PHOENICIA FINANCE COMPANY P.L.C.

SUMMARY

DATED 8 February 2024

This document is a Summary issued in accordance with the provisions of Chapter 4 of the Capital Markets Rules issued by the MFSA and in accordance with the provisions of the Prospectus Regulation.

This Summary is being issued 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

in respect of an issue of €50,000,000 5.75% Unsecured Bonds 2028–2033 of a nominal value of €100 per Bond issued at par

ISIN: MT0002081215

Legal Counsel

ZammitPace

Sponsor

CURMI & PARTNERS

Manager & Registrar

BOV
Bank of Valletta

THIS SUMMARY HAS BEEN APPROVED BY THE MFSA, AS COMPETENT AUTHORITY UNDER THE PROSPECTUS REGULATION. THE MFSA ONLY APPROVED THIS SUMMARY 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 ISSUER AND THE SECURITIES THAT ARE THE SUBJECT OF THIS SUMMARY.

THIS SUMMARY IS VALID FOR A PERIOD OF 12 MONTHS FROM THE DATE THEREOF. FOLLOWING THE LAPSE OF THIS VALIDITY PERIOD, THE ISSUER IS NOT OBLIGED TO SUPPLEMENT THIS SUMMARY IN THE EVENT OF SIGNIFICANT NEW FACTORS, MATERIAL MISTAKES OR MATERIAL INACCURACIES.

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

1. INTRODUCTION AND WARNINGS

The Summary is prepared in accordance with the requirements of the Prospectus Regulation and the delegated acts issued thereunder. This Summary contains key information which investors require in order to understand the nature and the risks of the Issuer and the Bonds. Except where the context otherwise requires, the capitalised words and expressions used in this Summary shall bear the meanings assigned to them in the Registration Document and the Securities Note, as the case may be.

The Summary contains key information on the Issuer and the Bonds, summarised details of which are set out below:

Full Legal and Commercial Name of the Issuer:	Phoenicia Finance Company p.l.c.
Registered Address:	The Phoenicia Hotel, The Mall, Floriana, Malta
Registration Number:	C 88958
Telephone Number:	+356 2122 5241
Website:	www.phoeniciafinance.com
Legal Entity Identifier ("LEI"):	48510060W3SVW3G7SD47
Competent authority approving the Prospectus:	The MFSA, being the competent authority to approve prospectuses of any offer of securities to the public in Malta in terms of the Financial Markets Act (Cap. 345 of the laws of Malta)
Address of the MFSA:	Malta Financial Services Authority, Triq l-Imdina, Zone 1, Central Business District, Birkirkara, Malta, CBD 1010
Telephone Number of the MFSA:	+356 23312345
MFSA's website:	https://www.mfsa.mt/
Name of the Bonds:	5.75%% Unsecured Bonds of an aggregate principal amount of €50 million due 2028-2033, issued and redeemable at par
ISIN of the Bonds:	MT0002081215
Prospectus approval date:	8 February 2024

Prospective investors are hereby warned that:

(i) this Summary should be read as an introduction to the Prospectus. It is being provided to convey the key characteristics and risks associated with the Issuer and the Bonds being offered pursuant to the Prospectus. It is not and does not purport to be exhaustive and investors are warned that they should not rely on the information contained in this Summary in making a decision as to whether to invest in the securities described in this document;
(ii) any decision of the investor to invest in the securities should be based on consideration of the Prospectus as a whole by the investor;
(iii) an investor may lose all or part of the capital invested in subscribing for Bonds;
(iv) where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of Malta, have to bear the costs of translating the Prospectus before the legal proceedings are initiated;
(v) civil liability attaches only to those persons who have tabled the Summary including any translation thereof but only if the Summary, when read together with the other parts of the Prospectus, is misleading, inaccurate, or inconsistent or does not provide key information in order to aid investors when considering whether to invest in the Bonds; and
(vi) the Bonds are complex instruments and may be difficult to understand.

