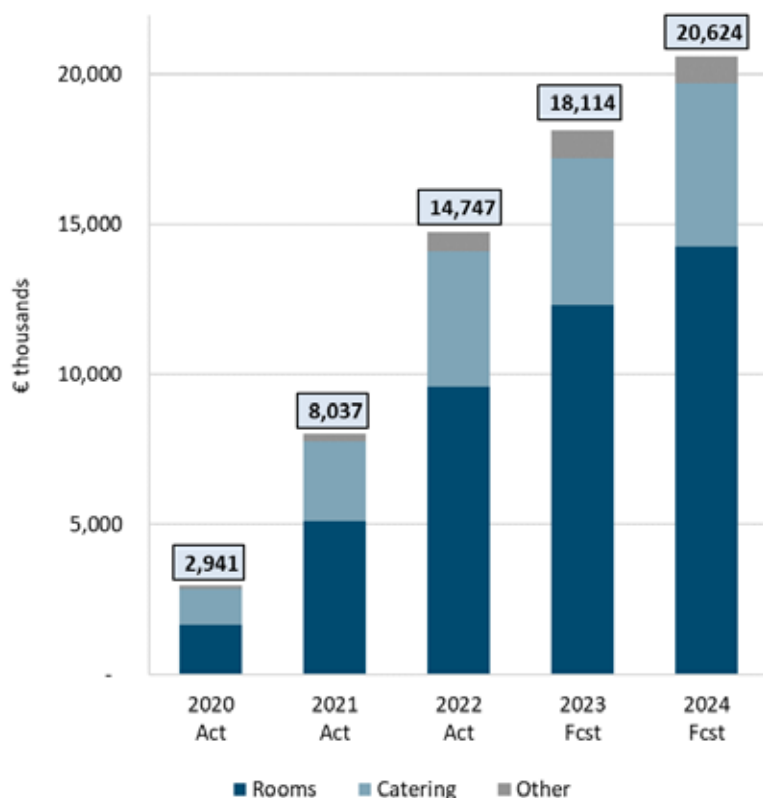


Figure 8: Revenue Breakdown

Source: Management information, Combined financial statements

With the increased business activity cost of sales has also been on a rising trend to support the necessary business demands, given that the nature of such costs is largely variable. Other operating costs including administrative expenses and selling and marketing expenses also rose, experiencing increases of 49% and 44% respectively during 2022.

During 2023 it was fixed charges, including management fees, insurance, costs, and other expenses, that showed the greatest increases. The Group paid a management fee of €0.5 million to Hazledene Group Limited, an entity in which the shareholders have an interest. Management notes that the Group entered into transactions with this party for an expense of an administrative nature, relating to the management of the hotel operations, and going forward these activities will be based on a management fee equivalent to 3% of net hotel revenues.

The Group is expected to generate just below €6 million in EBITDA during the current year, up circa €1.9 million on the year, and notably +20% over 2019, which itself was a record year. On the other hand, in 2023 the Group is forecasting to incur a relatively sizeable increase in finance costs following an increase in borrowings during 2022 of €20 million. Additionally, a debt refinancing transaction undertaken at the beginning of 2024 is expected to result in a proportionate increase in bond debt (vs bank borrowings), and in a higher coupon on this new bond debt.

With respect to total comprehensive income in 2022 the Group benefited from a fair value gain (net of tax) of €10.5 million in 2022 attributable to the upward revaluation in the Hotel's property and surrounding sites. Management notes that the fair value was estimated on the basis of a multi-period projection and Discounted Cash Flow model, in order to update the estimated valuation in the context of the improved results following the Covid-19 pandemic period.



## 6.2 Statement of Cash Flows

COMBINED FINANCIAL STATEMENTS					
Statement of cash flows (€000) - 31 Dec	2020 Actual	2021 Actual	2022 Actual	2023 Forecast	2024 Forecast
Net cash used in/ generated from operating activities	(340)	2,555	5,218	5,426	7,207
Net cash used in investing activities	(2,194)	(828)	(21,755)	(1,321)	(4,109)
Net cash generated from/used in financing activities	1,430	218	15,658	(4,738)	(1,867)
<b>Net movement in cash and cash equivalents</b>	<b>(1,105)</b>	<b>1,945</b>	<b>(879)</b>	<b>(633)</b>	<b>1,231</b>
Cash and cash equivalents at beginning of year	1,198	93	2,039	1,160	527
<b>Cash and cash equivalents at end of year</b>	<b>93</b>	<b>2,039</b>	<b>1,160</b>	<b>527</b>	<b>1,759</b>

Source: Combined Financial Statements, Management information

The Group's net cash flows from operating activities have been on a steady increase during 2022 and 2023, in line with the evident improvement in core operations. Management anticipates a further growth to €7.2 million in 2024.

