

Securities Note

Dated 24 September 2021

This document is a Securities Note issued in accordance with the provisions of Chapter 4 of the Capital Markets Rules issued by the Malta Financial Services Authority and in accordance with the provisions of the Prospectus Regulation.

This Securities Note should be read in conjunction with the most updated Registration Document issued from time to time containing information about the Issuer.

in respect of an issue of up to

€45,000,000 3.65% unsecured bonds 2028-2031

of a nominal value of €100 per bond, issued and redeemable at par by



A PUBLIC LIMITED LIABILITY COMPANY REGISTERED UNDER THE LAWS OF MALTA WITH COMPANY REGISTRATION NUMBER C 29506

with the joint and several guarantee of

Mizzi Organisation Limited (C 813); Consolidated Holdings Limited (C 1192); The General Soft Drinks Company Limited (C 1591); and GSD Marketing Limited (C 3774)

ISIN: - MT0000211228

THIS SECURITIES NOTE HAS BEEN APPROVED BY THE MALTA FINANCIAL SERVICES AUTHORITY, AS COMPETENT AUTHORITY UNDER THE PROSPECTUS REGULATION. THE MALTA FINANCIAL SERVICES AUTHORITY HAS AUTHORISED THE ADMISSIBILITY OF THE SECURITIES AS LISTED FINANCIAL INSTRUMENTS. THIS MEANS THAT THE MALTA FINANCIAL SERVICES AUTHORITY HAS ONLY APPROVED THIS SECURITIES NOTES AS MEETING THE STANDARDS OF COMPLETENESS, COMPREHENSIBILITY AND CONSISTENCY AS PRESCRIBED BY THE PROSPECTUS REGULATION. SUCH APPROVAL SHOULD NOT HOWEVER BE CONSIDERED AS AN ENDORSEMENT OF THE SECURITIES THAT ARE THE SUBJECT OF THIS SECURITIES NOTE. IN PROVIDING THIS AUTHORISATION, THE MALTA FINANCIAL SERVICES AUTHORITY DOES NOT GIVE ANY CERTIFICATION REGARDING THE POTENTIAL RISKS IN INVESTING IN THE SAID INSTRUMENTS AND SUCH AUTHORISATION SHOULD NOT BE DEEMED OR BE CONSTRUED AS A REPRESENTATION OR WARRANTY AS TO THE SAFETY OF INVESTING IN SUCH INSTRUMENTS.

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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.

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Sponsor & Manager



Registrar



Legal Counsel



APPROVED BY BOARD OF DIRECTORS

A handwritten signature in black ink, appearing to read "Maurice F. Mizzi", is written over a horizontal line.

Maurice F. Mizzi

A handwritten signature in black ink, appearing to read "Carmel J. Farrugia", is written over a horizontal line.

Carmel J. Farrugia

signing in their own capacity as directors of the Issuer and on behalf of each of Brian R. Mizzi, Kenneth C. Mizzi, Kevin Rapinett and Joseph M. Galea as their duly appointed agents.

Important Information

THIS SECURITIES NOTE CONTAINS INFORMATION ON AN ISSUE BY MIZZI ORGANISATION FINANCE P.L.C. (THE “ISSUER”) OF UP TO €45,000,000 UNSECURED BONDS OF A NOMINAL VALUE OF €100 PER BOND ISSUED AT PAR, AND BEARING INTEREST AT THE RATE OF 3.65% PER ANNUM, PAYABLE ANNUALLY ON 15 OCTOBER OF EACH YEAR UNTIL THE REDEMPTION DATE (THE “BONDS”). THE ISSUER SHALL REDEEM THE BONDS ON THE REDEMPTION DATE OR A DESIGNATED EARLY REDEMPTION DATE UNLESS OTHERWISE PREVIOUSLY REPURCHASED FOR CANCELLATION BY THE ISSUER.

THIS SECURITIES NOTE SETS OUT THE CONTRACTUAL TERMS UNDER WHICH THE BONDS ARE ISSUED BY THE ISSUER AND SUBSCRIBED FOR BY A BONDHOLDER WHICH TERMS SHALL REMAIN BINDING UNTIL THE REDEMPTION DATE OF THE BONDS OR A DESIGNATED EARLY REDEMPTION DATE (AS APPLICABLE), UNLESS THEY ARE OTHERWISE CHANGED IN ACCORDANCE WITH THE TERMS OF THIS SECURITIES NOTE. NO BROKER, DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORISED BY THE ISSUER OR ITS DIRECTORS, TO ISSUE ANY ADVERTISEMENT OR TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THE SALE OF SECURITIES OF THE ISSUER OTHER THAN THOSE CONTAINED IN THIS SECURITIES NOTE AND IN THE DOCUMENTS REFERRED TO HEREIN, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY THE ISSUER OR ITS DIRECTORS OR ADVISERS.

THE MALTA FINANCIAL SERVICES AUTHORITY 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.

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

THE PROSPECTUS IS VALID FOR A PERIOD OF TWELVE (12) MONTHS FROM THE DATE HEREOF. FOLLOWING THE LAPSE OF THIS VALIDITY PERIOD, THE ISSUER IS NOT OBLIGED TO UPDATE THE PROSPECTUS IN THE EVENT OF SIGNIFICANT NEW FACTORS, MATERIAL MISTAKES OR MATERIAL INACCURACIES.

IT IS THE RESPONSIBILITY OF ANY PERSON IN POSSESSION OF THIS DOCUMENT AND ANY PERSON 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 THIS 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 THIS PROSPECTUS OR ANY SECURITIES MAY COME MUST INFORM THEMSELVES ABOUT, AND OBSERVE, ANY SUCH RESTRICTIONS ON THE DISTRIBUTION OF THIS 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 COMPANIES ACT (CAP. 386 OF THE LAWS OF MALTA).

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.

ALL THE ADVISERS TO THE ISSUER NAMED IN THE REGISTRATION DOCUMENT UNDER THE HEADING “ADVISERS” IN SECTION 3.5 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 CONTENTS OF THE ISSUER’S WEBSITE OR ANY WEBSITE DIRECTLY OR INDIRECTLY LINKED TO THE ISSUER’S WEBSITE DO NOT FORM PART OF THIS PROSPECTUS UNLESS SUCH CONTENTS ARE INCORPORATED BY REFERENCE INTO 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 THE SECURITIES.

THE VALUE OF INVESTMENTS CAN GO UP OR DOWN 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 INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISERS BEFORE DECIDING TO MAKE AN INVESTMENT IN THE SECURITIES.

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1. Definitions

Words and expressions and capitalised terms used in this Securities Note shall, except where the context otherwise requires and except where otherwise defined herein, bear the same meaning as the meaning given to such words, expressed and capitalised terms as indicated in the Registration Document forming part of the Prospectus. Additionally, the following words and expressions as used in this Securities Note shall bear the following meanings whenever such words and expressions are used in their capitalised form, except where the context otherwise requires:

Admission	admission of the Bonds to the Official List and to trading on the main market for listed securities of the MSE becoming effective in accordance with the Capital Markets Rules and the MSE Bye- Laws;
Applicant/s	a person or persons who subscribes for the Bonds;
Application/s	the application to subscribe for Bonds made by a Preferred Applicant by completing an Application Form and delivering same to any Authorised Financial Intermediary during the Offer Period;
Application Form	the Application Form to be completed by a Preferred Applicant, a specimen of which is contained in Annex I to this Securities Note;
Appropriateness Test	shall have the meaning set out in section 7.2 of this Securities Note;
Authorised Financial Intermediary/ies	the licensed stockbrokers and financial intermediaries listed in Annex III to this Securities Note;
Bond Issue Price	€100 per Bond;
Bondholder	a holder of Bonds from time to time, as evidenced by an electronic entry in the register of Bonds held by the CSD;
Business Day	any day between Monday and Friday (both days included) on which commercial banks in Malta settle payments and are open for normal banking business;
Civil Code	means the Civil Code (Cap. 16 of the laws of Malta);
CSD	the Central Securities Depository of the Malta Stock Exchange having its address at Garrison Chapel, Castille Place, Valletta, VLT 1063, Malta;
Designated Early Redemption Dates	any date falling between 15 October 2028 and 14 October 2031, at the sole option of the Issuer, on which the Issuer shall be entitled to prepay all or part of the principal amount of the Bonds and all interests accrued up to the date of prepayment, by giving not less than 30 days' notice to the Bondholders and the term " Early Redemption " shall be construed accordingly;
Guarantee	the joint and several guarantee, dated 7 September 2021 granted by the Guarantors as security for the punctual performance of the Issuer's payment obligations under the Bond Issue. A copy of the Guarantee is appended to the Securities Note as Annex II hereto;

Interest Payment Date	15 October of each year between and including each of the years 2022 and 2031 (or in the event of Early Redemption at the option of the Issuer, 15 October of each year between and including each of the years 2022 and the relevant Designated Early Redemption Date), provided that if any such day is not a Business Day such Interest Payment Date shall be carried over to the next following day that is a Business Day;
Intermediaries' Offer	an offer for subscription of Bonds made by the Issuer to the Authorised Financial Intermediaries through subscription agreements as further detailed in section 7.6 of this Securities Note;
Intermediaries' Offer Date	14:00 hours on 8 October 2021;
Issue Date	the 22 October 2021;
MIFID II	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);
Mizzi Organisation Directors	the directors of any of the companies forming part of the Mizzi Organisation, as at the date of this Securities Note;
Mizzi Organisation Employees	individuals employed by any of the companies forming part of the Mizzi Organisation who began such employment prior to 1 January 2021;
Mizzi Organisation Shareholders	the shareholders of any of the companies forming part of the Mizzi Organisation, appearing on the relative register of members as at the date of this Securities Note;
MSE Bye-Laws	the bye-laws issued by the MSE;
Offer Period	the period between 08:30 hours on 4 October 2021 and 14:00 hours on 8 October 2021 during which the Bonds will be available for subscription by Preferred Applicants;
Official List	the list prepared and published by the Malta Stock Exchange as its official list in accordance with the MSE Bye-Laws;
PAFI/s	<p>each of:</p> <p>(a) Bank of Valletta p.l.c., a public limited liability company registered under the laws of Malta, with company registration number C 2833, having its registered office at 58, Zachary Street, Valletta VLT 1130, Malta; and</p> <p>(b) Rizzo, Farrugia & Co (Stockbrokers) Ltd, a private limited liability company registered under the laws of Malta, with company registration number C 13102, having its registered office at Airways House, Fourth Floor, High Street, Sliema SLM 1551, Malta,</p> <p>being the two Authorised Financial Intermediaries, which have executed a Placement Agreement;</p>

