Financial Analysis Summary

20 June 2018

Issuer

Eden Finance p.l.c.

Guarantor

Eden Leisure Group Limited

CHARTS
WEALTH MANAGEMENT • CORPORATE BROKING

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The Directors
Eden Finance p.l.c.
Eden Place
St George's Bay
St Julians STJ 3310
Malta

20 June 2018

Dear Sirs

Financial Analysis Summary

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

The purpose of the financial analysis is that of summarising key financial data appertaining to Eden Finance p.l.c. (the "**Issuer**") and Eden Leisure Group Limited (the "**Guarantor**"). The data is derived from various sources or is based on our own computations as follows:

(a) Historical financial data for the three years ended 31 December 2015 to 31 December 2017 has been extracted from the audited financial statements of the Issuer and from the audited consolidated financial statements of the Guarantor for the three years in question.

(b) The forecast data for the year ending 31 December 2018 has been provided by management.

(c) Our commentary on the results of the Eden Group and on its financial position is based on the explanations provided by management.

(d) The ratios quoted in the Analysis have been computed by us applying the definitions set out in Part 5 of the Analysis.

(e) Relevant financial data in respect of the companies included in Part 4 has been extracted from public sources such as websites of the companies concerned, financial statements filed with the Registrar of Companies or websites providing financial data.

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

Yours faithfully,

Evan Mohnani
Head – Corporate Finance

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PART 1 – INFORMATION ABOUT THE EDEN GROUP

1. KEY ACTIVITIES OF THE ISSUER

Eden Finance p.l.c. (the "**Issuer**" or "**Company**") was incorporated in August 2000 as a public limited liability company under the Companies Act with an authorised and fully paid up issued share capital of €1,164,686.50. The principal activity of the Company is to carry on the business of a finance and investment company within the Eden Group.

The Issuer is not engaged in any trading activities but is involved in raising debt and advancing same to members of the Eden Group as and when the demands of this business or the demands of a particular project so require. Accordingly, the Issuer is economically dependent on the operations, performance and prospects of the Eden Group.

2. DIRECTORS OF THE ISSUER

The Issuer is managed by a Board comprising seven directors who are entrusted with its overall direction and management. The Board members of the Issuer as at the date of this report are included hereunder:

Board of Directors

Ian De Cesare	Chairman and Non-Executive Director
Kevin De Cesare	Deputy Chairman and Executive Director
David Vella	Executive Director
Simon De Cesare	Director and Company Secretary
Andrea Gera de Petri	Non-Executive Director
Paul Mercieca	Independent Non-Executive Director
Victor Spiteri	Independent Non-Executive Director

3. KEY ACTIVITIES OF THE GUARANTOR

Eden Leisure Group Limited (the "**Guarantor**") is the parent holding company of the Eden Group and is principally engaged, through subsidiary companies and/or associated entities, in the ownership of a varied portfolio of business entities within the hospitality and entertainment industries in Malta (including a cinema complex, bowling alley, health & fitness club, radio station, a conference & events centre and a car park), the ownership of the InterContinental Malta & Holiday Inn Express Malta (which are operated by the InterContinental Hotels Group) and the management of timeshare apartments (which are owned by the Group and leased out to a third party operator on a long-term lease).

Furthermore, the Guarantor holds a number of properties directly in its own name which are leased out to third parties. The Guarantor also leases commercial space to a related party for the operation of a casino.

The authorised and issued share capital of the Guarantor was increased to €60,000,000 on 20 May 2016, following a share issue of €25,000,000 divided into 5,024,000 voting 'A' Ordinary Shares having a nominal value of €2.50 each and 4,976,000 non-voting 'B' Ordinary Shares having a nominal value of €2.50 each. The consideration of this issue was paid in full by way of capitalisation of revaluation reserve.

The authorised and fully paid up issued share capital of €60,000,000 is divided into 12,057,600 voting 'A' Ordinary Shares having a nominal value of €2.50 each and 11,942,400 non-voting 'B' Ordinary Shares having a nominal value of €2.50 each.

4. DIRECTORS OF THE GUARANTOR AND SENIOR MANAGEMENT

The Guarantor is managed by a Board comprising four directors who are entrusted with its overall direction and management, including the establishment of strategies for future development. The Board members of the Guarantor as at the date of this report are included hereunder:

Board of Directors

Ian De Cesare	Non-Executive Chairman
Kevin De Cesare	Managing Director
Paul Mercieca	Independent Non-Executive Director
Victor Spiteri	Independent Non-Executive Director

Senior Management

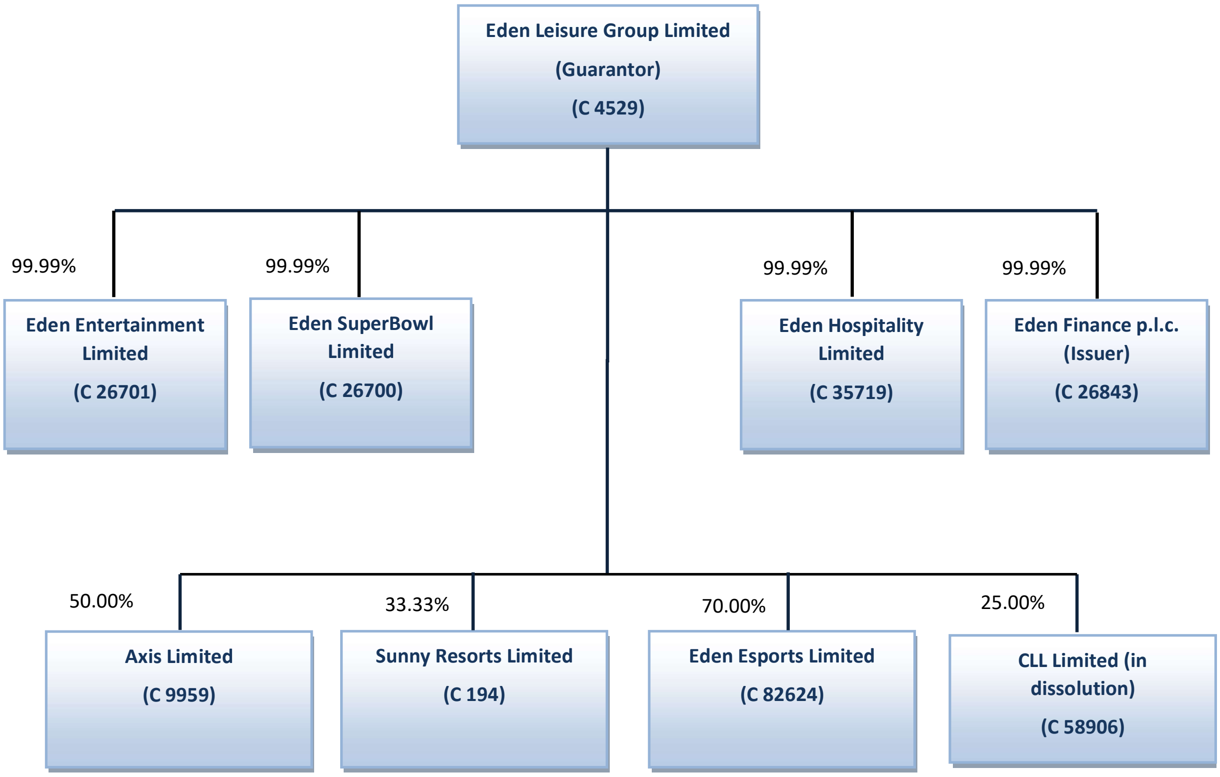
The day-to-day management of the Eden Group is entrusted to Kevin De Cesare, the Managing Director of the Group, and the Senior Management Team. Some of the more important functions carried out by this team include, *inter alia*, the consideration of new business opportunities, the execution of existing and new projects, and the procurement of funding thereof. The members of the Senior Management Team are included hereunder:

Simon De Cesare	Chief Executive Officer
David Vella	Chief Financial Officer
Kate De Cesare	Director of Operations
Kevin Jnr De Cesare	General Manager

The weekly average number of employees engaged by the Eden Group during FY2017 amounted to 509 persons (FY2016: 480).