The Group's capital expenditure in Property, Plant and Equipment over recent years mainly came as a result of investment in the Spa and some additional room improvements related to the new Pegasus suites. Such outlays also include an amount of €1.8 million disbursed in 2022. Separately, outflows from investing activities also reflect the provision of a €20 million loan to the Phoenicia Holding Lux S.a.r.l., the ultimate parent company of the Group ("the Parent Co Loan").

Financing cash flows over the past two years primarily relate to the net impact of debt refinancing transactions. The bank loan facilities held as at 31st December 2021 (€26.8 million) were repaid in full in November 2022 via other bank loan facilities obtained by Phoenicia Malta Limited, which amounted to over €44 million. More specifically, the new borrowings consist of proceeds from two bank loans, a 3-year term loan with a bullet repayment of just below €25 million ("the Bridging Loan") and a 20-year amortising facility of €20 million ("the Term Loan"). The net impact of these transactions amounted to an inflow of over €15 million.

### 6.3 Statement of Financial Position

COMBINED FINANCIAL STATEMENTS					
Statement of financial position (€000) - 31 Dec	2020 Actual	2021 Actual	2022 Actual	2023 Forecast	2024 Forecast
<b>ASSETS</b>					
<b>Non-current assets:</b>					
Property, plant and equipment	90,196	88,677	99,522	98,542	100,382
Deferred tax asset	5,198	6,116	6,330	6,693	6,295
Loan receivable	-	-	20,000	20,000	20,000
Other receivables	50	50	50	50	50
<b>Total non-current assets</b>	<b>95,444</b>	<b>94,843</b>	<b>125,902</b>	<b>125,285</b>	<b>126,727</b>
<b>Current assets:</b>					
Inventories	150	186	238	314	352
Trade and other receivables	524	809	753	517	905
Income tax receivable	-	-	9	-	-
ST Loan receivable	-	-	119	1,245	2,472
Cash and cash equivalents	93	2,039	1,160	527	1,759
<b>Total current assets</b>	<b>768</b>	<b>3,033</b>	<b>2,280</b>	<b>2,603</b>	<b>5,488</b>
<b>Total assets</b>	<b>96,212</b>	<b>97,876</b>	<b>128,182</b>	<b>127,887</b>	<b>132,214</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and Reserves:</b>					
Share capital	13	13	13	419	419
Deferred shares	839	839	839	-	-
Foreign exchange reserve	-	-	-	433	433
Revaluation reserve	39,227	39,164	43,468	43,468	43,468
Retained earnings	(3,508)	(4,012)	2,463	3,954	5,677
<b>Total Equity</b>	<b>39,571</b>	<b>36,005</b>	<b>46,783</b>	<b>48,274</b>	<b>49,997</b>
<b>Non-current liabilities:</b>					
Interest-bearing loans and borrowings	46,587	48,616	68,214	66,291	67,367
Deferred tax liability	5,506	5,348	6,429	6,440	6,440
<b>Total non-current liabilities</b>	<b>52,093</b>	<b>53,964</b>	<b>74,643</b>	<b>72,731</b>	<b>73,808</b>
<b>Current liabilities:</b>					
Trade and other payables	4,565	4,952	5,706	5,110	5,375
Interest-bearing loans an borrowings	2,964	2,939	1,045	1,759	3,026
Current tax payable	19	16	4	14	9
<b>Total current liabilities</b>	<b>7,548</b>	<b>7,908</b>	<b>6,756</b>	<b>6,882</b>	<b>8,410</b>
<b>Total liabilities</b>	<b>59,641</b>	<b>61,872</b>	<b>81,399</b>	<b>79,613</b>	<b>82,218</b>
<b>Total equity and liabilities</b>	<b>96,212</b>	<b>97,876</b>	<b>128,182</b>	<b>127,887</b>	<b>132,215</b>