Placement Agreement/s	the placement agreements entered into between the Issuer and the PAFIs, as further detailed in section 7.5 of this Securities Note;
Placement Date	14:00 hours on 8 October 2021;
Preferred Applicants	collectively, the Mizzi Organisation Shareholders, the Mizzi Organisation Employees and the Mizzi Organisation Directors;
Redemption Date	15 October 2031 or a Designated Early Redemption Date, whichever is the earlier;
Redemption Value	the nominal value of each Bond (€100 per Bond);
Suitability Test	shall have the meaning assigned to it in section 7.2 of this Securities Note; and
Terms and Conditions	the terms and conditions of the Bonds set out in sections 5 and 7 of this Securities Note.

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 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. all references in this Registration Document to “*Malta*” shall be construed as defined in article 124 (1) of the Constitution of Malta;
- e. any phrase introduced by the terms “*including*”, “*include*”, “*in particular*” or any similar expression is illustrative only and does not limit the sense of the words preceding those terms; and
- f. any reference to a law, legislative act, and, or other legislation shall mean that particular law, legislative act and, or legislation as in force at the date of this Securities Note.

2. 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 INDEPENDENT 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.

NEITHER THIS SECURITIES NOTE, NOR ANY OTHER PARTS OF THE PROSPECTUS OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE BONDS: (I) IS INTENDED TO PROVIDE THE BASIS OF ANY CREDIT OR OTHER EVALUATION; OR (II) SHOULD BE CONSIDERED AS A RECOMMENDATION BY THE ISSUER OR THE SPONSOR OR ANY OF THE AUTHORISED FINANCIAL INTERMEDIARIES THAT ANY RECIPIENT OF THIS SECURITIES NOTE OR ANY OTHER PART OF THE PROSPECTUS OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE PROSPECTUS OR ANY BONDS, SHOULD PURCHASE ANY BONDS. ACCORDINGLY, PROSPECTIVE INVESTORS

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

2.1 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 Mizzi Organisation’s 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 Mizzi Organisation’s actual results of operations, financial condition, liquidity, and the development of its business 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, or liquidity of the Issuer and, or the Mizzi Organisation 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. 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.

2.2 Risks Relating to the Bonds

2.2.1 Risks Relating to the Bonds

2.2.1.1 Suitability of the Bonds

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 a Designated Early Redemption Date. In view of this early redemption component, the Bonds are complex financial instruments for the purposes of MIFID II. Accordingly, the Bonds are only suitable for investors who have the knowledge and experience to understand the risks related to the Bonds. An investor must consult with an independent investment adviser before investing in the Bonds.

In particular, investors should consult with an independent investment adviser 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 adviser) 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 Mizzi Organisation's business. In the event that an investor does not seek professional advice and, or does not read and fully understand the provisions of this Prospectus, there is a risk that such investor may acquire an investment which is not suitable for his or her risk profile.

2.2.1.2 The Bonds are redeemable at the option of the Issuer

Any or all of the Bonds may be redeemed by the Issuer on a Designated 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 Bonds are redeemed on a Designated Early Redemption Date, Bondholders would not receive the same return on investment that it would have received if they 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.

2.2.1.3 No prior market for the Bonds

Prior to the Bond Issue and Admission, there has been no public market for the Bonds within or outside Malta. Due to the absence of any prior market for the Bonds, there can be no assurance that the price of the Bonds 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 2 of the Registration Document.

2.2.1.4 Orderly and liquid secondary market

The existence of an orderly and liquid market for the Bonds depends on several factors, including but not limited to the presence of willing buyers and sellers of the 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.

The emergence of the COVID-19 pandemic in Q1 2020 has manifested in a highly volatile economy with the magnitude of the downturn in terms of depth and duration particularly uncertain across the globe. The exact nature of the risks that the individual companies forming part of the Mizzi Organisation face and the manner and the extent to which they will ultimately impact the respective company and the Mizzi Organisation as a whole is difficult to predict and to guard against in the light of: (i) the uncertainty as to the duration and depth of the impact of the COVID-19 pandemic; (ii) the difficulties in predicting whether recoveries will be sustained and at what rate; and (iii) the fact that the risks are totally or to a large extent outside the control of the relative company. There can be no assurance that continued or increased volatility and disruption in the capital markets will not impair the saleability of the Bonds. Accordingly, there can be no assurance that an active secondary market for the Bonds will develop, or, if it develops, that it will continue. Furthermore, there can be no assurance that an investor will be able to trade in the Bonds at all.

2.2.1.5 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.

2.2.1.6 Status of the Bonds

The Bonds constitute the general, direct, unconditional, and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any priority or preference among themselves and with other unsecured debt, if any. This means that any secured or privileged debts of the Issuer shall always rank at all times ahead of the obligations of the Issuer under the Bonds, as a result of which the Bondholders may not be able to recover their investment in the Bonds in the case of insolvency, whether in full or in part.

2.2.1.7 Interest rate

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. Investors should also be aware that the price of fixed rate bonds should theoretically move adversely to changes in interest rates. When prevailing market interest rates are rising, their prices decline and conversely, if market interest rates are declining, the prices of fixed rate

bonds rise. This is called market risk since it arises only if a Bondholder decides to sell the Bonds before maturity on the secondary market.

2.2.1.8 Currency of reference

A Bondholder will 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.

2.2.1.9 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.

2.2.1.10 Continuing obligations

After the Bonds are admitted to trading on the Official List of the MSE, the Issuer must remain in compliance with certain requirements. The Malta Financial Services Authority has the authority to suspend trading of the Bonds if, *inter alia*, it comes to believe that such a suspension is required for the protection of investors or of the integrity or reputation of the market. Furthermore, the Malta Financial Services Authority may discontinue the listing of the Bonds if, *inter alia*, it is satisfied that, owing to special circumstances, normal regular dealings in the Bonds are no longer possible, or upon the request of the Issuer or the MSE. Any such trading suspensions or listing revocations or discontinuations described above, could have a material adverse effect on the liquidity and value of the Bonds.

2.2.1.11 Amendments to, or waivers of, the Terms and Conditions of the Bonds

In the event that the Issuer wishes to amend or waive any of the Terms and Conditions of the Bonds it may call a meeting of Bondholders in accordance with the provisions of section 5.14 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. Furthermore, each Guarantor has the power to veto a decision by the Bondholders, taken at a Bondholders' meeting duly convened and held, to amend or waive the Terms and Conditions of the Bonds which are issued with the benefit of its Guarantee, in cases in which such amendment or waiver may give rise to changes in: the amount payable by the Guarantors under the Guarantee; the term and, or frequency of such payments; the Events of Default specified in section 5.11 of this Securities Note; and, or any other term which may otherwise increase the exposure of the Guarantors to the enforcement of the Guarantee. Were any of the Guarantors to exercise such right of veto, the proposed amendment to or waiver of the Terms and Conditions of the Bonds would not be put into effect.

2.2.2 Risks Relating to the Guarantee

2.2.2.1 Risks relating to the business of the Guarantors

The risk factors contained in section 2 of the Registration Document apply to the business of the Guarantors. If any of the risks mentioned in section 2 of the Registration Document were to materialise, they would have a material adverse effect on the ability of each of the Guarantors to satisfy their obligations under the Guarantee.

2.2.2.2 Risks relating to the Guarantee

The Bonds are being guaranteed by the Guarantors on a joint and several basis. Accordingly, the Bondholders shall be entitled to request any or all of the Guarantors to pay both the interest due and the principal amount under the 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 take action against the Guarantors without having to first take action against the Issuer.

The strength of the undertakings given under the Guarantee is dependent upon and directly linked to the financial position and solvency of the individual Guarantors.

2.2.2.3 Status of the Guarantee

The payment obligations of each of the Guarantors under the Guarantee shall, save for such obligations which are mandatorily preferred at law, at all times rank at least equally with all their respective present and future unsecured and unsubordinated obligations. This means that any secured or privileged debts of the Guarantors shall rank at all

times ahead of the obligations of the Guarantors under the Guarantee, as a result of which the Bondholders may not be able to recover their investment in the case of insolvency of any of the Guarantors, whether in full or in part, following the enforcement of the Guarantee.

3. Persons Responsible & Consent for Use

3.1 Persons Responsible

This document includes information given in compliance with the Prospectus Regulation for the purpose of providing prospective investors with information on the Bonds. All Directors, whose names appear under the sub-heading “*Directors of the Issuer*” under the heading “*Identity of Directors, Advisers and Auditors*” in section 3 of the Registration Document, 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 of the Issuer take sole responsibility for all such representations and statements. Neither the Sponsor nor the advisers of the Issuer make any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in the Prospectus.