5. EDEN GROUP ORGANISATIONAL STRUCTURE

The diagram hereunder illustrates the shareholding structure relative to the Eden Group. The Eden Group's businesses are described in more detail in Part 2 below.



Eden Entertainment Limited

EEL was established in Malta on 14 July 2000 as a private limited liability company, and is principally engaged in the operation of the Eden Cinemas, Eden Car Park, Bay Radio and Cynergi Health & Fitness Club. As from Q4 2017, EEL was also engaged in the operation of the Eden Superbowl.

Eden SuperBowl Limited

ESL was established in Malta on 14 July 2000 as a private limited liability company. Until Q3 2017, the company owned and operated the Eden SuperBowl. During Q4 2017, the operations of the Eden SuperBowl were transferred to Eden Entertainment Limited, with Eden SuperBowl Limited retaining the ownership of the property.

Eden Hospitality Limited

EHL was established in Malta on 22 February 2005 as a private limited liability company, and is principally engaged in the operation of the InterContinental Malta, Holiday Inn Express Malta (operations commenced in September 2017) and the InterContinental Arena & Conference Centre. The company also manages 46 self-catering apartments, which are leased to a third party timeshare operator.

Axis Limited

The Eden Group has a 50% shareholding in Axis Limited, a company set up in Malta on 27 September 1988 as a private limited liability company. Axis Limited leases from a third party a property formerly occupied by the Axis discotheque in Paceville. In recent years, the property was developed into 11 commercial outlets and are leased to third parties. The 50% share of results of this company is included in the consolidated financial statements of the Guarantor under the heading “share of results in associated undertakings”.

Sunny Resorts Limited

Sunny Resorts Limited, a 33.33% owned associated company of the Guarantor is a non-trading company and holds one immovable property in St Julians.

Eden Esports Limited

Eden Esports Limited is a 70% owned subsidiary of the Guarantor and was established on 20 September 2017. Eden Esports is principally engaged in providing electronic sports both online and offline through the organisation and promotion of events, leagues and tournament for local and international players. It is also engaged in the promotion of electronic sports on various media channels and the creation and running of programmes and marketing events to increase the popularity of electronic sports in Malta and abroad.

6. MAJOR ASSETS OWNED BY THE GROUP

Eden Leisure Group Limited **Major Assets** **as at 31 December**	**2015** **€’000**	**2016** **€’000**	**2017** **€’000**
Property, plant and equipment	113,684	137,040	146,369
Assets under development	12,147	8,503	-
Investment property	12,200	12,200	12,200
	138,031	**157,743**	**158,569**

Source: Consoldiated audited financial statements of Eden Leisure Group Limited.

Property, plant and equipment primarily comprises land, buildings, furniture, fittings and equipment used in the Group’s hospitality and entertainment operations including the InterContinental Malta, the InterContinental Arena & Conference Centre, the Holiday Inn Express Malta, the Eden Cinemas, the Eden SuperBowl, Cynergi Health & Fitness Club, Bay Radio, Eden Car Park etc. During the financial year ended 31 December 2016, the Group’s property was revalued (net of deferred tax) by €14.5 million.

Assets under development as at 31 December 2016 comprise land and buildings relating to a 118-room three star hotel that will be operated by the InterContinental Hotels Group under the Holiday Inn Express brand. During FY2017, there were additions amounting to €4.0 million to the Holiday Inn Express development which was subsequently completed and the total balance of €12.5 million was transferred to property, plant and equipment.

Investment property as at 31 December 2017 includes the Eden Business Centre located in Elia Zammit Street, St Julians valued at €2.2 million and a property, valued at €10.0 million, which is currently leased out as a casino to a related company.

PART 2 – OPERATIONAL DEVELOPMENT

7. INTERCONTINENTAL MALTA

Introduction

The Group owns the 481-room 5-star InterContinental Malta located in St Julians, Malta. The hotel is operated by InterContinental Hotels Group under a 15-year management contract till 2028. The hotel offers a wide range of facilities to its guests, including food and beverage offerings, a spa, health and fitness centre and extensive conference facilities.

In 2014, the Group embarked on a project which comprised the development of 30 upmarket suites on 3 additional floors (known as the High Line Suites), the total conversion of the existing 24 hotel suites, a new Executive Business Lounge, and a new rooftop swimming pool on the 19th floor. The project was completed in December 2016 at an aggregate cost of *circa* €9 million.

In 2018, the Group plans to undertake a refurbishment programme over 2 years, which includes the refurbishment of 427 rooms at a cost of *circa* €4.0 million.

Operational Performance

The following table sets out the highlights of the hotel's operating performance for the years indicated therein:

InterContinental Malta		**FY2015 Actual**	**FY2016 Actual**	**FY2017 Actual**	**FY2018 Forecast**
Turnover (€'000)		20,181	22,529	26,759	29,263
Gross operating profit before mgt fees (€'000)		4,457	5,488	7,802	8,904
Gross operating profit margin (%)		22	24	29	30
Occupancy level (%)		67	67	64	70
Average room rate (€)		137	139	158	161
Revenue per available room (RevPAR) (€)	(a)	136	136	152	167
Benchmark performance					
Occupancy level (%)		76	77	77	n/a
Average room rate (€)		135	143	158	n/a
Revenue per available room (RevPAR) (€)	(b)	160	167	184	n/a
Revenue Generating Index (RGI)	(a)/(b)	0.85	0.82	0.83	n/a

Source: Management information.

During the three historical years under review, the hotel was adversely affected by construction works in neighbouring properties as well as the hotel's own refurbishment and extension project until the end of FY2017. On the other hand, the positive trend in tourism in Malta enabled the hotel to increase revenue in each of the aforesaid years, from €20.2 million in FY2015 to €22.5 million and €26.8 million in FY2016 and FY2017 respectively. Gross operating profit margin was higher in FY2016 at 24% as compared to 22% in FY2015, and increased to 29% in FY2017 to amount to €7.8 million (FY2016: €5.5 million).

In FY2018, management expects the hotel's performance to improve as a result of the newly renovated property and the termination of construction works. As such, revenue in FY2018 is projected to increase by €2.5 million (+9%) from €26.8 million in FY2017 to €29.3 million. Gross operating profit margin is projected to improve from 29% in FY2017 to 30% in FY2018, and thereby gross operating profit is forecasted to increase from €7.8 million in FY2017 to €8.9 million in FY2018 (+14%).

Since the publication of the financial analysis summary dated 27 March 2017, the Hotel changed the composition of its competitive set and now reflects the 5 Star Hotel Analysis (Year-to-Date) included in the Malta Hotels & Restaurants Association ("MHRA") Report. In this respect, the benchmark performance has been updated retrospectively in the table above.

In comparison to its competitive set, the InterContinental Malta's performance indicators were below the benchmark in each of the financial years FY2015 to FY2017, with the exception of a higher average room rate in FY2015 of €137 (competitive set: €135) and a similar average room rate in FY2017 at €158. This is principally due to: (i) the disruptions caused by construction and renovation works at the hotel and neighbouring properties; (ii) the larger room capacity as compared to its competitors; and (iii) the inland location of the hotel which presents a competitive disadvantage since most 5-star hotels are seafront properties.

Although forecasted benchmark performance indicators for FY2018 are not available, management is anticipating that the current discrepancy of *circa* 17% in RevPAR (FY2017 – Hotel: €152, Benchmark: €184) will be reduced as a consequence of the significant improvement in the hotel's projected operating performance in the aforesaid financial year.