Source: Combined Financial Statements, Management information

Total assets increased to €128.2 million as at 31st December 2022, rising by 31% from the previous year, mainly driven by the upward revaluation of the Hotel's property in April 2022 for an increase of €8.8 million, and the provision of the Parent Co Loan. This asset is a 20-year term loan to the parent company of €20 million, unsecured and bearing an interest of 2.4% plus 3 months EURIBOR per annum. Management notes that in turn this loan funded the buy-out by the shareholder of share options in the Group held by a third party, reflecting the shareholder's long term ownership plans. No major movements relating to fixed assets are expected as at the end of 2023. Trade and other receivables are forecasted to decrease to €0.5 million in 2023 from the significantly higher levels of €0.8 million in 2021 and 2022.

Total liabilities increased from €61.9 million in 2021 to €81.4 million in 2022, driven by the rise in the Group's borrowings to €69.3 million (2021: €51.6 million). The new banking facilities included both short-term and long-term loans and borrowings, namely the Bridging Loan and the Term Loan which accounted for the refinancing transaction implemented last year, as described previously. Overall debt levels are expected to remain almost unchanged as at 31st December 2023 compared to the previous year. Trade and other payables increased marginally from €5.0 million to €5.7 million driven mainly by an increase in trade payables and accruals.

Total equity increased to €46.8 million, driven by the turnaround in profitability as reflected in the sizeable turnaround in retained earnings and in the increase in the revaluation reserve to €43.5 million (2021: €39.2 million). For 2023, total equity is expected to increase to €48.3 million as profitability is forecasted to increase again, and with expected movements also including a redesignation from deferred shares to ordinary shares which took effect in 2023.

#### 6.4 Borrowings

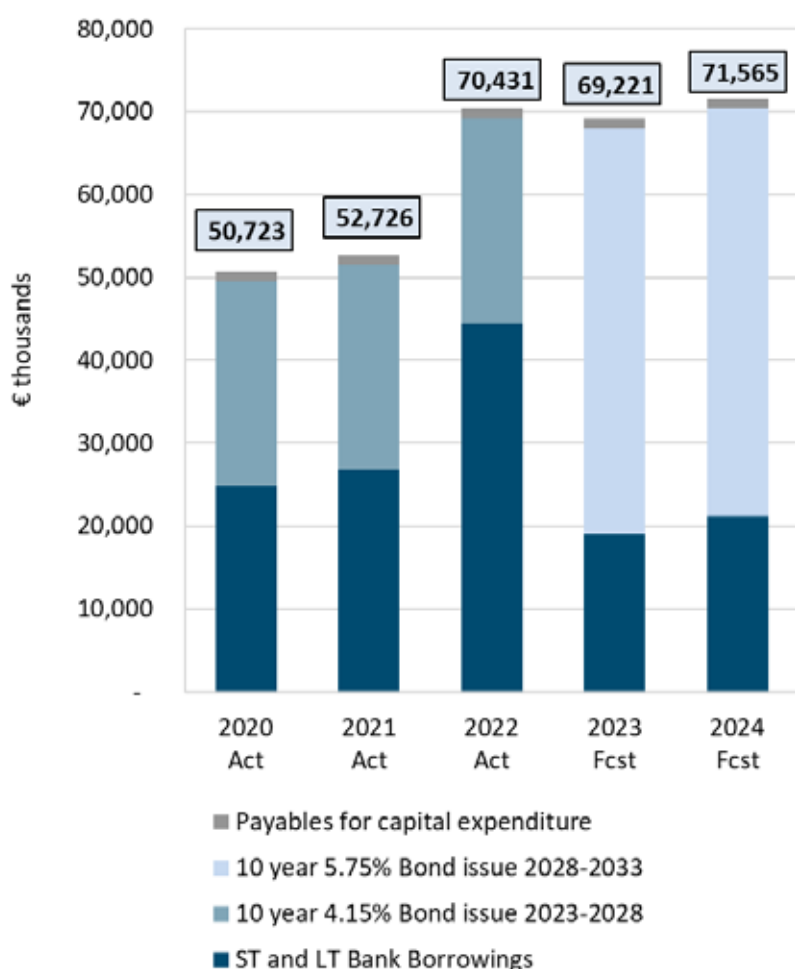


Figure 9: Debt Schedule  
Source: Management information, Combined financial statements

The Group has been mainly financed through debt over the years. Total borrowings as at 31st December 2022 amounted to €70.4 million, comprising of a combination of bond debt and bank debt and, with this estimate also taking into account capital creditors. Whilst the overall debt balance is expected to remain almost unchanged between 2023 and 2024, the composition of borrowings will undergo a restructuring.