3.2 Consent for Use of Prospectus

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

For the purposes of any subscription for Bonds in terms of this Securities Note and any subsequent resale, placement or other offering of Bonds by any 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;
- 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, the Manager and Registrar or any of their respective advisers take any responsibility for any of the actions of any Authorised Financial Intermediary, including its 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 any of the advisers to the Issuer 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 and neither the Issuer nor any of the Issuer’s advisers 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 any of its advisers. 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.mofplc.com

4. Essential Information

4.1 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 €44 million, shall be used by the Issuer for the following purposes, in the amounts and order of priority set out below:

- i. approximately €25 million of the net bond proceeds from the Bonds shall be used to part refinance existing bank debt of the Mizzi Organisation as detailed hereunder:
 - a. the amount of approximately €16.7 million shall be used to refinance bank debt of MOL, specifically, facilities made available by HSBC Bank Malta p.l.c for the purpose of, *inter alia*, meeting financing requirements of the Mizzi Organisation; and
 - b. the amount of approximately €8.3 million shall be used to refinance bank debt of AML, specifically, facilities made available by Bank of Valletta p.l.c for the purpose of, *inter alia*, financing capital expenditure and works relating to *Is-Suq tal-Belt* and settling current trade creditor balances;
- ii. approximately €5 million shall be used for the partial financing of the Hofra Project as detailed hereunder:
 - a. the amount of €4.3 million shall be used to part finance phase 2 and phase 3 of the Hofra Project (details of which are set out in section 6.2 of the Registration Document); and
 - b. the amount of €0.7 million shall be used to part finance the repayment of an intra-group loan agreement advanced by MOL to IML for the purposes of part financing phase 1 of the Hofra Project;
- iii. approximately €3 million shall be used for the partial financing of the Arkadia Refurbishment Refurbishment (details of which are set out in section 6.2 of the Registration Document); and
- iv. approximately €11 million, together with any residual amounts not utilised for the purposes identified in paragraphs (i) – (iii) above, shall be utilised for general corporate funding purposes of the Mizzi Organisation.

In the event that the Bond Issue is not fully taken up, the Issuer shall issue Bonds up to the amount subscribed for and the proceeds from the Placement Agreements shall be used for the purpose set out in (i) above, and any excess shall be applied in part settlement of the purposes set out in (ii) - (iv) above, in the order of priority indicated above.

The Issuer shall lend the net proceeds of the Bonds to MOL, in its capacity as the finance company of the Mizzi Organisation (the “**Principal Loan**”) which shall subsequently on-lend such proceeds to companies forming part of the Mizzi Organisation for the purposes described above (the “**Secondary Loan Agreements**”). The Principal Loan and each of the Secondary Loan Agreements shall be subject to the payment of interest at 4.3% per annum.

The Principal Loan and the Secondary Loan Agreements are conditional upon, *inter alia*, the issue and allotment of the Bonds, which in turn is conditional upon the Bonds being admitted to the Official List.

In the event that this condition is not satisfied, the Issuer shall, through the Registrar and, or the Authorised Financial Intermediaries (as applicable), return the proceeds of the Bond Issue to the Bondholders.

4.2 Funding from Other Sources

The Arkadia Refurbishment

AML requires approximately €3.5 million to fund the Arkadia Refurbishment. Following the receipt of the net proceeds of the Bonds, the Issuer shall lend the amount of €3 million to MOL which shall in turn lend the said amount to AML for the purposes of the Arkadia Refurbishment. Details of the said loans are contained in section 4.1 of this Securities Note.

The remaining €0.5 million required for the completion of the Arkadia Refurbishment shall be funded through future cash flows generated by AML.

Should the Bond Issue not be subscribed in full, then (i) the entire project shall be funded through future cash flows of AML, or in part by other sources of funding from within or outside the Mizzi Organisation, or (ii) be aborted in whole or in part.

The Hofra Project

IML requires approximately €11.5 million to develop and complete the Hofra Project. Following the receipt of the net proceeds of the Bonds, the Issuer shall lend the amount of €5 million to MOL which shall in turn lend €4.3 million to IML for the purposes of completing the Hofra Project and €0.7 million to IML for the repayment of an intra-group loan advanced by MOL to IML to part-finance phase 1 of the Hofra Project. Details of the said loans are contained in section 4.1 of this Securities Note.

The remaining €6.5 million required for the completion of the Hofra Project shall be funded as follows:

- €2.2 million will be financed from Mizzi Organisation’s own funds, by virtue of an intra-group loan between IML and one or more companies forming part of the Mizzi Organisation; and
- €4.3 million will be financed from the sale of immovable property owned by Mizzi Organisation.

Should the Bond Issue not be subscribed in full, then either (i) the amounts required to complete the Hofra Project through Mizzi Organisation’s own funds and, or from the sale of immovable property of the Mizzi Organisation shall be increased accordingly; or (ii) the Hofra Project will be aborted in whole or in part.

4.3 Expenses

Professional fees, and costs related to publicity, advertising, printing, listing, registration, Sponsor, management, Registrar fees, selling commission, and other miscellaneous expenses in connection with this Bond Issue are estimated not to exceed €1,000,000 in the aggregate. There is no particular order of priority with respect to such expenses.

The expenses pertaining to the Bond Issue shall be deducted entirely from the proceeds of the Bonds Issue and accordingly, shall be borne exclusively by the Issuer.

4.4 Issue Statistics

Amount:	up to €45,000,000;
Form:	the Bonds shall be issued in fully registered and dematerialised form and shall be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the CSD;
Denomination:	Euro (€);
ISIN:	MT0000211228;

Minimum amount per subscription:	minimum of €5,000 and multiples of €100 thereafter, applicable to subscriptions by Authorised Financial Intermediaries through the Intermediaries' Offer and Applications submitted by Preferred Applicants;
Minimum amount per Placement Agreement:	minimum of €10,000 and multiples of €100 thereafter, applicable to each Placement Agreement and to each underlying Applicant applying for the Bonds through PAFIs in terms of Placement Agreements;
Redemption Date:	15 October 2031 or on the Designated Early Redemption Date;
Designated Early Redemption Date:	any date falling between 15 October 2028 and 14 October 2031, at the sole option of the Issuer, on which the Issuer shall be entitled to prepay all or part of the principal amount of the Bonds and all interests accrued up to the date of prepayment, by giving not less than 30 days' notice to the Bondholders and the term " Early Redemption " shall be construed accordingly;
Plan of Distribution:	the Bonds are open for subscription by all categories of investors;
Bond Issue Price:	at par (€100 per Bond);
Status of the Bonds and the Guarantee:	the Bonds shall constitute the general, direct, unsecured, and unconditional obligations of the Issue and shall always rank <i>pari passu</i> and without any priority or preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such obligations as may be mandatorily preferred by law, at all times rank at least equally with all the Issuer's present and future unsecured and unsubordinated obligations;
Guarantee	the joint and several guarantee dated 7 September 2021 granted by the Guarantors as security for the punctual performance of the Issuer's payment obligations under the Bond Issue;
Status of the Guarantee:	the Guarantee shall constitute a direct, and unconditional obligation of the Guarantors;
Listing:	the Malta Financial Services Authority has approved the Bonds for admissibility to listing and subsequent trading on the Official List of the Malta Stock Exchange. Application has been made to the Malta Stock Exchange for the Bonds to be listed and traded on its Official List;
Placement Agreements:	the agreements by and between the Issuer and each of the PAFIs in respect of the amount of the Bond Issue reserved for subscription by the PAFIs for their own account or on behalf of their clients;
Intermediaries' Offer:	the subscription agreements entered into between the Issuer and Authorised Financial Intermediaries in respect of the amount of the Bond Issue reserved for subscription by Authorised Financial Intermediaries together with any amount reserved for, but not taken up by Preferred Applicants, for their own account or on behalf of their clients;
Offer Period:	08:30 hours on 4 October 2021 to 14:00 hours on 8 October 2021, both days included, during which Preferred Applicants may subscribe for Bonds;
Interest:	3.65% per annum;

Interest Payment Date/s:	annually on 15 October as from 15 October 2022 (the first interest payment date);
Governing Law of Bonds:	the Bonds are governed by and shall be construed in accordance with Maltese law; and
Jurisdiction:	the Maltese courts shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Bonds.

4.5 Interest of Natural and Legal Persons Involved in the Bond Issue

Save for the subscription for the Bonds by Authorised Financial Intermediaries and the commissions payable thereto, and any fees payable in connection with the Bond Issue to the advisers listed in section 3 of the Registration Document, so far as the Issuer is aware no person involved in the Bond Issue has an interest material to the Bond Issue.

5. 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 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.

5.1 General

The principal terms of the Bonds are set out below:

- 5.1.1** Each Bond forms part of a duly authorised issue of 3.65% Bonds 2028-2031 of a nominal value of €100 per Bond issued by the Issuer at par up to the principal amount of €45,000,000. The Issue Date of the Bonds is expected to be 22 October 2021. The Bond Issue is guaranteed by the Guarantors.
- 5.1.2** The currency of the Bonds is Euro (€).
- 5.1.3** The Bonds are expected to be listed on the Official List by 22 October 2021 and dealing can be expected to commence thereafter.
- 5.1.4** Subject to admission to listing of the Bonds to the Official List, the Bonds are expected to be assigned ISIN MT0000211228.
- 5.1.5** Unless previously purchased and cancelled, the Bonds shall be redeemable at par on the Redemption Date or a Designated Early Redemption Date.
- 5.1.6** The issue of the Bonds is made in accordance with the requirements of the Capital Markets Rules, the Companies Act, and the Prospectus Regulation.
- 5.1.7** The minimum subscription amount of Bonds that can be subscribed for by Preferred Applicants during the Offer Period and by Authorised Financial Intermediaries through the Intermediaries' Offer is €5,000 and in multiples of €100 thereafter.
- 5.1.8** Applications under a Placement Agreement per underlying Applicant are for a minimum amount of €10,000 per Applicant and in multiples of €100 thereafter.
- 5.1.9** Preferred Applicants may obtain the Application Form from the Issuer's office as from 29 September 2021.
- 5.1.10** In the event that an Applicant has not been allocated any Bonds or has been allocated a number of Bonds which is less than the number applied for, the Applicant shall receive a full refund or, as the case may be, the balance of the price of the Bonds applied for but not allocated, without interest, by credit transfer to such account indicated in the Application Form, at the Applicant's sole risk. The Issuer shall not be responsible for any charges, loss or delay arising in connection with such direct credit transfer.