8. HOLIDAY INN EXPRESS MALTA

Introduction

On 27 October 2014, the Guarantor completed a deed of purchase with Perla Hotels Limited for the Giorgianis Hotel property, situated in St Augustine Street, St Julians, adjacent to the InterContinental Malta, for a total consideration of €5.55 million, which was financed through own funds and bank borrowings. The property was subsequently demolished and works commenced in the same year on the development of a 118-room 3-star Holiday Inn Express to be operated by the InterContinental Hotels Group through a 15 year management contract. The hotel development project cost *circa* €6 million and was financed through own funds and part of proceeds from the Bond Issue. The new hotel commenced operations in September 2017.

The Holiday Inn Express, which forms part of the InterContinental Hotels Group hotel portfolio, is a low amenity high quality hotel with an emphasis on the business traveller. The concept focuses on a standardisation of design and highlights comfort in sleep, shower facilities, WIFI and a hot quality breakfast.

Operational Performance

The following table sets out the highlights of the hotel's operating performance for the last four months of FY2017 and the forecasted full year of operations in FY2018:

Holiday Inn Express Malta	FY2017 Actual	FY2018 Forecast
Turnover (€'000)	577	3,066
Gross operating profit before mgt fees (€'000)	121	1,671
Gross operating profit margin (%)	21	55
Occupancy level (%)	39	72
Average room rate (€)	104	94
Revenue per available room (RevPAR) (€)	41	71

Source: Management information.

The Holiday Inn Express commenced operations in September 2017. Management has positioned the hotel as a superior 3-star property, and has taken advantage of synergies (both on a commercial and operational level) with the adjacent InterContinental Malta. In its first 4 months of operation, the Holiday Inn Express managed to achieve revenues of €0.6 million, which was higher than originally expected. In its first full year of operation (FY2018), the hotel is projected to generate revenue of €3.1 million and gross operating profit is expected at €1.7 million. The hotel is expected to achieve an occupancy of 72% and RevPAR of €71.

9. HOSPITALITY SECTOR ANALYSIS

9.1 ECONOMIC UPDATE[1]

Real Gross Domestic Product ("GDP") grew strongly in the first three quarters of 2017 and continued to surprise on the upside, reaching 7.2%. The external sector, driven by growing services exports, remained the main driver of growth in 2017. Domestic demand was affected by a strong contraction in investment, linked to a high base effect from an extraordinary investment in transport equipment in 2016. Residential construction, by contrast, continued to increase robustly. Following a rebound in imports in the last quarter of the year, real GDP growth is expected to have reached 6.9% for 2017 as a whole, above the rate recorded in 2016. The dynamics in the external sector are pushing up the current account surplus.

Economic growth is projected to slow in 2018 to 5.6%. Private consumption is expected to become the main driver of growth on the back of strong employment growth, improved consumer confidence and growing disposable income. Investment is forecast to recover, led by the residential construction sector, which is expected to continue growing strongly in 2018. Driven by domestic demand, imports of goods and services are gaining momentum, and exports are forecast to continue rising, in line with

[1] European Economic Forecast – Winter 2018 (Interim) (European Commission Institutional Paper 073 Feb'18)

growing demand in Malta's main trading partners. Overall, the current account surplus is expected to stabilise.

In 2019, real GDP growth is projected to moderate further to 4.5%. Private consumption is projected to remain the main driver of growth, while investment is expected to increase mainly on the back of the construction sector. Net exports are expected to contribute only modestly to GDP growth, as domestic demand fuels imports.

Headline annual harmonised index of consumer prices ("HICP") inflation averaged 1.3% in 2017, slightly lower than the euro area average. Relatively moderate increases in regulated fuel prices have contained overall HICP inflation. Inflation is projected to strengthen to 1.5% in 2018 and 1.8% in 2019. Higher price growth is expected to come mainly from the services component, which is projected to rise in line with growing disposable incomes.

9.2 TOURISM MARKET[2]

Tourism in Malta has in recent years been performing at a strong level and this trend continued in 2016 as well as in 2017. Inbound tourist trips from January to December 2016 amounted to 1.99 million, an increase of 10.2% when compared a year earlier. Total nights spent by inbound tourists went up by 5.7%, reaching almost 15.0 million nights. During 2016, total guests in collective accommodation establishments surpassed 1.6 million, an increase of 2.1% over the same period in 2015. Within the collective accommodation establishments, the 5 star and 4 star hotels gained 10,878 guests (+2.8%) and 30,779 guests (+4.5%) respectively in 2016 when compared to a year earlier, while there was a decrease of 24,042 guests (-5.7%) in the 3-star category. Tourism expenditure was estimated at €1.71 billion in 2016, an increase of 4.3% over 2015.

Inbound tourism from January to December 2017 amounted to 2.3 million, an increase of 15.7% when compared to the prior year. Total nights spent by inbound tourists went up by 10.3%, surpassing 16.5 million nights. In 2017, total guests in collective accommodation establishments surpassed 1.8 million, an increase of 13.0% over the same period in 2016. Within the collective accommodation establishments, the 5 star, 4 star and 3 star hotels gained 26,348 guests (+6.7%), 81,383 guests (+11.5%) and 82,401 (+20.7%) respectively in 2017 when compared to a year earlier. Total tourism expenditure surpassed €1.9 billion, 13.9% higher than that recorded for 2016. Total expenditure per capita stood at €856, a decrease of 1.5% when compared to 2016.

Focus will be maintained on increasing arrivals during the winter months and attracting more visitors from new markets to Malta. This bodes well for the Maltese hospitality industry as the expectation is to continue to grow revenues and increase profitability.

Looking forward, Valletta serving as the European City of Culture in 2018 is expected to further increase demand for hotels and enhance Malta's image as a tourist destination. Malta International Airport has revealed its traffic forecast and expects to register further growth in the coming year to reach a total of 6.5 million passenger movements (2016: 6.0 million passenger movements). The

[2] www.nso.gov.mt

airport revealed that its summer schedule for 2018 features no less than 16 new routes, bringing the airport's destination network up to a 100 routes. Meanwhile, the somewhat uncertain future of the national carrier Air Malta poses a concern to further growth whilst competition from other Mediterranean countries will likely remain strong.

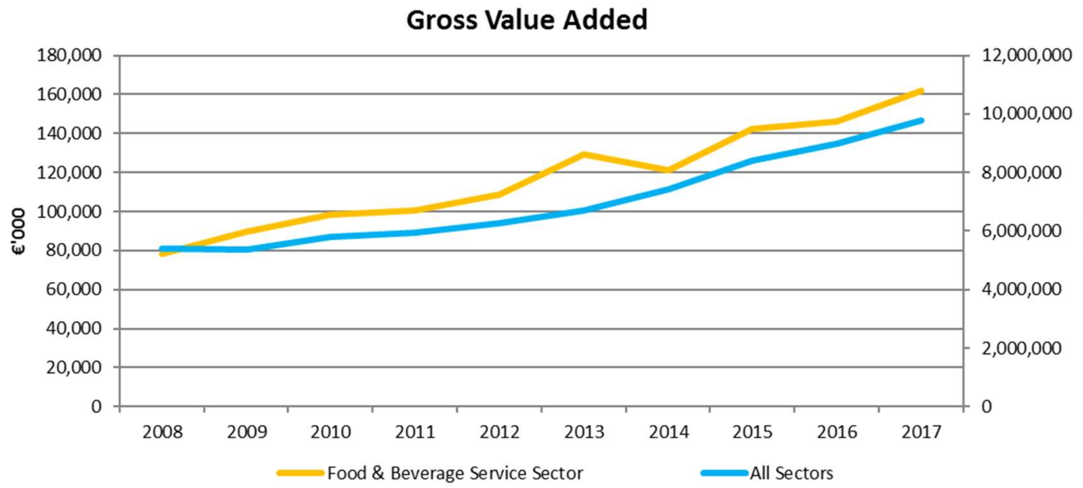
The overall outlook for the Group in 2018 is positive with more hotel rooms available for sale and a buoyant tourism market. While the future of the tourism industry is positive, one should sound a cautionary note related to the volume of new hotel beds coming onto the market through new properties and extensions of existing ones, as well as the growth of the shared hospitality trend of the likes of Airbnb which continue to compete for the same tourist market as the Group's properties.