In an extension of the refinancing effort, the Group is expecting to repay the Bridging Loan by during this year, resulting in a decline of total bank borrowings to circa €19 million. On the other, bond debt is expected to increase on the back of funding from the issue of a new bond.

As indicated in previous sections, during the first quarter of 2024 the Group will be issuing a new bond, the 5.75% 2028-33. The transaction will offer bond holders of the the 4.15% 2023-28 the opportunity to invest in the 5.75% 2028-33 by exchanging at par their existing holding in the 4.15% 2023-28. This is expected to result in an increase in the bond element of outstanding borrowings relative to bank debt, with cash proceeds from the capital markets transaction funding the repayment of the Bridging Loan. Therefore this refinancing will extend the maturity of the debt profile. Management projections currently assume full participation of holders of the 4.15% 2023-28 in the exchange. It is noted that in the event that less than the full amount of outstanding €25 million in the 4.15% 2023-28 are exchanged any balance of cash proceeds that may result following the repayment of the Bridging Loan will be held in a segregated bank account until the eventual redemption of the 4.15% 2023-28.

### 6.5 Evaluation of Performance and Financial Position

On the basis of the data available, management believes that the sustained recovery in ARR, RevPAR and occupancy levels will continue following 2023 and into 2024. Revenues and profitability. Upward trends in occupancy levels, RevPAR and ARR generally tracked the loosening of Covid-19 restrictions across 2021 and 2022. Revenues and profitability improved across all levels, also supported by implemented measures in terms of increased efficiencies and cost cutting.

Notwithstanding the termination of government subsidies in May 2022, a further robust increase in EBITDA generation was recorded, totalling to €4.5 million in 2022 with €5.9 million projected in 2023 and €7.4 million in 2024. Operating margins also reflect the robust outlook, with Gross Operating Profit and EBITDA margins expected to reach 44% and 36% respectively in 2024.

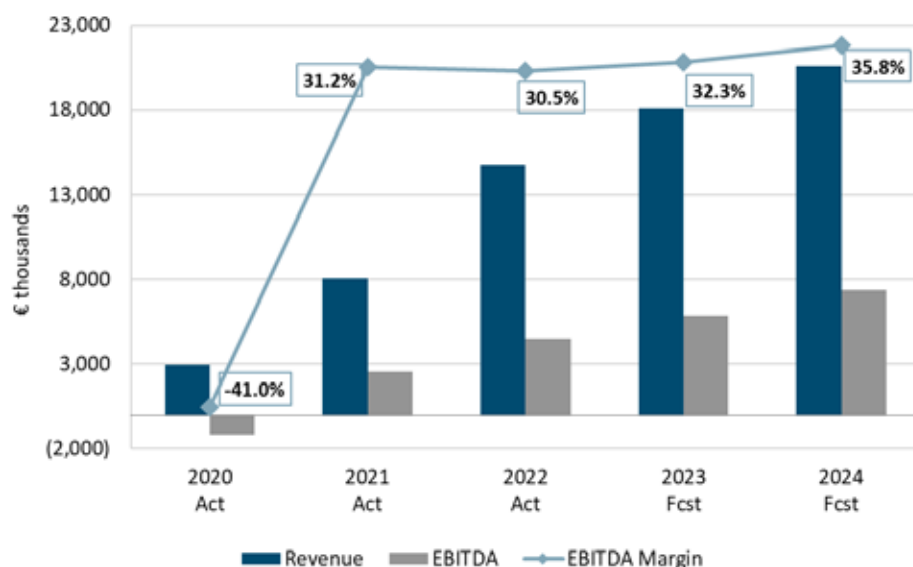


Figure 10: EBITDA Generation  
Source: Management information, Combined financial statements