- 5.1.11** The Bond Issue is not underwritten.
- 5.1.12** In view of the early redemption component, 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.
- 5.1.13** 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 5.2 hereunder.
- 5.1.14** All Applications shall be subject to the terms and conditions of the Bond Issue as set out in section 7 hereunder, the terms of which shall form an integral part hereof.

5.2 Ranking of the Bonds and the Guarantee

The Bonds shall constitute the general, direct, unsecured, and unconditional obligations of the Issuer and shall at all times rank *pari passu*, without any priority or preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such obligations as may be mandatorily preferred by law, at all times rank at least equally with all the Issuer's present and future unsecured and unsubordinated obligations.

Each of the Guarantors have unconditionally and irrevocably guaranteed the due and punctual payment of all sums from time to time payable by the Issuer in respect of the Bonds. The Guarantee constitutes a direct, unconditional, and unsecured obligation of the Guarantors. The payment obligations of the Guarantors under the Guarantee shall, save for such exceptions as may be provided by applicable law, at all times rank at least equally with all their respective present and future unsecured and unsubordinated obligations.

5.3 The Guarantors and the Guarantee

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 the Guarantors without having to first take action against the Issuer.

Each Guarantor has the power to veto a decision by the Bondholders, taken at a Bondholders' Meeting duly convened and held, to amend or waive the Terms and Conditions of the Bonds which are issued with the benefit of its Guarantee, in cases in which such amendment or waiver may give rise to changes in:

- i. the amount payable by the Guarantors under the Guarantee;
- ii. the term and, or frequency of such payments;
- iii. the Events of Default specified in section 5.11 of this Securities Note; and, or
- iv. any other term which may otherwise increase the exposure of the Guarantors to the enforcement of the Guarantee.

Were any of the Guarantors to exercise such right of veto, the proposed amendment to or waiver of the Terms and Conditions of the Bonds would not be put into effect.

Information on the Guarantors is contained in sections 4.3 and 5.2 of the Registration Document and a copy of the Guarantee is included in Annex II to this Securities Note.

5.4 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. the benefit of the Guarantee;
- iv. to attend, participate in and vote at meetings of Bondholders in accordance with the Terms and Conditions of the

Bonds; and

v. enjoy all such other rights attached to the Bonds emanating from this Prospectus.

5.5 Interest

The Bonds shall bear interest from and including 15 October 2021 at the rate of 3.65% per annum on the nominal value thereof, payable annually in arrears on each Interest Payment Date. The first interest payment shall be effected on 15 October 2022 (covering the period 15 October 2021 to 14 October 2022). Any Interest Payment Date which falls on a day other than a Business Day shall be carried over to the next following day that is a Business Day.

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.

5.6 The Limits of the Validity of Claims

In terms of article 2156 of the Civil Code, 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.

5.7 Yield

The gross yield calculated on the basis of the interest on the Bonds, the Bond Issue Price and the Redemption Value of the Bonds is 3.65% per annum.

5.8 Registration, Form, Denomination and Title

Certificates shall not be delivered to Bondholders in respect of the Bonds. The entitlement to Bonds shall be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer by the CSD. There shall 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 shall 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 do not have an online e-portfolio account shall be registered by the CSD for the online e-portfolio facility and shall 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/>. Those Bondholders who opt not to avail themselves of this facility should indicate such on the Application Form. Further detail on the e-portfolio is found on <https://eportfolio.borzamalta.com.mt/Help>.

The Bonds shall be issued in fully registered form, without interest coupons, in denominations of any integral multiple of €100 provided that on subscription the Bonds shall be subscribed for a minimum of €5,000 per individual Bondholder (and in the case of Applications under Placement Agreements for a minimum of €10,000). Authorised Financial Intermediaries subscribing to the Bonds through nominee accounts for and on behalf of clients shall apply the minimum subscription amount of €5,000 to each underlying client (during the Offer Period and for subscriptions through the Intermediaries' Offer) and €10,000 for Applications submitted under the Placement Agreements.

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 below under the heading "*Transferability of the Bonds*" in section 5.12 of this Securities Note.

5.9 Payments

Payment of the principal amount of Bonds shall 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 or a Designated Early 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 and held with any licensed bank in Malta. Such payment shall be effected within seven days of the Redemption Date or a Designated Early Redemption Date, as applicable. The Issuer shall not be responsible for any 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 shall 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 and held with any licensed bank in Malta. Such payment shall be affected within seven days of the Interest Payment Date. The Issuer shall not be responsible for any 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.

5.10 Redemption and Purchase

Unless previously purchased and cancelled, the Bonds shall be redeemed at their nominal value (together with interest accrued to the date fixed for redemption) on the Redemption Date or, earlier, on a Designated Early Redemption Date.

Subject to the provisions of this section, 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.

5.11 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 fails to pay interest under the Bonds on an Interest Payment Date and such failure continues for a period of 60 days after written notice thereof shall have been given to the Issuer by any Bondholder;
- ii. the Issuer fails to pay the principal amount of the Bonds when due and such failure shall continue for 60 days after written notice thereof shall have been given to the Issuer by any Bondholder;
- iii. the Issuer fails duly to perform or shall otherwise be in breach of any other material obligation contained in the Prospectus and such failure shall continue for 60 days after written notice thereof shall have been given to the Issuer by a Bondholder;
- iv. a judicial or provisional administrator is appointed upon the whole or any part of the property of the Issuer or any of the Guarantors;
- v. an order is made, or an effective resolution is passed for winding up of the Issuer or any of the Guarantors;
- vi. in terms of article 214(5) of the Act, a court order or other judicial process is levied or enforced upon or sued out against any part of the property of the Issuer and is not paid out, withdrawn, or discharged within one month;

vii. the Issuer or any of the Guarantors, stops payment of its debts or ceases or threatens to cease to carry on its business and such position is sustained for 60 days after written notice thereof shall have been given to the Issuer and, or a Guarantor (as applicable) by any Bondholder;

viii. the Issuer or any of the Guarantors are unable to pay their debts within the meaning of article 214(5) of the Act, or any statutory modification or re-enactment thereof and such position is sustained for 60 days after written notice thereof shall have been given to the Issuer and, or a Guarantor (as applicable) by any Bondholder;

ix. the Issuer or any of the Guarantors substantially change the object or nature of business as currently carried on;

x. any material indebtedness of the Issuer or any of the Guarantors is not paid when due or becomes due and payable or any creditor of the Issuer or a Guarantor (as the case may be) becomes entitled to declare any such material indebtedness due and payable prior to the date when it would otherwise have become due or any guarantee or indemnity of the Issuer or any of the Guarantors in respect of indebtedness is not honoured when due and called upon; PROVIDED THAT for the purposes of this provision, material indebtedness shall mean an amount exceeding €5,000,000;

xi. the Issuer or any of the Guarantors repudiates, or does or causes or permits to be done any act or thing evidencing an intention to repudiate the Bonds and, or the Guarantee; or

xii. it becomes unlawful at any time for the Issuer to perform all or any of its obligations hereunder or for any of the Guarantors to perform all or any of their respective obligations under the Guarantee.

Upon any such declaration being made as aforesaid the said principal monies and interest accrued under the Bonds shall be deemed to have become immediately payable at the time of the Event of Default, which shall have happened as aforesaid.

5.12 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 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 properly be 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.

All transfers and transmissions are subject in all cases to any pledge (as 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 Issuer.

The Issuer shall 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.

5.13 Further Issues

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 or upon such terms as the Issuer may determine at the time of their issue.

5.14 Meetings of Bondholders

5.14.1 The Bondholders' meeting represents the supreme authority of the Bondholders in all matters relating to the Bonds and has the power to make all decisions altering the terms and conditions of the Bonds.

- 5.14.2** Where the approval of the Bondholders is required for a particular matter, such resolution shall be passed at a Bondholders' meeting. Save as otherwise stated in section 5.14.12 below, resolutions passed at Bondholders' meetings shall be binding upon all Bondholders and prevail for all the Bonds.
- 5.14.3** 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, including any change to a material term of the issuance of the Bonds or the Prospectus.
- 5.14.4** A meeting of the Bondholders may also be convened on the requisition of a Bondholder or Bondholders holding in aggregate, at the date of the deposit of the requisition, not less than 75% in aggregate nominal value of Bonds then outstanding, which requisition shall state the objects of the meeting and shall be signed by the requisitioning Bondholder/s and deposited at the registered office of the Issuer. The Issuer must then proceed duly to convene a meeting of Bondholders within 21 days from the date of the deposit of the requisition that complies with the requirements of this section.
- 5.14.5** 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, 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. The said notice shall also be sent to each of the Guarantors where the subject of the meeting relates to an amendment to, or waiver of, the Terms and Conditions of the Bonds.
- 5.14.6** Following a meeting of Bondholders held in accordance with the provisions contained hereunder, the Issuer shall, acting in accordance with the resolutions 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 at a meeting called for that purpose as aforesaid, any such decision shall subsequently be given effect to by the Issuer.
- 5.14.7** The amendment or waiver of any of the Terms and Conditions may only be made with the approval of Bondholders at a meeting called and held for that purpose in accordance with the terms hereof.
- 5.14.8** 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 a company announcement the 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 Bondholders 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.
- 5.14.9** Any person who in accordance with the Memorandum and Articles of Association of the Issuer is to chair the annual general meetings of shareholders shall also chair meetings of Bondholders.
- 5.14.10** Once a quorum is declared present by the chairman of the meeting, the Bondholders' 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 at which the vote is being taken, and any Bondholders taken into account for the purpose of constituting a quorum who are no longer present for the taking of the vote shall not be taken into account for the purpose of such vote.