9.3 FOOD & BEVERAGE SERVICE SECTOR

The food & beverage service sector comprises restaurants & mobile food service activities and beverage serving activities. In 2017, the total income from this sector in Malta amounted to €467 million, an increase of 10.7% over the previous year. The chart below illustrates the output from the food & beverage service sector in Malta for the past 10 years (2008 to 2017). As highlighted, market output has progressively increased over the reviewed period, except for 2009 when gross income decreased marginally by €4.8 million (-1.8%) when compared to the prior year. Since 2008, the food & beverage service sector grew at an annual compound rate of 6.6%.

Source: National Statistics Office Malta (NACE 56.1 & NACE 56.3 data)

The chart hereunder shows that the gross value added generated by the food & beverage service sector in Malta has grown on a year-to-year basis from €78.1 million in 2008 to €161.7 million in 2017. The chart also highlights the sector's correlation to Malta's economic performance, since over the reported period the food & beverage service sector has maintained the same percentage of gross value added generated by the whole economy of *circa* 1.7%.



Source: National Statistics Office Malta (NACE 56.1 & NACE 56.3 data)

10. ENTERTAINMENT & LEISURE

10.1 EDEN CINEMAS

The Group is the largest operator of multiplex cinemas in Malta (based on number of screens) with 13 fully digitised screens, situated in St Julians. Prior to 2015, the Group operated 17 screens, but has since converted 4 of the smaller screens into commercial space which is fully leased to a related party. Eden Cinemas generate operating revenue principally from theatre operations, including box office receipts, food and beverages, and on-screen and off-screen advertising.

The Eden Group initiated the conversion of its screens from 35mm film to digital projection technology in 2010, which entailed the replacement of most of the cinematic equipment. With the support of the Malta Government through the Cinema Digitisation Scheme, all screens were converted to digital by 2014.

Digital projection technology allows filmmakers the ability to showcase imaginative works of art exactly as they were intended, with incredible realism and detail. A digitally produced or digitally converted movie can be distributed to theatres via satellite, physical media or fibre optic networks. The digitised movie is stored on a computer server which is connected to a digital projector for each screening of the movie. This format enables cinema operators to more efficiently move titles between auditoriums within a theatre to appropriately address demand for each title. Furthermore, digital projection allows the presentation of three-dimensional (3-D) content and alternative entertainment such as live and pre-recorded sports programmes, concert events, and other special presentations.

Market Analysis

The Eden Cinemas is one of the leading cinema venues in Malta in terms of the number of screens and admissions, with a portfolio of 13 screens, representing *circa* 37% of the screens in Malta. It reduced its number of screens from 17 to 13 screens in 2014 to make better use of the space. In 2016 (being the latest available official market data published by the National Statistics Office, Malta), the Eden Cinemas received *circa* 55% of all gross box office receipts to cinemas in Malta.

As illustrated in the table below, in 2016, there were eight cinema establishments with a total of 35 screens and a seating capacity of 6,771. Of these eight cinemas, two were located in Gozo. During 2015, cinemas registered a total of 673,487 admissions, which represented a decrease of 4.4% when compared to the prior year (2015), but an increase of 20,485 admissions when compared to 2014. Notwithstanding the decrease in admissions in 2016, cinemas registered an increase in gross box office receipts of €0.06 million (+1.4%), from €4.19 million in 2015 to €4.25 million. As for 2015, an increase in gross receipts of €0.47 million (+12.6%) from 2014 results was registered to €4.19 million.

MALTA CINEMA STATISTICS

	No. of cinema establishments	No. of screens	Seating capacity	No. of film titles	No. of admissions	Total no. of screenings	Gross Box Office receipts €'000	Average ticket price €
2013	8	38	7,107	373	702,239	56,816	3,960	5.64
2014	8	35	6,784	368	653,002	47,384	3,726	5.71
2015	8	35	6,748	375	704,243	48,887	4,194	5.96
2016	8	35	6,771	391	673,487	48,842	4,254	6.32

Source: National Statistics Office - Malta

In 2017, the Eden Cinemas registered a growth in gross box office receipts of 9% when compared to the prior year, with the screenings of 'Beauty and the Beast' and 'The Fate of the Furious' significantly boosting revenues for the year. Official market statistics for calendar year 2017 have not been published and therefore no comparison can be made with industry.

The Group aims to maintain its position as a leading operator of multiplex cinemas in Malta through the on-going investment in the latest technology and by being innovative in seeking alternative revenue streams. The FIFA World Cup in Russia during 2018 will typically adversely affect cinema revenue by approximately 20% during the period thereof, however the Eden Cinemas expect box office revenue and bar income to progressively increase with top box office screenings in FY2018 such as 'Avengers: Infinity War', 'Deadpool 2' and 'Black Panther' attracting an ongoing positive audience.

10.2 BAY RADIO

The Group has been operating 89.7 Bay since 1991. The radio station broadcasts 24 hours a day in Maltese and English, and offers the latest selection of music. Bay Radio derives the substantial majority of its revenue from the sale of advertising, but also generates income from the production of adverts.

Radio popularity is regularly surveyed by the independent Malta Broadcasting Authority. In the most recent survey, Bay Radio retained the number one spot as the most popular station with 22.3% of all radio listeners, followed by the next two radio stations with 17.8% and 10.1% respectively. Bay Radio is popular with all those under the age of 50, whereas the second placed radio station attracts more listeners over the age of 50.

The station's affiliation with the most popular music events and activities on the island as well as maintaining close ties with local musicians, coupled with professional and relevant content and on-air competitions are the key success factors of 89.7 Bay.

Market Analysis

Bay Radio operates in a market which comprises 15 national stations and a number of community stations and as such faces significant competition for both listeners and advertisers. While Bay Radio broadcasts to all categories of audience, the focus is on the youth market, an area that the station has dominated for numerous years. As indicated in the table hereunder, the station has been consistently voted most popular station by reach in February 2015, February 2016, February 2017, and February 2018.

RADIO AUDIENCE ASSESSMENT

	Population size	Radio audience reach	Radio audience reach/ population	Bay Radio listeners	Second placed radio listeners	Third placed radio listeners
Feb-15	379,945	167,400	44.06%	23.29%	16.34%	11.87%
Feb-16	387,690	189,700	48.93%	25.30%	12.70%	8.80%
Feb-17	376,208	198,000	52.63%	17.78%	16.82%	10.55%
Feb-18	416,685	212,000	50.88%	22.31%	17.75%	10.13%

Source: Malta Broadcasting Authority

Management's strategy is to continue to broadcast relevant and up to date content using the latest available technology, to be innovative and to recruit and train quality presenters in order to increase its edge over competition, and in turn grow its listener base and advertising revenue.

During FY2017, the performance of Bay Radio was adversely effected by the general elections in Malta (held in June 2017). In contrast, Bay Radio has registered record performance to date in FY2018.

10.3 CYNERGI HEALTH & FITNESS CLUB

The Club is one of the largest health and fitness venues in Malta and has approximately 1,800 members. The majority of these members use the Club during peak times and therefore preferential memberships are given to off-peak members to fully utilise the capacity of the facility. Apart from generating revenue from memberships, the Club also derives income from studio and squash court rentals, and from the sale of nutritional and beverage products.

In 2016, the Group concluded a deal with international manufacturer of fitness equipment "Life Fitness" for the replacement of all equipment in the Club so as to maintain the high quality experience offered to patrons. As part of this investment, the Group completely redesigned the Club and undertook the renovation of all bathrooms and changing rooms. This expenditure is generating additional revenue through increased membership rates and new customers.