COMBINED FINANCIAL STATEMENTS					
Profitability Ratios - 31 December	2020 Actual	2021 Actual	2022 Actual	2023 Forecast	2024 Forecast
Gross Profit Margin (Gross Profit/ Revenue)	-45.1%	28.2%	43.1%	50.0%	52.0%
Gross Operation Profit Margin (Gross Operating Profit/ Revenue)	-56.5%	19.5%	32.9%	40.3%	42.8%
EBITDA Margin (EBITDA/ Revenue)	-41.0%	31.2%	30.5%	32.3%	35.8%
Adjusted EBITDA margin (Adjusted EBITDA/ Revenue)	-71.7%	17.3%	27.1%	32.3%	35.8%
Interest Coverage (EBITDA/ NET Finance Costs)	-0.7x	1.4x	2.3x	2.4x	2.5x
Adjusted Interest Coverage (Adjusted EBITDA/ Net Finance Costs)	-1.2x	0.8x	2.1x	2.4x	2.5x
Return on Assets (Gross Operating Profit/ Average Total Assets)	-1.8%	1.6%	4.3%	5.7%	6.8%
Return on Capital Employed (Gross Operating Profit/ Average Capital Employed)	1.9%	1.8%	4.6%	6.0%	7.2%
Net Profit Margin (Profit for the year/ Revenue)	n.a.	-7.0%	1.8%	8.2%	8.4%
Return on Equity (Profit for the year/ Average Total Equity)	-8.0%	-1.6%	0.7%	3.1%	3.5%

Source: Management information; Combined Financial Statements; Curmi & Partners Ltd.

The most recent positive trend in profitability ratios since 2021 is attributable to two main factors, namely the rebound following the pandemic and the Hotel's strategy to focus on a value added offering.

Management is forecasting a continuation of this trend on the basis of actual performance registered this year and also of a particularly firm bookings outlook for 2024. Phoenicia is expected to continue benefiting from the global recognitions recently earned, particularly by joining Virtuoso, a premier international luxury travel network, and the LHW consortia. Such awards have enabled the Hotel to attract guests from growing markets such as the US. Whilst cost pressures such as labour present a challenge, the characteristics of the business model allow the Group to be less sensitive to pricing and cyclical trends.

Forecasts for 2023 across all metrics show improvements on last year's ratios given the Group's strong performance versus the previous year. Such growth is expected to be maintained into 2024.

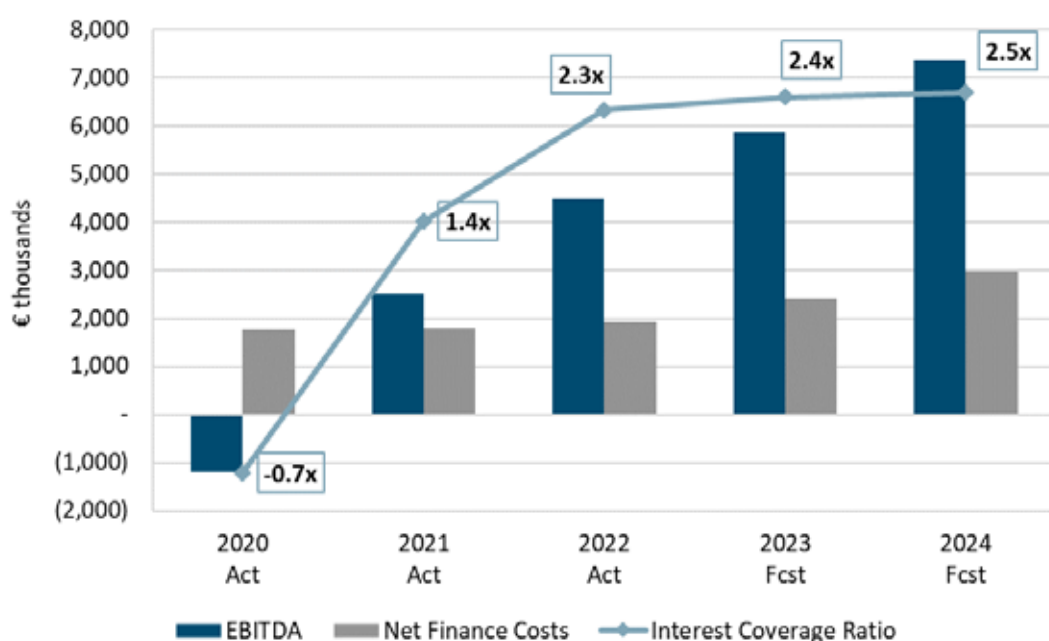


Figure 11: Interest Payment Coverage

Source: Management information, Combined financial statements

As depicted in the chart above, the Group's capability to cover the due interest charges is being enhanced by the improvement in EBITDA following the general recovery in business. It is noted that finance costs have increased on the back of the increase in borrowings. However management expects the positive outlook for EBITDA generation to offset the increased cost of debt servicing, with interest cover gradually increasing to 2.5x in 2024.