2. KEY INFORMATION ON THE ISSUER

2.1 WHO IS THE ISSUER OF THE SECURITIES?

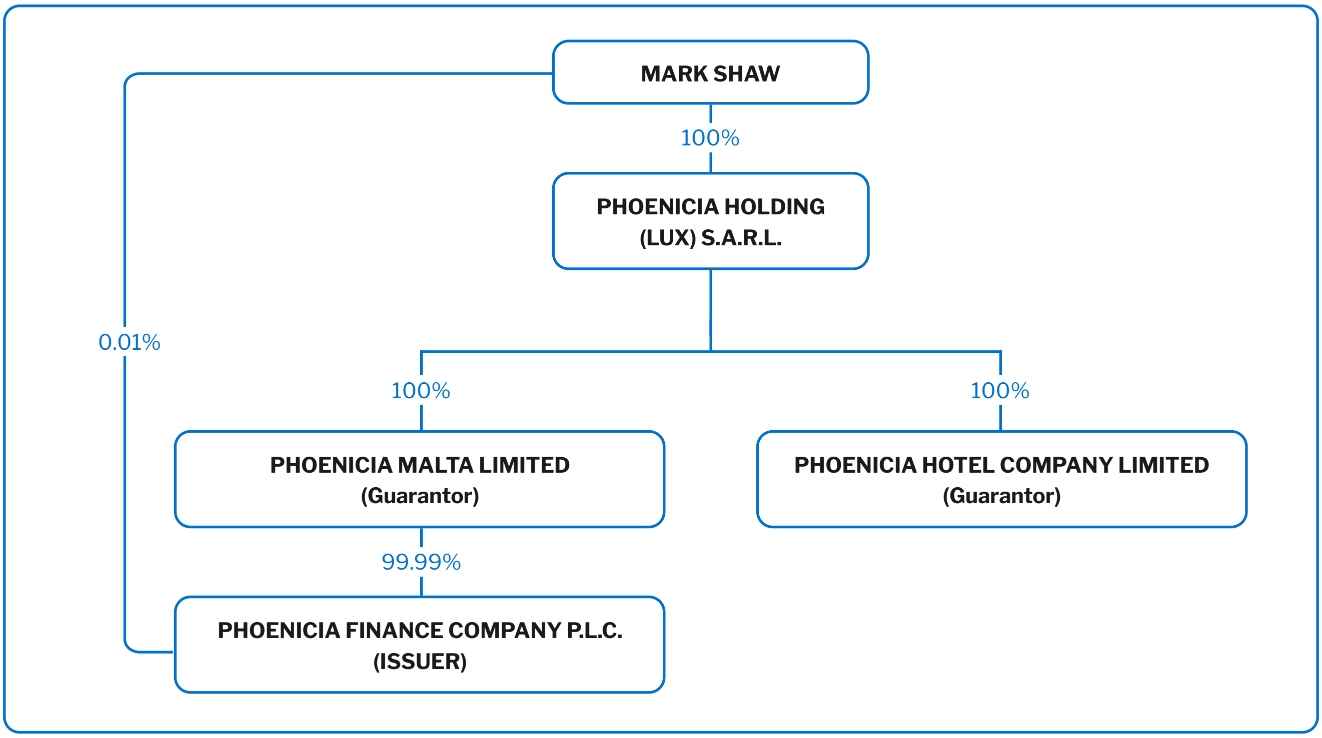
2.1.1 DOMICILE AND LEGAL FORM, ITS LEI AND COUNTRY OF INCORPORATION

The Issuer is Phoenicia Finance Company p.l.c., a public limited liability company registered in Malta in terms of the Act. The Issuer was incorporated and is domiciled in Malta and with LEI number 48510060W3SVW3G7SD47.