Cynergi Health & Fitness Club offers over 100 cardio vascular machines, a comprehensive weights area, 2 squash courts, an aerobics room, a crèche facility as well as an indoor pool equipped with steam bath and sauna. The Spa facilities are leased to a third party international company which has invested considerably in the indoor pool area and the addition of an authentic Turkish Bath or Hamam. The Club is accessed from the InterContinental Malta, the Eden Car Park and directly from the street.

10.4 EDEN SUPERBOWL

The Eden SuperBowl operates the only tenpin bowling alley in Malta. It comprises 20 lanes and is popular with families, youngsters, language schools and corporate groups.

The Malta Ten Pin Bowling Association (MTBA) operates solely at the Eden SuperBowl and organises three national leagues and *circa* 15 tournaments annually. The Eden SuperBowl also hosts 2 international annual tournaments (the Malta Open and the Seniors Open) which attract over a 100 participants (mainly foreign nationals) per tournament.

On-going investment is made in the facility to maintain the lanes to the high standards required for international professional tournaments. The principal sources of operating revenue for the Eden SuperBowl include: the sale of tenpin bowling games to customers; food and beverages; and amusement machines.

Revenue and gross profit generated by Eden SuperBowl has marginally been increasing during the historical years under review, and is expected to maintain a similar trend in FY2018. During FY2017, management decided to postpone the refurbishment of the cafeteria and bar areas until further notice.

10.5 OPERATIONAL PERFORMANCE

The following table sets out the highlights of operating performance relating to the entertainment & leisure segment (comprising Eden Cinemas, Bay Radio, Cynergi Health & Fitness Club and Eden SuperBowl) for the years indicated therein:

Entertainment & Leisure	**FY2015 Actual**	**FY2016 Actual**	**FY2017 Actual**	**FY2018 Forecast**	**CAGR FY15-17**	**CAGR FY15-18**
Turnover (€'000)	6,225	6,555	7,107	7,169	6.8%	4.8%
Gross profit (€'000)	2,471	2,759	2,796	2,943	6.4%	6.0%
Gross profit margin (%)	40%	42%	39%	41%		

CAGR - Compound annual growth rate.

Source: Management information.

During the three historical financial years under review (FY2015 – FY2017), revenue increased from €6.2 million in FY2015 to €7.1 million in FY2017, an increase of €0.9 million (+14.2%, CAGR of +6.8%). Gross profit in FY2015 amounted to €2.5 million, which increased to €2.8 million and remained stable at €2.8 million in both FY2016 and FY2017. The gross profit margin improved from 40% in FY2015 to 42% in FY2016, and decreased to 39% in FY2017. During FY2017, the main contributor to the increase in revenue was Cynergi with Eden Cinemas also registering positive growth. Bay Radio, on the other hand, registered a decrease in revenue of 9% in FY2017 due to the elections being held in the said year.

Management is projecting revenue in FY2018 to broadly match FY2017, whilst working towards increasing the gross profit margin to 41% to generate a gross profit of €2.9 million in FY2018 (FY2017: €2.8 million).

11. OTHER OPERATIONS

InterContinental Arena & Conference Centre

The InterContinental Arena & Conference Centre (IACC) is a 3,000m^2 facility mainly used by the InterContinental Malta as a venue for meetings, conferences and events including live shows. In 2014, the Group executed the conversion of the Bay Arena into a conference centre and meeting rooms at a total cost of *circa* €2 million, and was renamed the IACC. In 2015, the IACC was selected as the CHOGM press centre and was also used for the EU Summit for Migration in November 2015.

Diamond Suites

Diamond Suites is an apartment block of 46 self-catering units, which block is located adjacent to the InterContinental Malta. In 2005, Diamond Resorts International acquired a 49-year lease on the Diamond Suites from the Eden Group. In addition to the said lease, in 2005, a management contract was entered into with Diamond Resorts International for the provision of housekeeping, security and maintenance service to the 46 self-catering apartments. In April 2014, the afore-mentioned management contract was renegotiated and extended for a further 5 year period, expiring in 2018. Management is in negotiation with Diamond Resorts International for the extension of this management contract.

Property Leases

The Group owns and leases the following properties:

(i) **Property on St Augustine Street** – The Group leases on a long term basis a property measuring *circa* 66m^2 which is operated as a Vodafone Malta outlet.

(ii) **Eden Business Centre** – This property is situated in Elia Zammit Street, St Julians and comprises a total office space of 784m^2 on two levels with access to the Eden Car Park. The Eden Business Centre is leased to a third party.

(iii) **Casino Malta** – A related party of the Group leases 3,000m^2 of space, situated under the InterContinental Malta, for the operation of Casino Malta. The lease contract is for a 10-year period as from December 2015.

(iv) **Office space on Elia Zammit Street** – A related party of the Group leases on a long term basis a property which comprises office space measuring *circa* 67m^2 which is being used as the Casino Malta offices.

Eden Car Park

The Eden Car Park is a multi-storey car park that spans the footprint of the InterContinental Malta and has a maximum capacity of 310 vehicles. Activity in the area, particularly from the commercial and tourism sectors, has been increasing constantly over the years and has in turn ensured a high utilisation rate of the car park. As such, the Eden Car Park is an important contributor to the Group's financial results. Moreover, the Eden Car Park is of significance to the business entities of the Eden Group, as it provides parking facilities to their respective customers.

12. BUSINESS DEVELOPMENT STRATEGY

The Group's objective is to retain its market presence in the local leisure and hospitality sectors, offering quality entertainment, events and products focusing on the youth market and to pioneer innovative products with a focus on the customer experience, as well as continue to consolidate its business relation with the Inter-Continental Hotels Group in order to maximise the potential within the tourism sector in Malta. As such, management will continue to build on the Group's core strengths as follows:

- continue to cross market and cross promote each business unit;
- develop and consolidate the Bay and Eden brands;
- diversifying, identify, invest in and develop new opportunities in the leisure and hospitality sectors;
- maintain high quality standards in its' offerings;
- drive top line growth;
- maintain and improve operational efficiencies; and
- maintain a zero tolerance policy towards any loss making business line.

In the implementation of the above strategies, the Group will continue to maintain an appropriate balance in relation to its exposure to the entertainment sector and the more capital intensive hospitality sector.

PART 3 – PERFORMANCE REVIEW

13. FINANCIAL INFORMATION RELATING TO EDEN FINANCE PLC

The financial information provided hereunder is extracted from the audited financial statements of Eden Finance p.l.c. for each of the years ended 31 December 2015 to 31 December 2017. The forecasted financial information for the year ending 31 December 2018 has been provided by management of the Company.

The projected financial statements relate to events in the future and are based on assumptions which the Issuer believes to be reasonable. Consequently, the actual outcome may be adversely affected by unforeseen situations and the variation between forecast and actual results may be material.