COMBINED FINANCIAL STATEMENTS					
Balance Sheet Ratios - 31 December	2020 Actual	2021 Actual	2022 Actual	2023 Forecast	2024 Forecast
Current Ratio (Current Assets/ Current Liabilities)	0.1x	0.4x	0.3x	0.4x	0.7x
Quick Ratio (Current Assets - Inventory / Current Liabilities)	0.1x	0.4x	0.3x	0.3x	0.6x
Gearing Ratio (Borrowings/ Total Equity + Borrowings)	58.1%	59.4%	60.1%	58.9%	58.9%
Adjusted Gearing Ratio (Borrowings/ Total Equity)	1.4x	1.5x	1.5x	1.4x	1.4x
Net Leverage Ratio (Net/ Borrowings/ EBITDA)	-42.0x	20.2x	15.4x	11.7%	9.5x
Free Cash Flow to Debt (Free cash flow/ Borrowings)	-5.8%	2.3%	-24.1%	6.8%	3.4%

Source: Management information; Combined Financial Statements; Curmi & Partners Ltd.

NB: Certain ratios in 2020 indicate exceptional values given the extraordinary circumstances during.

Within the hospitality industry, liquidity ratios below 1x are not uncommon, with cash inflows from sales mainly received in advance compared to delayed outflows related to suppliers and expenses. The Group's liquidity ratios inevitably declined further during 2020 as cash balances were particularly impacted, however this working capital relationship improved in 2021 and 2022 with the positive recovery of business.

The Group's capital structure and general financial profile had initially improved following the refurbishment and the re-opening of the Hotel, benefiting from both the revaluation and the improved operational performance. However due to the pandemic, this positive trajectory experienced a sharp evident reversal during 2020 followed by an enhanced performance in 2021. In 2022 the Hotel's financial profile has maintained its 2021 levels, with some deterioration in the free cash flow ("FCF") position driven by the capital outflow related to the loan advancement to the parent company. The Group's cash position is expected to stabilise in 2023 and 2024 following the debt restructuring being undertaken via the Bond Issue in which the debt profile is consolidated for the long term.

The Group's net leverage position is considered high at 15.4x. However, management forecasts indicate a deleveraging trend with the net leverage ratio to returning below 10x by 2024, more in line with 2019, as further improvement in EBITDA generation will compensate for the increased debt levels.