- 5.14.11** The voting process shall be managed by the company secretary of the Issuer under the supervision and scrutiny of the auditors of the Issuer.
- 5.14.12** 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 at the time when the vote is being taken, in person or by proxy, shall have voted in favour of the proposal, provided that in the event that the amendment or waiver in question may give rise to changes in:
- i. the amount payable by the Guarantors under the Guarantee;
 - ii. the term and, or frequency of such payments;
 - iii. the Events of Default; and, or
 - iv. any other term which may otherwise increase the exposure of the Guarantor to the enforcement of the Guarantee, then each Guarantor has the right to veto the decision by the Bondholders to amend or waive the Terms and Conditions of the Bonds.
- Were any of the Guarantors to exercise such right of veto, the proposed amendment or waiver to the Terms and Conditions of the Bonds would not be put into effect.
- 5.14.13** 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.

5.15 Authorisations and Approvals

The Directors authorised the Bond Issue pursuant to a board of Directors' resolution passed on 9 September 2021. The Guarantee being given by the Guarantors in respect of the Bonds has been authorised by a resolution of the board of directors of: (i) MOL dated 7 September 2021; (ii) GSD dated 7 September 2021; (iii) GSDM dated 7 September 2021; and (iv) CHL dated 7 September 2021.

The Malta Financial Services Authority approved the Bonds as eligible to listing on the Official List of the MSE pursuant to the Capital Markets Rules by virtue of a letter dated 24 September 2021.

5.16 Notices

Notices to be addressed to Bondholders individually shall be mailed at their registered address 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.

5.17 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 any of the Guarantors arising out of or in connection with the Bond and, or the Prospectus shall be brought exclusively before the Maltese courts.

6. Taxation

6.1 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 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.

6.2 Malta Tax on Interest

Since interest is payable in respect of the Bonds which is the subject of a public issue, unless the Issuer is instructed by a Bondholder 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 (Cap. 123 of the laws of Malta, hereinafter the “**Income Tax Act**”), interest shall be paid to such Bondholder net of a final withholding tax, currently at the rate of 15%, (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 said rate and should seek advice on the taxation of such income as special rules may apply.

This withholding tax is considered as a final tax and a Maltese resident individual Bondholder is not obliged to declare the interest so received in his 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. 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 Maltese Commissioner for Revenue the tax withheld by the fourteenth day following the end of the month in which the payment is made. The Issuer shall also render an account to the Maltese Commissioner for Revenue of all amounts so deducted, including the identity of the recipient.

In the case of a valid election made by an eligible Bondholder resident in Malta to receive the interest due without the deduction of final tax, interest shall be paid gross and such person shall be obliged to declare the interest so received in his 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 Maltese Commissioner for Revenue 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) of the Income Tax Act, Bondholders who are not resident in Malta satisfying the applicable conditions set out in the Income Tax Act are not taxable in Malta on the interest received and will receive interest gross, subject to the requisite declaration/evidence being provided to the Issuer in terms of law.

6.3 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 Maltese Commissioner for Revenue. The Maltese Commissioner for Revenue will or may, in turn, automatically or on request, forward the information to other relevant tax authorities subject to certain conditions.

Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU, 2015/2376, 2016/881 and 2016/2258) provides for the implementation of the Common Reporting Standard (“**CRS**”) into Maltese legislation. The CRS has been proposed by the OECD as a new global standard for the automatic exchange of financial account information between tax authorities in participating jurisdictions. CRS has been transposed into Maltese legislation by virtue of the Cooperation with Other Jurisdictions on Tax Matters Regulations, Subsidiary Legislation 123.127 (“**CRS Legislation**”). Malta based financial institutions (“**FIs**”) (defined as such for the purposes of CRS) are obliged to identify and report to the Maltese tax authorities financial accounts held by a “Reportable Person” (as defined under the CRS Legislation), and certain entities with one or more Controlling Persons, as defined under the CRS Legislation, which is classified as a Reportable Person. Financial information relating to Bonds and the holders of the Bonds may fall within the purview of CRS and may be subject to reporting and information exchange provisions.

In particular with respect to CRS, the following information will be reported annually by the FIs to the Maltese

competent authority in respect of each reportable account maintained by the FIs: (i) the name, address, jurisdiction of tax residence, tax identification number (TIN) and date and place of birth (in the case of an individual); (ii) the account number (or functional equivalent in the absence of an account number); (iii) the account balance or value as of the end of the relevant calendar year or other appropriate reporting period or, if the account was closed during such year or period, the closure of the account; (iv) the total gross amount paid or credited to the account holder with respect to the account during the calendar year or other appropriate reporting period with respect to which the FI is the obligor or debtor, including the aggregate amount of any redemption payments made to the account holder during the calendar year or other appropriate reporting period.

The Maltese tax authorities shall by automatic exchange framework for reciprocal information exchange, communicate to the other competent authority on annual basis, any relevant information that may fall to be classified as reportable, and vice versa.

Foreign Tax Compliance Act (“**FATCA**”) 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, FIs in Malta (defined as such for the purposes of FATCA) are obliged 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 Maltese tax authorities. The Maltese government and the government of the U.S. shall annually exchange the information obtained pursuant to the Order on an automatic basis. Non-compliance may result in a punitive 30% withholding tax on distributions captured by FATCA. 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 particular, FIs reserve the right to store, use, process, disclose and report any required information including all current and historical data related to the past and, or present accounts held by Reportable Persons, including, but not limited to, the name, address, date of birth, place of birth and U.S. tax identification number, the details of any account transactions, the nature, balances and compositions of the assets held in the account, to the Maltese competent authority.

FIs 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 CRS and any referring legislation. In the case of failure to provide satisfactory documentation and, or information, FIs may take such action as it thinks fit, including without limitation, the closure of the financial account.

6.4 Maltese Taxation on Capital Gains on Transfer of the Bonds

As the Bonds do 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”, to the extent that the Bonds are held as capital assets by the Bondholders, no tax on capital gains is chargeable in respect of transfer of the Bonds.

6.5 Duty on Documents and Transfers

In terms of the Duty on Documents and Transfers Act (Cap. 364 of the laws of Malta), duty is chargeable, *inter alia*, on the transfer *inter vivos* or transmission *causa mortis* of marketable securities. A marketable security is defined in the said legislation as “a holding of share capital in any company and any document representing the same”.

Consequently, the Bonds should not be treated as constituting marketable securities within the meaning of the legislation and therefore, the transfer/transmission thereof should not be chargeable to duty.

Furthermore, even if the Bonds are considered marketable securities for the purposes of the Duty on Documents and Transfers Act, in terms of article 50 of the Financial Markets Act (Cap. 345 of the laws of Malta) since the Bonds constitute financial instruments of a quoted company (as defined in such act), redemptions and transfers of the Bonds should, in any case, be exempt from duty.

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 TAX LEGISLATION OF THE INVESTOR’S MEMBER STATE AND OF THE ISSUER’S COUNTRY OF INCORPORATION MAY HAVE AN IMPACT ON THE INCOME

RECEIVED FROM THE SECURITIES. 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 WHO DO NOT DEAL IN SECURITIES IN THE COURSE OF THEIR NORMAL TRADING ACTIVITY.

7. Terms and Conditions of the Bond Issue

7.1 Expected Timetable of the Bond Issue

1. Application Forms available to Preferred Applicants from the Issuer's office	29 September 2021
2. Offer Period for Preferred Applicants	4 October 2021 to 8 October 2021, both days included
3. Placement Date	8 October 2021
4. Intermediaries' Offer Date	8 October 2021
5. Commencement of interest on the Bonds	15 October 2021
6. Announcement of basis of acceptance	15 October 2021
7. Refunds of unallocated monies (if any) and dispatch of allotment letters	22 October 2021
8. Expected date of admission of the securities to listing	22 October 2021
9. Expected date of commencement of trading in the securities	25 October 2021

7.2 Terms and Conditions of the Bonds

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 Applicant on the other.

- 7.2.1** The issue and allotment of the Bonds is conditional upon the Bonds being admitted to the Official List of the MSE by no later than 22 October 2021. In the event that the said condition is not satisfied within 15 Business Days from the closing of the Offer Period, the Intermediaries' Offer Date and the Placement Date, any Application monies will be returned without interest by direct credit into the Applicant's bank account.
- 7.2.2** Applications by Preferred Applicants may be submitted by latest 14:00 hours on 8 October 2021.
- 7.2.3** By submitting an Application, the Applicant is thereby confirming to the Issuer, the Registrar and the Authorised Financial Intermediary through whom the Application is made, as applicable, 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 Issuer acting through the Registrar 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.
- 7.2.4** 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.