Eden Finance p.l.c. Statement of Comprehensive Income for the year ended 31 December	**2015 Audited €'000**	**2016 Audited €'000**	**2017 Audited €'000**	**2018 Forecast €'000**
Finance income	979	979	1,518	1,680
Finance costs	(923)	(923)	(1,442)	(1,600)
Gross profit	**56**	**56**	**76**	**80**
Administrative expenses	(30)	(33)	(67)	(59)
Profit before tax	**26**	**23**	**9**	**21**
Taxation	(9)	(8)	(3)	(7)
Total comprehensive income	**17**	**15**	**6**	**14**

Eden Finance p.l.c. Cash flow Statement for the year ended 31 December	**2015 Audited €'000**	**2016 Audited €'000**	**2017 Audited €'000**	**2018 Forecast €'000**
Net cash from operating activities	(28)	(55)	(44)	(66)
Net cash from investing activities	949	979	(24,498)	1,680
Net cash from financing activities	(921)	(923)	24,574	(1,600)
Net movement in cash and cash equivalents	**-**	**1**	**32**	**14**
Cash and cash equivalents at beginning of year	1	1	2	34
Cash and cash equivalents at end of year	**1**	**2**	**34**	**48**

Eden Finance p.l.c. Balance Sheet as at 31 December	2015 Audited €'000	2016 Audited €'000	2017 Audited €'000	2018 Forecast €'000
ASSETS				
Non-current assets				
Loans owed by parent company	13,984	13,984	40,000	40,000
Held-to-maturity investments	1,165	1,165	1,165	1,165
Deferred tax asset	11	2	3	-
	15,160	**15,151**	**41,168**	**41,165**
Current assets				
Trade and other receivables	1,044	1,077	1,682	1,762
Cash and cash equivalents	1	2	34	48
	1,045	**1,079**	**1,716**	**1,810**
Total assets	**16,205**	**16,230**	**42,884**	**42,975**
EQUITY				
Equity and reserves	**1,584**	**1,599**	**1,605**	**1,619**
LIABILITIES				
Non-current liabilities				
Debt securities	13,984	13,984	40,000	40,000
Current liabilities				
Trade and other payables	637	647	1,279	1,356
	14,621	**14,631**	**41,279**	**41,356**
Total equity and liabilities	**16,205**	**16,230**	**42,884**	**42,975**

In May 2010, the Issuer entered into a loan agreement with the Guarantor, pursuant to which the Issuer advanced to the Guarantor the proceeds from the €15,000,000 6.6% bonds 2017 - 2020 issued in terms of a prospectus dated 10 May 2010. Interest under the afore-mentioned loan agreement was set at the rate of 7.0% per annum, with interest payable annually in arrears on 31 May of each year, until 31 May 2020. As at 31 December 2016, the amount of €13,984,000 of the said May 2010 bond issue was outstanding.

In April 2017, the Group exercised its option to the early redemption of the €15,000,000 6.6% 2010 bonds and issued a replacement €40,000,000 4.0% bond maturing in 2027. These bonds are unsecured pursuant and subject to the terms and conditions in the prospectus dated 27th March 2017. Bondholders holding the 6.6% bonds for a total of €11,497,000 exercised the bond exchange programme option set in the 4.0% bond prospectus dated 27th March 2017.

In conjunction with the above bond issuance, the Guarantor repaid the €15,000,000 advanced by the Issuer in May 2010 and the Issuer entered into another loan agreement with the Guarantor, pursuant to which the Issuer advanced to the Guarantor the proceeds from the €40,000,000 4% bonds 2027. Interest under the afore-mentioned €40,000,000 loan agreement was set at the rate of 4.2% per annum, with interest payable annually in arrears on 28 April of each year, until 28 April 2027. As at 31 December 2017, the amount of €40,000,000 of the said April 2017 bond issue was outstanding.

14. FINANCIAL INFORMATION RELATING TO EDEN LEISURE GROUP LIMITED

The financial information provided hereunder is extracted from the audited consolidated financial statements of Eden Leisure Group Limited for each of the years ended 31 December 2015 to 31 December 2017. The forecasted financial information for the year ending 31 December 2018 has been provided by management of the Company.

The projected financial statements relate to events in the future and are based on assumptions which the Guarantor believes to be reasonable. Consequently, the actual outcome may be adversely affected by unforeseen situations and the variation between forecast and actual results may be material.

Eden Leisure Group Limited Consolidated Statement of Comprehensive Income for the year ended 31 December	2015 Audited €'000	2016 Audited €'000	2017 Audited €'000	2018 Forecast €'000
Revenue	28,197	31,310	36,517	41,369
Net operating expenses	(21,799)	(22,943)	(26,078)	(28,644)
EBITDA[1]	**6,398**	**8,367**	**10,439**	**12,725**
Depreciation	(3,160)	(3,673)	(5,089)	(5,100)
Other net non-operating income	218	62	106	-
Net finance costs	(2,061)	(2,104)	(2,340)	(2,101)
Profit before tax	**1,395**	**2,652**	**3,116**	**5,524**
Taxation	(77)	641	(259)	(2,448)
Profit after tax	**1,318**	**3,293**	**2,857**	**3,076**
Other comprehensive income				
Revaluation surplus, net of deferred tax	29,523	14,479	-	-
Total comprehensive income	**30,841**	**17,772**	**2,857**	**3,076**

[1] EBITDA - Earnings before Interest, Tax, Depreciation and Amortisation.

Eden Leisure Group Limited Consolidated Balance Sheet as at 31 December	2015 Audited €'000	2016 Audited €'000	2017 Audited €'000	2018 Forecast €'000
ASSETS				
Non-current assets				
Intangible assets	9	7	5	-
Property, plant and equipment	113,684	137,040	146,369	143,269
Assets under development	12,147	8,503	-	-
Investment property	12,200	12,200	12,200	12,200
Investment in associated undertakings	721	721	719	719
Loans and receivables	1,050	730	-	-
Trade and other receivables	-	518	798	798
	139,811	**159,719**	**160,091**	**156,986**
Current assets				
Inventory	1,835	1,803	2,105	2,210
Trade and other receivables	3,451	3,590	3,133	3,310
Loans and receivables	-	-	430	-
Cash and cash equivalents	330	384	4,177	6,533
	5,616	**5,777**	**9,845**	**12,054**
Total assets	**145,427**	**165,496**	**169,936**	**169,040**
EQUITY				
Equity and reserves	**76,648**	**92,620**	**90,161**	**89,725**
LIABILITIES				
Non-current liabilities				
Borrowings and bonds	40,146	40,632	53,298	50,588
Other non-current liabilities	9,366	11,380	12,210	13,513
	49,512	**52,012**	**65,508**	**64,101**
Current liabilities				
Bank overdrafts	3,525	3,482	-	-
Borrowings	4,486	5,272	2,757	2,775
Other current liabilities	11,256	12,110	11,510	12,439
	19,267	**20,864**	**14,267**	**15,214**
	68,779	**72,876**	**79,775**	**79,315**
Total equity and liabilities	**145,427**	**165,496**	**169,936**	**169,040**

Eden Leisure Group Limited Consolidated Cash flow Statement for the year ended 31 December	2015 Audited €'000	2016 Audited €'000	2017 Audited €'000	2018 Forecast €'000
Net cash from operating activities	5,075	5,484	8,525	12,571
Net cash from investing activities	(11,765)	(6,614)	(5,632)	(1,570)
Net cash from financing activities	5,453	1,227	4,382	(8,645)
Net movement in cash and cash equivalents	**(1,237)**	**97**	**7,275**	**2,356**
Cash and cash equivalents at beginning of year	(1,958)	(3,195)	(3,098)	4,177
Cash and cash equivalents at end of year	**(3,195)**	**(3,098)**	**4,177**	**6,533**

Key Accounting Ratios	FY2015	FY2016	FY2017	FY2018
EBITDA margin *(EBITDA/revenue)*	23%	27%	29%	31%
Interest cover (times) *(EBITDA/net finance cost)*	3.10	3.98	4.46	6.06
Net profit margin *(Profit after tax/revenue)*	5%	11%	8%	7%
Earnings per share (€) *(Profit after tax/number of shares)*	94.14	137.21	119.03	128.17
Return on equity *(Profit after tax/shareholders' equity)*	2%	4%	3%	3%
Return on capital employed *(EBITDA/total assets less current liabilities)*	5%	6%	7%	8%
Return on assets *(Profit after tax/total assets)*	1%	2%	2%	2%

Source: Charts Investment Management Service Limited

In **2015**, the Eden Group's revenue amounted to €28.2 million, reflecting an increase of €1.8 million on the turnover registered in 2014 (€26.4 million). As in previous years, the majority of income was derived from the hospitality segment of the Group, principally comprising the operation of the InterContinental Malta. During 2015, the Group generated €20.9 million from hospitality, an increase of €0.9 million (+4.5%) when compared to the prior year (2014: €20.0 million). This growth in hospitality revenue was achieved even though the hotel was closed from November 2014 to April 2015 due to construction works undertaken on various projects. During this period the existing complement of hotel suites and the executive lounge were completely renovated and re-launched. Furthermore, works on the addition of 30 luxury Hi Line suites, which commenced in 2014, continued throughout 2015.