2.1.2 PRINCIPAL ACTIVITIES OF THE ISSUER

The business of the Phoenicia Group relates to the ownership, management and operation of the five-star Phoenicia Hotel. The Issuer is a special purpose vehicle acting as a financing company for the Phoenicia Group and, is dependent on the business prospects and operating results of the Guarantors. PML principally acts as the property holding company of the Phoenicia Group, holding the Premises under title of perpetual sub-emphyteusis. The principal activity of PHCL is the operation of the Phoenicia Hotel.

2.1.3 ORGANISATIONAL GROUP STRUCTURE



2.1.4 MAJOR SHAREHOLDERS OF THE ISSUER

The Issuer's majority shareholder is PML, which is the holder of 99.9% of the issued share capital of the Issuer. The shares in PML are each wholly owned by Phoenicia Holding Lux, which in turn is beneficially owned by Mr Mark D. Shaw.

2.1.5 KEY MANAGING DIRECTORS

The Board of Directors is composed of the following individuals: Mark D. Shaw (Non-Executive Director and Chairman), Jean Pierre Ellul Castaldi (Executive Director), Benjamin Muscat (Independent, Non-Executive director), Etienne Borg Cardona (Independent, Non-Executive Director) and Mario P. Galea (Independent, Non-Executive Director).

2.1.6 STATUTORY AUDITORS

The auditors of the Issuer are Ernst & Young Malta Limited (C 30252) of Regional Business Centre, Achille Ferris Street, Msida MSD 1751, bearing Accountancy Board registration number AB/26/84/96.

2.2 WHAT IS THE KEY FINANCIAL INFORMATION REGARDING THE ISSUER?

PHOENICIA FINANCE COMPANY P.L.C.	FY2022 AUDITED €000	FY2021 AUDITED €000	FY2020 AUDITED €000	6-MONTHS ENDED 30 JUNE 23 €000	6-MONTHS ENDED 30 JUNE 22 €000
STATEMENTS OF COMPREHENSIVE INCOME					
Finance income	1,287	1,287	1,275	638	638
Net profit	18	30	36	9	16
STATEMENTS OF FINANCIAL POSITION					
Total assets	25,397	25,233	25,059	25,842	25,796
CASH FLOW STATEMENT					
Net cash from/(used in) operating activities	178	(19)	(46)	(240)	187
Net cash from/(used in) investing activities	-	-	(325)	-	-

2.3 WHAT ARE THE KEY RISKS THAT ARE SPECIFIC TO THE ISSUER?

The most material risk factors specific to the Issuer, which may negatively impact the operations and financial position of the Issuer should the circumstances mentioned therein materialise, are as follows:

2.3.1 RISKS ASSOCIATED WITH THE DEPENDENCY OF THE ISSUER ON THE PERFORMANCE OF THE GUARANTORS

The Issuer is solely 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 its ability to service and repay its debt obligations. The Guarantors operate in a competitive industry, which could be adversely affected by factors including demand and supply conditions, economic downturns, seasonal variations and cyclical travel patterns, and the political climate. The Guarantors' performance and financial position could be negatively impacted by increases in various costs including employee expenses, inflation, and taxes. Other exceptional events such as environmental disasters, pandemics and terrorism are also risks for the Guarantors. Furthermore, due to the exposure to fluctuations in the property and real estate markets, the Guarantors' financial condition could be adversely affected by a decline in capital values, particularly resulting in impairments or lack of re-saleability of relevant assets.

2.3.2 PROPERTY VALUATION AND NET REALISABLE VALUE

Since PML is a property holding company, the Group is exposed to fluctuations in the property and real estate markets. The value of the Premises may be adversely affected as a result of factors outside the Phoenicia Group's control, including changes in economic and industry conditions, relative attractiveness of real estate relative to other investments, changes in regulatory requirements and laws, and changes in the conditions of financial markets. The value of the Premises may also fluctuate as a result of the operating and financial performance of the Hotel.