- 7.2.5** If an Application is submitted on behalf of another person, whether legal or natural, the person submitting such Application shall be deemed to have duly bound such other person, whether legal or natural, 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 submit an 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 made available.
- 7.2.6** In the case of joint Applicants, reference to the Applicant in this Securities Note is a reference to each of the joint Applicants, and liability therefore is joint and several. The first person, as designated in the respective MSE account number quoted by the Applicant or the 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 designated in the MSE account number quoted by the Applicant 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.
- 7.2.7** In the case of corporate Applicants or Applicants having separate legal personality, it shall not be incumbent on the Issuer or the Registrar to verify whether the person or persons purporting to bind such Applicant is, or are, in fact duly 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.
- 7.2.8** 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 Bonds (which shall be due to the bare owner).
- 7.2.9** 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.
- 7.2.10** It shall not be incumbent on the Registrar to verify the signatory/ies on any Application Form submitted.
- 7.2.11** Preferred Applicants may subscribe for Bonds by submitting an Application Form to any of the Authorised Financial Intermediaries by not later than 14:00 hours on 8 October 2021, together with payment of the full price of the Bonds applied for.
- 7.2.12** In the event that a cheque accompanying an Application is not honoured on its first presentation, the Authorised Financial Intermediary and, or the Issuer acting through the Registrar reserve the right to invalidate the relative Application Form.
- 7.2.13** In the event that a Preferred Applicant applying for Bonds during the Offer Period, has not been allocated any Bonds or has been allocated a number of Bonds which is less than the number applied for, the Preferred Applicant shall receive a full refund or, as the case may be, the balance of the price of the Bonds applied for but not allocated, without interest, by credit transfer to such account indicated in the Application Form, at the Preferred Applicant’s sole risk. The Issuer shall not be responsible for any charges, loss or

delay arising in connection with such direct credit transfer.

- 7.2.14** 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 (Cap. 586 of the laws of Malta) 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.
- 7.2.15** It shall be incumbent on the respective Authorised Financial Intermediary or PAFI 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.
- 7.2.16** No person receiving a copy of the Prospectus or any form of Application 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 form of Application could lawfully be used without contravention of any registration or other legal requirements.
- 7.2.17** Applicants who are 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 themselves 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.
- 7.2.18** 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.
- 7.2.19** 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, 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 is not properly completed in all respects in accordance with the instructions or is not accompanied by the required documents.
- 7.2.20** The Bonds will be issued in multiples of €100.
- 7.2.21** The minimum subscription amount of Bonds that can be subscribed for by Preferred Applicants during the Offer Period and subscriptions by Authorised Financial Intermediaries pursuant to the Intermediaries’ Offer is €5,000 and in multiples of €100 thereafter.
- 7.2.22** Applications under a Placement Agreement per underlying Applicant are for a minimum amount of €10,000 per Applicant, and in multiples of €100 thereafter.
- 7.2.23** By no later than five Business Days following the closing of the Offer Period, the Intermediaries’ Offer Date and the Placement Date, the Issuer shall announce the result of the Bond Issue and shall determine the basis of acceptance of applications and allocation policy to be adopted. The announcement of the result of the Bond Issue shall be made through a company announcement which shall also be made available on the Issuer’s website.

7.2.24

By completing and delivering an Application, the Applicant:

- i. accepts to be irrevocably contractually committed to acquire the number of Bonds allocated to such Applicant at the Bond Issue Price and, to the fullest extent permitted by law, accepts to be deemed to have agreed not to exercise any rights to rescind or terminate, or otherwise withdraw from, such commitment, such irrevocable offer to purchase, and pay the consideration for, the number of Bonds applied for by the Applicant (or any smaller amount of Bonds for which the Application is accepted) at the Bond Issue Price (as applicable) being made subject to the provisions of the Prospectus, the Application Form and the Memorandum and Articles of Association of the Issuer;
- ii. 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;
- iii. warrants that the information submitted by the Applicant 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 the above. In the event of a discrepancy between the personal details appearing on the Application Form and those held by the MSE in relation to the MSE account number indicated on the Application Form, the details held by the MSE shall be deemed to be the correct details of the Applicant;
- iv. 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. 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 (Cap. 586 of the laws of Malta) 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;
- v. authorises the Issuer (or its service providers, including the CSD and, or the Registrar) and, or the relevant Authorised Financial Intermediary or PAFI, as applicable, to process the personal data that the Applicant provides in the respective form of Application, for all purposes necessary and subsequent to the Bond Issue applied for, in accordance with the Data Protection Act (Cap. 586 of the laws of Malta) 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;
- vi. confirms that in making such Application no reliance was placed on any information or representation in relation to the Issuer, each of the Guarantors 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;
- vii. agrees that any refund of unallocated Application monies to Preferred Applicants, without interest, will be paid by direct credit, at the Preferred Applicant's own risk, to the bank account as indicated in the Application Form. The Issuer shall not be responsible for any loss or delay in transmission or any charges in connection therewith;
- viii. 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, PAFI or by the Issuer acting through the Registrar (which acceptance shall be made in its absolute discretion and may be on the basis that the Authorised Financial Intermediary, the PAFI or the Issuer acting through the Registrar 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);

- ix. 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;
- 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. agrees that all Applications, 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, acceptance of Applications and contracts resulting therefrom in any manner permitted by law in any court of competent jurisdiction;
- xii. warrants that, where an Applicant submits an 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;
- xiii. 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;
- xiv. warrants, in connection with the Application, 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 Application in any territory, and that the Applicant has not taken any action which will or may result in the Issuer or Registrar acting in breach of the regulatory or legal requirements of any territory in connection with the issue of the Bonds and, or his/her Application;
- xv. warrants that all applicable exchange control or other such regulations (including those relating to external transactions) have been duly and fully complied with;
- xvi. 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;
- xvii. agrees that the advisers to the Bond Issue (listed in section 3.5 of the Registration Document) will owe the Applicant no duties or responsibilities concerning the Bonds or the suitability of the Applicant;
- xviii. 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 Applications, the address of the first named Applicant) as designated in the respective MSE account specified on the form of Application; and
- xix. 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 these Bonds.

7.2.25 Applications are to be lodged with any of the Authorised Financial Intermediaries. 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 Bonds or investment service offered or demanded, in accordance with the Conduct of Business Rulebook issued by the MFSA (the “**CBR**”). 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 CBR. 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.

7.3 Plan of Distribution and Allotment

The Bond Issue is open for subscription to all categories of investors as follows:

- i. an amount of €25 million in nominal value of the Bonds has been reserved for the PAFIs which have entered into Placement Agreements with the Issuer (as further detailed in section 7.5 below);
- ii. an amount of up to €5 million in nominal value of the Bonds shall be reserved for Preferred Applicants during the Offer Period; and
- iii. the remaining balance of €15 million in nominal value of the Bonds and any balance which is not subscribed for by Preferred Applicants in terms of (ii) above, shall be made available for subscription by Authorised Financial Intermediaries through an Intermediaries’ Offer (as further detailed in section 7.6 below).

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 is 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, must be satisfied that an investment in the Bonds is considered suitable for the Applicant. The allocation of the Bonds is subject to the allocation policy of the

Issuer set out in section 7.8 of this Securities Note.

Subscriptions may be made through any of the Authorised Financial Intermediaries. It is expected that an allotment letter will be dispatched to Applicants within five Business Days of the announcement of the allocation policy. The registration advice and other documents and any monies returnable to Applicants may be retained pending clearance of the 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. Such monies shall not bear interest while retained as aforesaid. Should any refunds of application monies be due to Preferred Applicants submitting Application Forms and, or Authorised Financial Intermediaries submitting subscription agreements, these shall be effected in the manner specified in section 7.8 of this Securities Note.

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

7.4 Application Form and Method for Payment

Preferred Applicants may subscribe for Bonds by submitting an Application Form to any Authorised Financial Intermediary by latest 14:00 hours on 8 October 2021. Application Forms must be accompanied by the full payment due for the Bonds applied for. A specimen of the Application Form can be found in Annex II to this Securities Note.

Pursuant to the Placement Agreements as described in more detail in section 7.5 below, PAFIs (either in their own name or in the name of underlying clients) must provide details of Applicants representing the amount they have been allocated in terms of the respective Placement Agreement by completing a data file as provided by the Registrar by latest 14:00 hours on 8 October 2021, accompanied by full payment.

Pursuant to the subscription agreements submitted by Authorised Financial Intermediaries in connection with the Intermediaries' Offer as described in more detail in section 7.6 below, Authorised Financial Intermediaries (either in their own name or in the name of underlying clients) must provide details of Applicants representing the amount they have been allocated in terms of the respective subscription agreement, by completing a data file as provided by the Registrar by latest 12:00 hours on 12 October 2021.

7.5 Placement Agreement

The Issuer has entered into Placement Agreements with PAFIs whereby the Issuer bound itself to allocate a total amount of €25 million in nominal value of Bonds to such PAFIs, which in turn bound themselves to subscribe to, for their own account or for the account of their underlying clients, a specified number of Bonds, subject to:

- i. the Prospectus being approved by the Malta Financial Services Authority; and
- ii. the Bonds being admitted to trading on the Official List.

In terms of the Placement Agreements, the PAFIs 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. by completing a data file representing the amount they have been allocated in terms of the respective Placement Agreement as provided by the Registrar by latest 14:00 hours on 8 October 2021 being the Placement Date.

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

7.6 Intermediaries' Offer

The Issuer has reserved €15 million in Bonds together with any balance of Bonds not subscribed for by Preferred Applicants in terms of section 7.3(ii) above (together, the "**Subscription Amount**"), for subscription by Authorised Financial Intermediaries pursuant to an Intermediaries' Offer. In this regard, the Issuer shall enter into subscription agreements with Authorised Financial Intermediaries whereby it shall bind itself to allocate the Subscription Amount.

The subscription agreements shall be subject to the terms and conditions of the Prospectus and are conditional on the Bonds being admitted to trading on the Official List. Moreover, the subscription agreements shall become binding on each of the Issuer and the respective Authorised Financial Intermediaries upon delivery, provided that the Authorised Financial Intermediaries would have paid the Registrar all subscription proceeds in cleared funds by the

Intermediaries' Offer Date.

The minimum which each Authorised Financial Intermediary may apply for in terms of the applicable subscription agreement is €5,000 and in multiples of €100 thereafter and such minimum and multiples shall also apply to each underlying Applicant.

Completed subscription agreements, together with evidence of payment, are to reach the Registrar by 14:00 hours on 8 October 2021 (the Intermediaries' Offer Date). The Issuer through the Registrar shall communicate the amount allocated under each subscription agreement by 14:00 hours on 11 October 2021.