The InterContinental Arena & Conference Centre (IACC), which was completely refurbished in 2014, was fully operational during 2015. Of particular note, the IACC was selected as the CHOGM press centre and the EU Summit for Migration in November 2015.

The balance in revenue for 2015 of €7.3 million was generated from entertainment & other related operations as compared to €6.4 million in 2014 (+€0.9 million). All businesses within this segment registered year-on-year growth, principally Eden Cinemas, whereby cinema attendance in 2015 rebounded for the first time since 2010 and revenue increased by 15% from a year earlier.

EBITDA for 2015 at €6.4 million represented an increase of €0.2 million on the EBITDA of €6.2 million reported in 2014. After accounting for depreciation, other net non-operating income and net finance costs, profit before tax for 2015 amounted to €1.4 million (2014: €1.2 million). Other comprehensive income of €29.5 million in 2015 reflected the revaluation of the Group's property, plant and equipment, net of taxation. As a result, total comprehensive income for 2015 amounted to €30.8 million (2014: €0.7 million).

Revenue in **2016** amounted to €31.3 million, an increase of €3.1 million (+11%) when compared to the prior year (FY2015: €28.2 million). The hospitality segment of the Group contributed to the major part of this growth, whereby revenue increased by €2.3 million (+11%) from €20.9 million in FY2015 to €23.2 million. The InterContinental Malta continued to perform positively, principally due to a favourable trend in tourism in Malta. The remaining balance of revenue was derived from entertainment & other related operations and amounted to €8.1 million, an increase of €0.8 million (+12%) over FY2015.

During FY2016, the Group's EBITDA increased significantly by €2.0 million (+31%) from €6.4 million in FY2015 to €8.4 million, mainly as a result of the above-mentioned growth registered at the InterContinental Malta, the increase in business at the InterContinental Arena & Conference Centre and the commencement of rental income generated from the casino property of *circa* €0.5 million. Overall, profit after tax in FY2016 amounted to €3.3 million, a year-on-year increase of €2.0 million (FY2015: €1.3 million). In FY2016, the Group revalued its property by €14.5 million (net of deferred tax) and as such, total comprehensive income amounted to €17.8 million (FY2015: €30.8 million).

Revenue in **2017** amounted to €36.5 million, an increase of €5.2 million (+17%) when compared to the prior year (FY2016: €31.3 million). The hospitality segment of the Group contributed to the major part of this growth, whereby revenue increased by €4.8 million (+21%) from €23.2 million in FY2016 to €28.0 million in FY2017. The InterContinental Malta continued to perform positively, principally due to a favourable trend in tourism in Malta. The remaining balance of revenue was derived from the entertainment & other related operations and amounted to €8.5 million, an increase of €0.4 million (+5%) over FY2016. The said increase was due to positive growth registered across all business segments included in the entertainment & other related operations, with the exception of Bay Radio, which registered a decrease in revenue of €0.2 million (-9%) as well as income from rental properties registering a decrease due to the rental income generated from the Eden Business Centre located in Elia Zammit Street, St Julians, being vacant from June 2017 and fully leased once again in May 2018.

During FY2017, the Group's EBITDA increased by €2.1 million (+25%) from €8.4 million in FY2016 to €10.4 million, mainly as a result of the above-mentioned growth registered at the InterContinental Malta with a full year of operations of its highline suites, the Eden Cinemas and the positive performance of Cynergi following its refurbishment. Overall, profit after tax in FY2017 amounted to €2.9 million, a year-on-year decrease of €0.4 million (FY2016: €3.3 million), mainly due to an increase in depreciation charge of €1.4 million during FY2017 to €5.1 million (FY2016: €3.7 million) and a tax charge during FY2017 of €0.3 million compared to a tax credit in FY2016 of €0.6 million. In FY2017, the Group did not revalue its property and as such, total comprehensive income amounted to €2.9 million (FY2016: €17.8 million).

Revenue for **FY2018** is projected to increase from €36.5 million in FY2017 to €41.4 million (+13%) as management has factored in a 9% growth in revenue from the InterContinental Malta. Also included in this increase is revenue of €3.1 million expected to be generated by the Holiday Inn Express in its first full year in operation. Other business interests of the Group are projected to maintain the same level of revenue as in the prior year. As a consequence, EBITDA is projected to increase by €2.3 million (+22%), from €10.4 million in FY2017 to €12.7 million, and total comprehensive income is expected to amount to €3.1 million, an increase of €0.2 million over the comparative year (FY2017).

The estimates for the forward years as presented in this document assume that the carrying values of Group properties will remain constant in FY2018, and therefore no adjustment has been made as to possible impairment or uplift of assets that may be booked and which may materially affect the consolidated income statement and balance sheet values.

Total assets of the Eden Group as at 31 December 2017 amounted to €169.9 million (FY2016: €165.5 million), and principally comprise the InterContinental Malta and other properties as detailed in section 6 above. Other than equity, the Eden Group is mainly financed by bank borrowings and bonds as provided hereunder:

Eden Leisure Group Limited Consolidated Borrowings as at 31 December	**2015 Actual €'000**	**2016 Actual €'000**	**2017 Actual €'000**	**2018 Forecast €'000**
Bank overdrafts	3,525	3,482	-	-
Bank loans	29,793	31,032	15,495	13,256
Other financial liabilities	1,000	1,000	1,000	500
6.6% Bonds 2017-2020	13,839	13,872	39,560	-
4% Unsecured Bonds 2027	-	-	-	39,607
Total borrowings and bonds	**48,157**	**49,386**	**56,055**	**53,363**

Key Accounting Ratios	31 Dec'15	31 Dec'16	31 Dec'17	31 Dec'18
Net assets per share (€) *(Net asset value/number of shares)*	5.47	3.86	3.76	3.74
Liquidity ratio (times) *(Current assets/current liabilities)*	0.29	0.28	0.69	0.79
Gearing ratio *(Net debt/net debt and shareholders' equity)*	38%	35%	37%	34%
Debt service cover ratio (times) *(EBITDA/net finance cost and loan capital repayment)*	1.22	1.35	2.93	2.95

Source: Charts Investment Management Service Limited

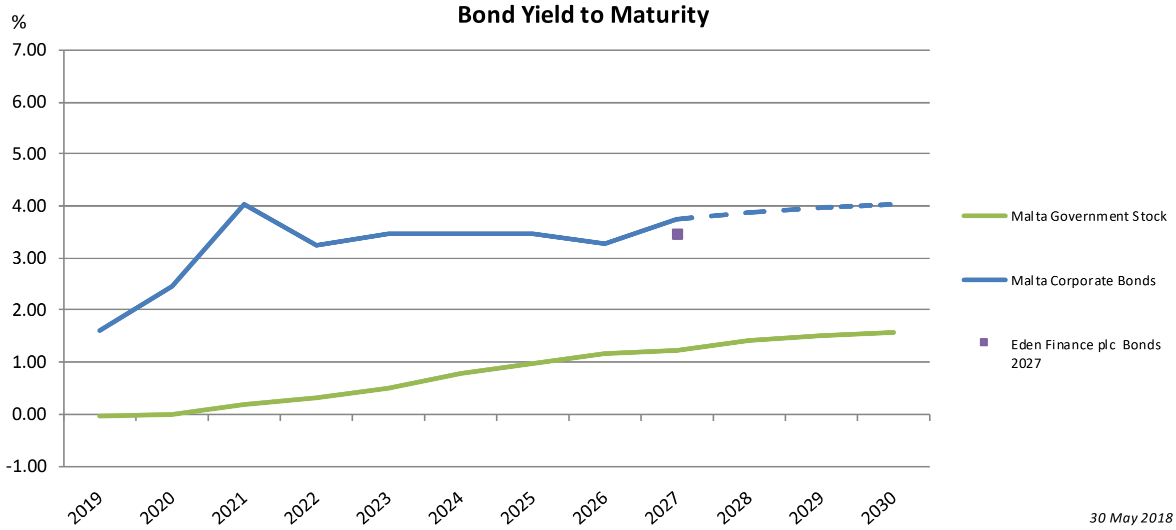
PART 4 - COMPARABLES

The table below compares the Eden Group and the proposed bond issue to other debt issuers listed on the Malta Stock Exchange and their respective debt securities. Although there are significant variances between the activities of the Eden Group and other issuers (including different industries, principal markets, competition, capital requirements etc), and material differences between the risks associated with the Group's business and that of other issuers, the comparative analysis provides an indication of the financial performance and strength of the Group.