2.3.3 THE PHOENICIA GROUP'S INDEBTEDNESS COULD ADVERSELY AFFECT ITS FINANCIAL POSITION

The Phoenicia Group has a material amount of debt amounting to circa €69 million as at 31 December 2022, and may incur additional debt in connection with its future growth. A substantial portion of the Phoenicia Group's cash flows will be allocated towards the servicing and repayment of debt. Debt financing agreements are likely to impose significant operating restrictions and financial covenants on the Phoenicia Group companies, which are at risk of default on the occurrence of certain unexpected events.

3. KEY INFORMATION ON THE SECURITIES

3.1 WHAT ARE THE MAIN FEATURES OF THE SECURITIES?

The Issuer shall issue an aggregate of €50,000,000 in Bonds having a face value of €100 per Bond, and redeemable on 30 December 2033 or, at the sole option of the Issuer, any date falling between 30 December 2028 and 30 December 2033. The Bonds will be issued in fully registered and dematerialised form and will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the CSD. On admission to trading, the Bonds will have the following ISIN: MT0002081215. The Bonds shall bear interest at the rate of 5.75% per annum. The Bonds shall be freely transferable.

The Bonds, as and when issued and allotted, shall 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 outstanding and unsecured debt of each of the Issuer and the Guarantors, present and future, if any, save for such exceptions as may be provided by applicable law.

There are no special rights attached to the Bonds other than the right of the Bondholders to payment of interest and capital, 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, and in accordance with the ranking specified in the Prospectus.

3.2 WHERE WILL THE SECURITIES BE TRADED?

Application has been made to the Malta Stock Exchange for the Bonds to be listed and traded on its Official List.

3.3 IS THERE A GUARANTEE ATTACHED TO THE SECURITIES?

The Bonds are guaranteed by the Guarantors on a joint and several basis. Accordingly, the Bondholders shall be entitled to request the Guarantors to pay both the interest due and the principal amount under said Bonds on first demand (subject to the terms of the Guarantee), if the Issuer fails to meet any amount, when due in terms of the Prospectus. The joint and several Guarantee also entitles the Bondholders to demand payment from any or all of the Guarantors without having to first take action against the Issuer.

3.4 THE GUARANTORS

The Guarantors are PML and PHCL. PML was established on 8 June 2007 as a private limited liability company registered in Malta in terms of the Companies Act with company registration number C 41576. The LEI of PML is 9845006Y2CB57CB2Z893 PML principally acts as the property holding company of the Phoenicia Group, which holds the Premises over which the Phoenicia Hotel is built under title of perpetual sub-emphyteusis. PHCL was established on was established as a private limited company in the United Kingdom on 10 October 1935 and is operated through a branch which was registered in Malta as an overseas company on 21 April 1965, with registration number OC 1. The LEI of PHCL is 9845004FD62F8FCCCE37. The principal activity of PHCL is the operation of the Phoenicia Hotel. PHCL leases the Premises from PML by virtue of the Lease Agreement.

3.5 KEY FINANCIAL INFORMATION RELATING TO THE GUARANTORS

PHOENICIA MALTA LIMITED	FY2022 AUDITED €000	FY2021 AUDITED €000	FY2020 AUDITED €000	6-MONTHS ENDED 30 JUNE 23 €000	6-MONTHS ENDED 30 JUNE 22 €000
STATEMENTS OF COMPREHENSIVE INCOME					
Rental income	2,467	2,478	2,493	1,232	1,229
Operating profit	2,189	2,422	2,418	1,204	1,188
Net profit	7,920	487	499	25	265
STATEMENTS OF FINANCIAL POSITION					
Total assets	120,218	87,450	87,819	120,296	86,891
CASH FLOW STATEMENT					
Net cash from/(used in) operating activities	2,099	2,790	2,501	1,056	(147)
Net cash used in investing activities	(20,834)	(407)	(1,551)	(15)	(197)
Net cash from/(used in) financing activities	18,736	(2,383)	(951)	(1,040)	344