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 and shall in addition be entitled to either:

- a. distribute to the underlying customers any portion of the Bonds subscribed for upon commencement of trading; or
- b. complete a data file representing the amount they have been allocated in terms of the respective subscription agreement as provided by the Registrar by 12:00 hours on 12 October 2021.

The Issuer undertakes to allocate to each of the Authorised Financial Intermediaries subscribing for Bonds pursuant to the Intermediaries' Offer, a minimum allocation of €2 million in Bonds, subject to increase in case of subscription by the Preferred Applicants for less than €5 million in Bonds or by any of the Authorised Financial Intermediaries for less than €2 million in Bonds, as further explained in section 7.8 below.

7.7 Pricing

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

7.8 Allocation Policy

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

- i. the amount of €25 million in nominal value of Bonds has been reserved for, and shall be allocated to, the PAFIs in accordance with Placement Agreements, details of which can be found in section 7.5 of this Securities Note;
- ii. the amount of up to €5 million in nominal value of Bonds has been reserved for allocation to Preferred Applicants; and
- iii. the remaining balance of €15 million in nominal value of the Bonds, together with any of the Bonds reserved for, and not taken up by, Preferred Applicants in terms of (ii) above, shall be allocated to Authorised Financial Intermediaries pursuant to the Intermediaries' Offer, as further detailed in section 7.6 of this Securities Note. The Issuer undertakes to allocate to each of the Authorised Financial Intermediaries subscribing for Bonds pursuant to the Intermediaries' Offer, a minimum allocation of €2 million in Bonds, subject to increase in case of subscription by the Preferred Applicants for less than €5 million in Bonds or by any of the Authorised Financial Intermediaries for less than €2 million in Bonds, as further explained below.

Should Applications submitted by Preferred Applicants exceed the reserved portion indicated in point (ii) above and the Authorised Financial Intermediaries participating in the Intermediaries' Offer collectively subscribe for less than the total minimum guaranteed allocation of €15 million, the unsatisfied excess amount reserved for subscription by Authorised Financial Intermediaries shall be allocated to the Preferred Applicants on a *pro rata* basis based on the excess applied for by the respective Preferred Applicants.

Should Applications submitted by Preferred Applicants exceed the reserved portion indicated in point (ii) above and the Authorised Financial Intermediaries participating in the Intermediaries' Offer collectively subscribe for more than the total minimum guaranteed allocation of €15 million, the unsatisfied excess amounts, both in terms of Applications submitted by Preferred Applicants and subscription agreements submitted by Authorised Financial Intermediaries, will be returned by direct credit transfer to the account number indicated on the respective Application Form or subscription agreement, as applicable, within five Business Days following the announcement of basis of acceptance.

Should Applications submitted by Preferred Applicants be less than the reserved portion indicated in point (ii) above, or should any of the Authorised Financial Intermediaries participating in the Intermediaries' Offer subscribe for less than the minimum guaranteed allocation of €2 million reserved for each participating Authorised Financial Intermediary,

then the unutilised balance shall, in either case, be allocated on a *pro rata* basis to the Authorised Financial Intermediaries participating in the Intermediaries' Offer and subscribing for more than the €2 million reserved for each of such participating Authorised Financial Intermediaries, such allocation amongst the respective intermediaries to be commensurate to the extent of the excess subscribed for.

For the purpose of determining whether the €2 million allocation per Authorised Financial Intermediary participating in the Intermediaries' Offer (as referred to in point (iii) above) has been reached, any Applications received by Preferred Applicants shall not be taken into account, as such Applications shall be attributable solely to the allocation reserved to Preferred Applicants (as referred to in point (ii) above).

The Issuer shall announce the result of the Bond Issue by not later than 15 October 2021.

7.9 Admission to Trading

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

The Bonds are expected to be admitted to the Official List with effect from 22 October 2021 and trading can be expected to commence thereafter.

7.10 Additional Information

Save for the financial analysis summary set out as Annex IV, the 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 the 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 Airways House, Fourth Floor, High Street, Sliema SLM 1551, Malta.

ANNEX I – SPECIMEN APPLICATION FORM



**MIZZI ORGANISATION FINANCE P.L.C.
€45,000,000 3.65% UNSECURED BONDS 2028 - 2031
APPLICATION FORM 'A' - PREFERRED APPLICANTS**

This Application Form is not transferable and entitles you to subscribe for the Mizzi Organisation Finance p.l.c. 3.65% Unsecured Bonds 2028 - 2031 as either: (i) a shareholder of any of the companies forming part of the Mizzi Organisation ("Mizzi Organisation Shareholders"); or (ii) a person employed by any of the companies forming part of the Mizzi Organisation who began such employment prior to 1 January 2021 ("Mizzi Organisation Employees"); or (iii) a director of any of the companies forming part of the Mizzi Organisation ("Mizzi Organisation Directors"); together referred to as "Preferred Applicants". Please read the notes overleaf before completing this Application Form and Mark 'X' where applicable.

APPLICANT (see notes 2 to 5)

A Non-Resident Body Corporate/Body of Persons

B TITLE (Mr/Mrs/Ms/...) FULL NAME AND SURNAME / REGISTERED NAME

MSE A/C NO. (mandatory)	I.D. CARD / PASSPORT / COMPANY REG. NO.	DOCUMENT TYPE	COUNTRY OF ISSUE
LEI (Legal Entity Identifier) (if applicant is NOT an Individual)	DATE OF BIRTH	NATIONALITY	MOBILE NO.

PLEASE REGISTER ME FOR E-PORTFOLIO (mobile number is mandatory for e-portfolio registration)

C ADDITIONAL (JOINT) APPLICANTS (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

D DECISION MAKER (see note 6) (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

E I/WE APPLY TO PURCHASE AND ACQUIRE (see note 7):

AMOUNT IN FIGURES €	AMOUNT IN WORDS
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Mizzi Organisation Finance p.l.c. 3.65% Unsecured Bonds 2028 - 2031 (the "Bonds") (minimum subscription of €5,000 and in multiples of €100 thereafter) at the Bond Issue Price (at par), as defined in the Prospectus dated 24 September 2021 (the "Prospectus"), payable in full upon application under the Terms and Conditions of the Bonds as set out in the Prospectus. (See note 9)

F RESIDENT - FINAL WITHHOLDING TAX ("FWT") DECLARATION (see note 8) (to be completed ONLY if the Applicant is a resident of Malta)

I/We elect to receive interest NET of FWT. I/We elect to receive interest GROSS (i.e. without FWT.)

G NON-RESIDENT - DECLARATION FOR TAX PURPOSES (see notes 2 & 9) (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

NOT resident in Malta but resident in the European Union NOT resident in Malta and NOT resident in the European Union

H INTEREST, REFUND AND REDEMPTION MANDATE (see note 10 & 11) (completion of this panel is MANDATORY)

BANK	IBAN
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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.

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.

Signature/s of Applicant/s _____ Date _____
(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)

AUTHORISED FINANCIAL INTERMEDIARY'S STAMP	AUTHORISED FINANCIAL INTERMEDIARY'S CODE	APPLICATION NUMBER
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Notes on how to complete this Application Form and other information

The following notes are to be read in conjunction with the Prospectus dated 24 September 2021 regulating the Bond Issue

1. This Application is governed by the Terms and Conditions of the Bonds contained in section 7.2 of the Securities Note dated 24 September 2021 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. Applicants who are non-residents in Malta for tax purposes must indicate their passport number in Panel B and complete Panel G. The relative box in Panel A must also be marked appropriately.
3. Preferred Applicants are to insert the required personal details in Panel B including MSE account number which is mandatory. 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 B and C but the first named bondholder shall, for all intents and purposes, be deemed to be the registered holder of the Bonds (vide note 5 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 B), 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 detail on the e-portfolio may be found on <https://eportfolio.borzamalta.com.mt/Help>.

4. In the case of a body corporate, a valid Legal Entity Identifier ("LEI") needs to be inserted in Panel B. **Failure to include a valid LEI code, will result in the Application being rejected by the Registrar.** Applications must be signed by duly authorised representatives indicating the capacity in which they are signing.
5. **PREFERRED APPLICANTS 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.**
6. 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 sign on behalf of the Applicant or in the case of applications under a discretionary account, details of the decision maker need to be included in Panel D.
7. Applications must be for a minimum subscription of €5,000 and thereafter in multiples of €100 and must be accompanied by the relevant subscription amount in Euro.
8. Only Preferred 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.

In terms of section 6.2 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).

9. Non-residents of Malta should note that payment of interest to individuals and certain 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 8 and 9 above do not constitute tax advice by the Company and Applicants are to consult their own independent tax advisors in case of doubt.

10. Interest, refund and redemption proceeds will be credited to the account indicated in Panel H or as otherwise amended by the Bondholder/s during the term of the Bond.
11. The Offer Period will open at 08:30 hours on 4 October 2021 and will close at 14:00 hours on 8 October 2021. Application for Bonds may be lodged with any of the Authorised Financial Intermediaries listed in Annex I of the Securities Note during normal office hours. **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 subscription lists 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 H.
12. By completing and delivering an Application Form you (as the Preferred 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 Preferred 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:

Re: GUARANTEE AND INDEMNITY

Date: 7th September 2021

Reference is made to the issue of up to €45 million 3.65% unsecured Bonds 2028-2031 to be issued by Mizzi Organisation Finance p.l.c., a public company registered in Malta bearing company registration number C 29506 (the “**Issuer**”) pursuant to and subject to the terms and conditions contained in the Securities Note forming part of the Prospectus (as defined hereunder) (the “**Bonds**”).

1. Interpretation

In this Guarantee, unless the context otherwise requires:

- a. capitalised or defined terms used in this Guarantee shall have the same meaning as that set out in the Prospectus; and
- b. “writing” or “in writing” shall mean any method of visual representation and shall include facsimile transmissions, telexes, and other such electronic methods.