Comparative Analysis	Nominal Value (€)	Yield to Maturity (%)	Interest Cover (times)	Total Assets (€'000)	Net Asset Value (€'000)	Gearing Ratio (%)
5.5% Pendergardens Dev. plc Secured € 2020 Series I	15,000,000	2.44	6.29	68,589	14,418	66.04
6% Pendergardens Dev. plc Secured € 2022 Series II	27,000,000	3.23	6.29	68,589	14,418	66.04
4.25% Gap Group plc Secured € 2023	40,000,000	3.47	2.61	56,906	6,696	85.08
5.3% United Finance Plc Unsecured € Bonds 2023	8,500,000	4.14	1.19	21,625	4,844	69.04
6% AX Investments Plc Unsecured € 2024	40,000,000	3.47	4.44	286,318	173,323	26.09
5.3% Mariner Finance plc Unsecured € 2024	35,000,000	3.45	4.42	77,088	38,701	45.62
5% Hal Mann Vella Group plc Secured Bonds € 2024	30,000,000	3.74	3.05	107,801	39,813	54.01
5.1% 1923 Investments plc Unsecured € 2024	36,000,000	4.38	1.69	118,490	33,711	56.83
4.5% Hili Properties plc Unsecured € 2025	37,000,000	3.47	1.26	135,879	39,974	68.23
4.25% Corinthia Finance plc Unsecured € 2026	40,000,000	3.51	2.59	1,765,072	901,595	40.43
4.0% International Hotel Invest. plc Secured € 2026	55,000,000	3.43	3.03	1,602,317	884,632	36.36
4.0% MIDI plc Secured € 2026	50,000,000	3.28	- 0.98	235,302	86,621	39.27
3.75% Premier Capital plc € Unsecured Bonds 2026	65,000,000	3.12	7.90	161,128	47,607	57.32
4.35% Hudson Malta plc Unsecured 2026	12,000,000	3.63	39.11	17,088	5,835	30.63
4.35% SD Finance plc € Unsecured Bonds 2027	65,000,000	3.74	5.46	217,599	65,698	47.74
4.0% Eden Finance plc Unsecured 2027	**40,000,000**	**3.46**	**4.46**	**169,936**	**90,162**	**36.52**
4% Stivala Group Finance plc Secured 2027	45,000,000	3.40	6.21	199,560	121,041	31.54

30 May '18

Source: Malta Stock Exchange, Audited Accounts of Listed Companies, Charts Investment Management Service Limited



To date, there are no corporate bonds which have a redemption date beyond 2027 and therefore a trend line has been plotted (denoted in the above chart by the dashed line). The Malta Government Stock yield curve has also been included since it is the benchmark risk-free rate for Malta.

PART 5 - EXPLANATORY DEFINITIONS AND REFERENCES

Income Statement	
Revenue	Total revenue generated by the Group from its business activities during the financial year, including hospitality and entertainment, rental income and other revenue streams.
Operating expenses	Operating expenses include all direct (food, beverages, consumables, labour expenses, etc) and indirect (including general and administration expenses) operating costs.
EBITDA	EBITDA is an abbreviation for earnings before interest, tax, depreciation and amortisation. EBITDA can be used to analyse and compare profitability between companies and industries because it eliminates the effects of financing and accounting decisions.
Profit after tax	Profit after tax is the profit made by the Group during the financial year both from its operating as well as non-operating activities.
Key Performance Indicators	
Occupancy level	Occupancy level is the percentage of available rooms that were sold during a given period of time. It is calculated by dividing the number of rooms sold by total number of rooms available.
Average room rate	Average room rate is calculated by dividing hotel rooms that were sold during a given period of time. It is calculated by dividing the number of rooms sold by total number of rooms available.
Revenue per available room (RevPAR)	RevPAR is calculated by multiplying a hotel's total revenue by total room nights available. A hotel uses this indicator as a performance measure with other hotels in the same category or market.
Revenue generating index (RGI)	A revenue generating index measures a hotel's fair market share of its segment's (competitive set, market, etc) revenue per occupied room. If a hotel is capturing its fair market share, the index will be 1; if capturing less than its fair market share, a hotel's index will be less than 1; and if capturing more than its fair market share, a hotel's index will be greater than 1.
Profitability Ratios	
EBITDA margin	EBITDA margin is operating income or EBITDA as a percentage of total revenue.

Net profit margin	Net profit margin is profit after tax achieved during the financial year expressed as a percentage of total revenue.
Efficiency Ratios	
Return on equity	Return on equity (ROE) measures the rate of return on the shareholders' equity of the owners of issued share capital, computed by dividing profit after tax by shareholders' equity.
Return on capital employed	Return on capital employed (ROCE) indicates the efficiency and profitability of a company's capital investments, estimated by dividing operating profit by capital employed.
Return on assets	Return on assets (ROA) is computed by dividing profit after tax by total assets.
Equity Ratios	
Earnings per share	Earnings per share (EPS) is the amount of earnings per outstanding share of a company's share capital. It is computed by dividing net income available to equity shareholders by total shares outstanding as at balance sheet date.
Cash Flow Statement	
Cash flow from operating activities	Cash generated from the principal revenue-producing activities (room revenue, food & beverage, hotel services, etc) of the Group.
Cash flow from investing activities	Cash generated from activities dealing with the acquisition and disposal of long-term assets and other investments of the Group.
Cash flow from financing activities	Cash generated from the activities that result in change in share capital and borrowings of the Group.
Balance Sheet	
Non-current assets	Non-current asset are the Group's long-term investments, which full value will not be realised within the accounting year. Non-current assets are capitalised rather than expensed, meaning that the Group amortises the cost of the asset over the number of years for which the asset will be in use, instead of allocating the entire cost to the accounting year in which the asset was acquired.
Current assets	Current assets are all assets of the Group, which are realisable within one year from the balance sheet date. Such amounts include accounts receivable, inventory (food, beverages, consumables, etc), cash and bank balances.

Current liabilities	All liabilities payable by the Group within a period of one year from the balance sheet date, and include accounts payable and short-term debt, including current portion of bank loans.
Non-current liabilities	The Group's long-term financial obligations that are not due within the present accounting year. The Group's non-current liabilities include long-term borrowings and bonds.
Total equity	Total equity includes share capital, reserves & other equity components, retained earnings and minority interest.
Financial Strength Ratios	
Liquidity ratio	The liquidity ratio (also known as current ratio) is a financial ratio that measures whether or not a company has enough resources to pay its debts over the next 12 months. It compares a company's current assets to its current liabilities.
Interest cover	The interest coverage ratio is calculated by dividing a company's operating profit of one period by the company's interest expense of the same period.
Debt service cover ratio	The debt service cover ratio measures a company's ability to service its current debts by comparing its EBITDA with its total debt service obligations.
Gearing ratio	The gearing ratio indicates the relative proportion of shareholders' equity and debt used to finance a company's assets, and is calculated by dividing a company's net debt by net debt plus shareholders' equity.