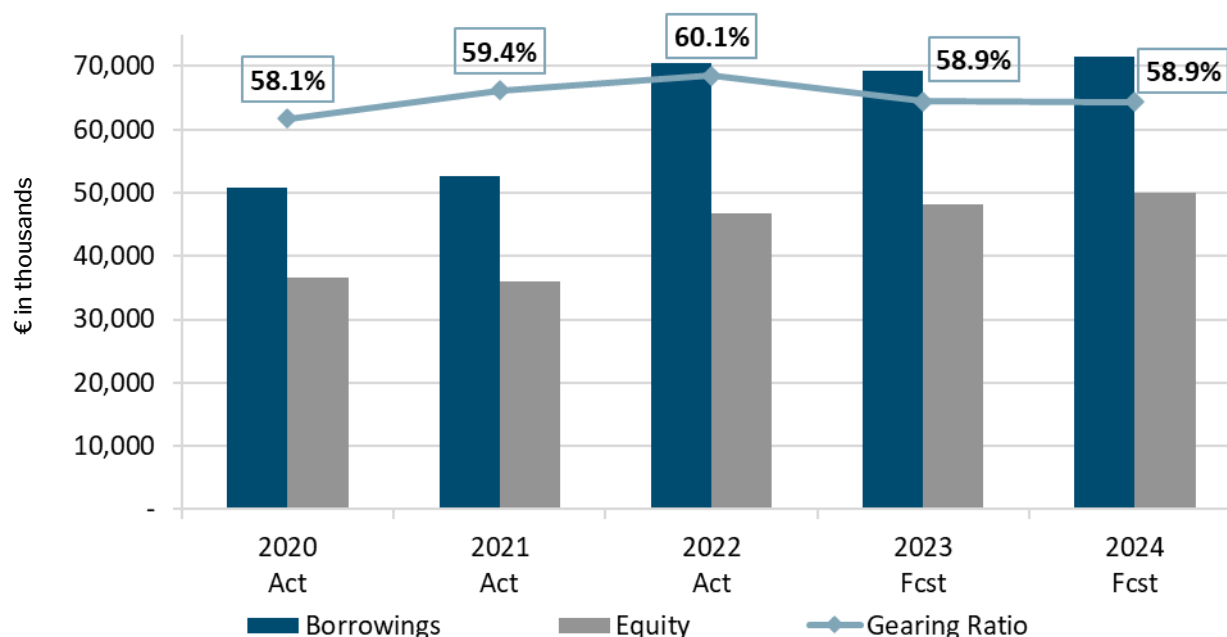


Figure 12: Gearing Ratio

Source: Management information, Combined financial statements

The Group's historical and forecasted gearing remains relatively stable despite taking on additional circa €20 million in bank funding, as it was offset by the strengthened level of retained earnings from core business and the increase in the revaluation reserve following an upward revision of the Hotel property and surrounding sites in 2022.

The consolidation of the capital structure by the shareholder, and the debt refinancing driven by the issue of the new bond, are intended to provide a long term sustainable platform going forward. More specifically with respect to indebtedness, the evolving debt structure is viewed by management as more suitable for potential further investment, such as the SJG Project, which may be undertaken in line with the Group's track record of targeted value accreting investments.

It is also noted that the Group has not made any dividend payments in the past ten years. Management indicates that going forward the Company's dividend pay-out policy will continue to be driven by the level of profitability and the Group's overall strategy, including its investment plans. Additionally, dividend payments are restricted by the restricted payments covenants in place.

## 7 COMPARABLES

The table below compares a selection of ratios of the Group to those of other issuers and groups operating in the local hotel and entertainment industry. It is relevant to note that there could be variances in the mix of operations undertaken by these groups. In particular, certain other corporate groups operate in a diverse range of sectors, with operations not restricted to the hotel sector as is the case for the Group. This was especially relevant for the initial months of the year until May 2022, after which the local health authorities allowed for normal hospitality operations to be resumed by lifting restrictions, thereby suggesting that some of the Group's competitors operating in other industry segments were less impacted overall in 2022. Furthermore, whilst the Group operates a single property, most other companies operate multiple hotel assets. Other differences could include characteristics of the specific debt instrument.

However, the below comparison of basic credit metrics could be considered a useful indication of the relative financial performance and debt servicing capability of the Issuer. The below ratios are calculated using the latest readily available audited annual financial statements.

COMPARABLE ANALYSIS	Gearing	Interest Coverage	Net Debt/ EBITDA
<b>PHOENICIA GROUP</b>	<b>60%</b>	<b>2.3x</b>	<b>15.4x</b>
AX Group	33%	1.8x	14.8x
International Hotel Investments	52%	1.9x	11.4x
Eden Leisure Group	27%	4.5x	5.1x
SD Holdings	39%	4.7x	1.7x
Tumas Group (Spinola Developments)	27%	6.4x	2.2x

Source: Financial Statements, Curmi & Partners Ltd.

## 8 GLOSSARY

INCOME STATEMENT	
<b>Gross Operating Profit</b>	Gross operating profit refers to the total revenue of the hotel less expenses incurred earning that revenue. This indicator is a performance measure used in the hotel industry.
<b>Gross Operating Surplus</b>	Gross operating surplus is the surplus on production activities before taking into account interest, rents or charges paid or received for the use of assets.
<b>EBITDA</b>	Earnings before interest, tax, depreciation and amortisation (EBITDA) is a measure of operating profitability. It excludes depreciation and amortisation, and is viewed as measure of a company's core profitability and cash generating ability.
<b>Adjusted EBITDA</b>	A revised EBITDA which takes into consideration the receipt of a government grant between 2020 and 2022 to assist in the recovery following the pandemic.