PHOENICIA HOTEL COMPANY LIMITED	FY2022 AUDITED €000	FY2021 AUDITED €000	FY2020 AUDITED €000	6-MONTHS ENDED 30 JUNE 23 €000	6-MONTHS ENDED 30 JUNE 22 €000
STATEMENTS OF COMPREHENSIVE INCOME					
Revenue	14,747	8,037	2,941	8,300	5,923
Operating profit/(loss)	2,051	(19)	(3,649)	872	806
Net profit/(loss)	1,301	(5)	(2,355)	430	307
STATEMENTS OF FINANCIAL POSITION					
Total assets	31,378	34,053	33,126	30,328	32,753
CASH FLOW STATEMENT					
Net cash from/(used in) operating activities	5,636	2,635	(907)	5,742	2,885
Net cash from/(used in) investing activities	2,054	(1,556)	(208)	(4,609)	(1,880)
Net cash from/(used in) financing activities	(8,746)	886	382	(1,250)	(1,771)

3.6 KEY RISKS THAT ARE SPECIFIC TO THE GUARANTORS AND 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.

3.7 WHAT ARE THE KEY RISKS THAT ARE SPECIFIC TO THE SECURITIES?

The most material risk factors specific to the Bonds are set out below:

i. The Bonds may be redeemed by the Issuer on an Early Redemption Date, and are considered as having an embedded call option. For this reason, the Bonds are deemed as complex financial instruments for the purposes of MIFID II. This feature may have an impact on the pricing of, and returns from, the Bonds.

ii. There can be no assurance that an active secondary market for the Bonds will develop, or, if it develops, that it will continue. 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.

iii. The Bonds shall carry a fixed interest rate, and the price of fixed rate bonds should, theoretically, be adversely impacted if interest rates increase. Furthermore, in the current inflationary environment, investment in the Bonds involves the risk that rising inflation could also have an adverse effect on the return on the Bonds in real terms.

iv. 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, which can have a negative impact on the value of the Bonds.

4. KEY INFORMATION ON THE OFFER OF SECURITIES TO THE PUBLIC AND THE ADMISSION TO TRADING ON A REGULATED MARKET

4.1 UNDER WHICH CONDITIONS AND TIMETABLE CAN I INVEST IN THIS SECURITY?

Application for the Bonds

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.

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).

As regards preferred allocations, 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. 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. The balance of the Bonds not subscribed for by Existing Bondholders limitedly by means of an Existing Bond Transfer together with an additional amount of €5,000,000 in Bonds 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").

Expected Timetable

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.*

Plan of distribution, Allotment and 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 million 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;

ii) an amount of €30 million in nominal value of Bonds, together with Bonds not subscribed for pursuant to paragraph (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 million in nominal value of Bonds for Existing Bondholders applying for Bonds by way of Existing Bond Transfer and subject to subscriptions in multiples of €100; and (b) thereafter up to an additional amount of €5 million in nominal value of Bonds together with any remaining Bonds not subscribed 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) there shall still remain unallocated Bonds, the Issuer shall offer such remaining Bonds to Authorised Financial Intermediaries through an Intermediaries' Offer. 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.

4.2 WHY IS THIS PROSPECTUS BEING PRODUCED?

4.2.1. 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 will be acquired via transfer to the Issuer by Existing Bondholders in consideration for the subscription of Bonds, resulting in the cancellation of such Existing Bonds and giving 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, in terms of which 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.

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 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 (the "Existing Bondholder Account") as described below, until the eventual redemption of their Existing Bonds.

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, the proceeds from the Bond Issue (other than by way of Existing Bond Transfer) shall be applied in the following order of priority: (a) the refinancing 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.

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 Bonds, provided that prior to such redemption such monies may also be applied (i) for the purpose of buying back 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, the proceeds from the Bond Issue shall be applied exclusively towards the refinancing in part of the APS Loan I.

Underwriting

The Bond Issue is not underwritten.

Conflict of Interest

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.