BALANCE SHEET	
<b>Non-current assets</b>	Non-current assets are long-term investments, the full value of which will not be realised within the accounting year.
<b>Current assets</b>	Current assets are all assets that are realisable within one year from the statement of financial position date. Such amounts include trade receivables, inventory, cash and bank balances.
<b>Current liabilities</b>	Current liabilities are liabilities payable within a period of one year from the statement of financial position date, and include trade payables and short-term borrowings.
<b>Non-current liabilities</b>	Long-term financial obligations or borrowings that are not due within the present accounting year. Non-current liabilities include long-term borrowings, bonds and long-term lease obligations.
<b>Total Equity</b>	Total equity includes share capital, reserves, retained earnings and minority interests. It relates to the capital and reserves that are attributable to owners of the company.
CASH FLOW STATEMENT	
<b>Cash flow from operating activities</b>	Cash flows from operating activities illustrates the cash-generating abilities of a company's core activities, and includes cash inflows and outflows that are related to operating activities.
<b>Cash flow from investing activities</b>	Cash flows from investing activities reflect the change in cash position resulting from investments and divestments.
<b>Cash flow from financing activities</b>	Cash flows from financing activities shows the cash inflows and outflows related to financing transactions with providers of funding, owners and the creditors.
<b>Free Cash Flow</b>	A measure of the ability to generate the cash flow necessary to maintain operations. It is the balance after all cash flows for operating activities, fixed asset net investments, working-capital expenditures. The definition of free cash flow may vary; for this purpose it was based on EBITDA adjusting for net investments, working capital and tax.
KEY METRICS	
<b>ARR</b>	Average Room Rate (ARR) is the average price of each room sold during a particular period of time. It is calculated by dividing accommodation revenue by the number of rooms sold.
<b>RevPAR</b>	Revenue per available room (RevPAR). It is calculated by dividing the hotel's total revenue by the number of rooms available and the number of days in the period under consideration.
<b>Occupancy level</b>	Occupancy level is the percentage of available rooms being sold for a certain period of time. It is calculated by dividing the number of rooms sold by total number of rooms available.
OPERATING & FINANCIAL RATIOS	
<b>Current ratio</b>	The current ratio measures the ability to pay short term debts over the next 12 months. It compares a company's current assets to its current liabilities.
<b>Quick ratio</b>	Similarly to current ratio the quick ratio measures a company's ability to meet its short-term obligations with its most liquid assets. It excludes inventories from current assets.
<b>Gearing or leverage ratio</b>	The gearing or leverage ratio indicates the relative proportion of borrowings and equity used to finance a company's assets. It is estimated by dividing total borrowings by total borrowings plus total equity, or as the ratio of total borrowings to total equity.



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



**ANNEX IV**  
*Authorised Financial Intermediaries*

NAME	ADDRESS	TELEPHONE
APS Bank p.l.c.	APS Centre, Tower Street, Birkirkara BKR 4012	25603000
Bank of Valletta p.l.c.	Premium Banking Centre, 475, Triq il-Kbira San Guzepp St Venera SVR 1011 (Applications accepted from Investments Centres and Wealth Mgmt)	22751732
Calamatta Cuschieri Investment Services Ltd	Ewropa Business Centre, Triq Dun Karm, Birkirkara BKR 9034	25688688
CiliaFormosa Financial Advisors Ltd	Triq id-Delu, Mosta, MST 3355	22260200
Curmi & Partners Ltd	Finance House, Princess Elizabeth Street, Ta' Xbiex XBX 1102	21347331
FINCO Treasury Management Ltd	The Bastions, Office No 2, Emvin Cremona Street, Floriana FRN 1281	21220002
Hogg Capital Investments Ltd	NuBis Centre, Mosta Road, Lija LJA 9012	21322872
Jesmond Mizzi Financial Advisors Ltd	67 Level 3, South Street, Valletta VLT 1105	21224410
Lombard Bank Malta p.l.c.	67, Republic Street, Valletta VLT 1117	25581806
MeDirect Bank (Malta) p.l.c.	The Centre, Tigne` Point, Sliema TPO 0001	25574400
Michael Grech Financial Investment Services Ltd	The Brokerage, Level 0A St Marta Street Victoria, Gozo VCT 2550	22587000
MZ Investment Services Ltd	61, St. Rita Street, Rabat RBT 1523	21453739
Rizzo, Farrugia & Co (Stockbrokers) Ltd	Airways House, Fourth Floor, High Street, Sliema SLM 1551	22583000
Timberland Invest Ltd	CF Business Centre, Triq Gort, St Julians STJ 9023	20908100