2. Definitions

For the purposes of this Guarantee, the following capitalised terms shall have the meaning below:

- a. “**Indebtedness**” means all moneys, obligations and liabilities now or 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
- b. “**Guarantors**” means, collectively, (i) Mizzi Organisation Limited, a company registered in Malta bearing company registration number C 813; (ii) Consolidated Holdings Limited a company registered in Malta bearing company registration number C 1192; The General Soft Drinks Company Limited, a company registered in Malta bearing company registration number C 1591; and (iv) GSD Marketing Limited, a company registered in Malta bearing company registration number C 3774 and each a “Guarantor”; and
- c. “**Prospectus**” means the prospectus to be dated 24 September 2021 pursuant to which the Issuer shall offer the Bonds to the public.

3. Terms Of The Guarantee

3.1 Covenant to Pay

- 3.1.1** For the purposes of the Guarantee, each of the Guarantors, as primary obligors, hereby jointly and severally with the Issuer, 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 jointly and severally undertake to pay to such Bondholder on written demand the amount payable by the Issuer to such Bondholder. All demands shall be sent to the address or facsimile or other numbers as are stated below in clause 2.11 as the same may be changed by company announcement issued by the Issuer from time to time.
- 3.1.2** Such payment shall be made in the currency in force in Malta at the time the payment falls due.
- 3.1.3** 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 a Guarantor by the Issuer.

This Guarantee shall apply to all of the Bonds in accordance with the terms of the Securities Note.

3.2 Guarantor as Joint and Several Surety

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

3.3 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 €45,000,000, apart from interests 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.

3.4 Continuing and Unconditional Liability

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 bankruptcy, insolvency or winding up of the Issuer or any of the Guarantors; 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 a Guarantor;
- d. Bondholder conceding any time or indulgence, or compounding with, discharging, releasing or varying the liability of the Issuer or any other person liable or renewing, determining, reducing, varying or increasing any accommodation or transaction or otherwise dealing with the same in any manner whatsoever or concurring in, accepting or in any way varying any compromise, composition, arrangement or settlement 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 operate to exonerate a Guarantor without settlement in full of the Indebtedness towards the relevant Bondholder.

3.5 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 of the Guarantors or any Bondholder) not recoverable from a 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.

3.6 Representations and Warranties

3.6.1 Each Guarantor represents and warrants: -

- i. that it is duly incorporated and validly existing under the laws of Malta and has the power to carry on its business;
- ii. that it has power to grant this Guarantee and that this Guarantee is duly authorised, and all corporate action has been taken by the Guarantor in accordance with its deeds of constitution and the laws of its incorporation and regulation;
- iii. that this Guarantee constitutes and contains valid and legally binding obligations of the Guarantor enforceable in accordance with its terms;
- iv. that this Guarantee does not and will not constitute default with respect to or run counter to any law, by-law, articles of incorporation, statute, rule, regulation, judgement, decree or permit to which the Guarantor is or may be subject or any agreement or other instrument to which the Guarantor is a party or is subject or by which it or any of

its property is bound;

v. that this Guarantee shall not result in or cause the creation or imposition of or oblige a Guarantor to create any encumbrance on any of that Guarantor's undertakings, assets, rights or revenues;

vi. that it is in no way engaged in any litigation, arbitration or administrative proceeding of a material nature (which for the purposes of this Guarantee shall mean proceedings relative to a claim amounting to at least €5 million and nor is it threatened with any such procedures;

vii. that the obligations of the Guarantor under this Guarantee constitute general, direct and unsecured obligations of the Guarantor and rank equally with all its other existing and future unsecured obligations, except for any debts for the time being preferred by law;

viii. that 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;

ix. that 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

x. that the granting of this Guarantee is in the commercial interest of the Guarantor and that the Guarantor acknowledges that it is deriving commercial benefit therefrom.

3.6.2 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, each Guarantor shall hold true, good, and valid all the representations and warranties given under this clause.

3.7 Deposit and Production of the Guarantee

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

3.8 Subrogation

Until all amounts which may be payable under the terms of the Bonds have been irrevocably paid in full, each Guarantor 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.

3.9 Benefit of the Guarantee and No Assignment

This Guarantee is to be immediately binding upon each Guarantor for the benefit of the Bondholders. Each Guarantor shall not be entitled to assign or transfer any of its obligations under this same Guarantee.

3.10 Amendments

Each Guarantor has the power to veto any changes to the terms and conditions of the Bonds which are issued with the benefit of its Guarantee.

3.11 Notices

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 or by facsimile 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 and if by facsimile, at the time of transmission of the facsimile, 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.

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

i. Mizzi Organisation Limited

Address: Mizzi Organisation Corporate Office, Testaferrata Street, Ta' Xbiex XBX 1407, Malta

Contact Person: Kevin Caruana

Tel. No.: +356 25969503

ii. Consolidated Holdings Limited

Address: Mizzi Organisation Corporate Office, Testaferrata Street, Ta' Xbiex XBX 1407

Contact Person: Kevin Caruana

Tel. No.: +356 25969503

iii. The General Soft Drinks Company Limited

Address: Marsa Industrial Estate, Marsa MRS3000, Malta

Contact Person: Kevin Caruana

Tel. No.: +356 25969503

iv. GSD Marketing Limited

Address: Marsa Industrial Estate, Marsa MRS3000, Malta

Contact Person: Kevin Caruana

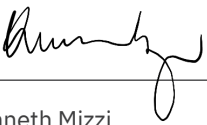
Tel. No.: +356 25969503

3.12 Governing Law and Jurisdiction

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

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 referred to and finally resolved by arbitration under the UNCITRAL Rules of Arbitration in accordance with the provisions of Part V (International Arbitration) of the Arbitration Act, 1996. Any arbitration commenced pursuant to this clause shall take place in Malta and be administered by the Malta Arbitration Centre. The number of arbitrators shall be three, one arbitrator to be appointed by each of the Parties or, in default, by the Malta Arbitration Centre, whereas the third arbitrator shall be appointed by the first two arbitrators or, if they fail to agree on such an appointment, by the Malta Arbitration Centre. No appeal shall lie from any such award given.

SIGNATURES PAGE



Mr Kenneth Mizzi




Mr Brian Mizzi



Mr Maurice Mizzi

Each duly authorised, for and on behalf of
Mizzi Organisation Limited



Mr Kenneth Mizzi

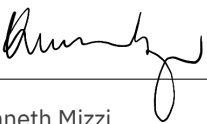


Mr Brian Mizzi



Mr Maurice Mizzi

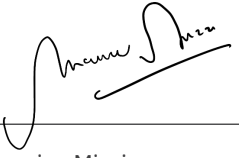
Each duly authorised, for and on behalf of
Consolidated Holdings Limited



Mr Kenneth Mizzi

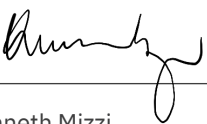


Mr Brian Mizzi



Mr Maurice Mizzi

Each duly authorised, for and on behalf of
The General Soft Drinks Company Limited



Mr Kenneth Mizzi



Mr Brian Mizzi



Mr Maurice Mizzi

Each duly authorised, for and on behalf of
GSD Marketing Limited

ANNEX III – LIST OF AUTHORISED FINANCIAL INTERMEDIARIES

Name	Address	Telephone
Bank of Valletta p.l.c.	Premium Banking Centre, 475, Triq il-Kbira San Guzepp St Venera SVR 1011	22751732
Calamatta Cuschieri Investment Services Ltd	Ewropa Business Centre, Triq Dun Karm, Birkirkara BKR 9034	25688688
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
Jesmond Mizzi Financial Advisors Ltd	67 Level 3, South Street, Valletta VLT 1105	21224410
MeDirect Bank (Malta) p.l.c.	The Centre, Tigne` Point, Sliema TPO 0001	25574400
Michael Grech Financial Investment Services Ltd	The Brokerage, 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



Rizzo, Farrugia & Co (Stockbrokers) Ltd
Airways House, Fourth Floor, High Street, Sliema SM1551, Malta
T. +356 22583000 E. info@rizzofarrugia.com W. www.rizzofarrugia.com

The Board of Directors

Mizzi Organisation Finance plc

Mizzi Organisation Corporate Office,
Testaferrata Street,
Ta' Xbiex XBX 1407,
Malta

24 September 2021

Dear Sirs,

Mizzi Organisation Finance plc – Financial Analysis Summary (the “Analysis”)

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

The purpose of the Analysis is that of summarising key financial data appertaining to Mizzi Organisation Finance plc (a public limited liability company registered under the laws of Malta bearing company registration number C 29506) (the “**Company**” or “**Issuer**”) and of each of Mizzi Organisation Limited (C 813), Consolidated Holdings Limited (C 1192), The General Soft Drinks Company Limited (C 1591) and GSD Marketing Limited (C 3774), as guarantors for the bond issue (the “**Guarantors**”). The data is derived from various sources or is based on our own computations and analysis of the following:

- a. Historic financial data for the three years ended 31 December 2018 to 2020 has been extracted from both the Issuer’s and the combined Guarantors’ audited statutory financial statements for the three years in question, as and when appropriate.
- b. The forecast data for the financial years ending 31 December 2021 and 2022 have been provided by management of the Issuer and/or the Guarantors, as applicable.
- c. Our commentary on the results of the Issuer and the Guarantors and on the respective financial position is based on the explanations provided by the Issuer and/or the Guarantors, as applicable.
- d. The ratios quoted in the Financial Analysis Summary have been computed by us applying the definitions as set out and defined within the Analysis.
- e. Relevant financial data in respect of competitors as analysed in part D has been extracted from public sources such as the web sites of the companies concerned or financial statements filed with the Registrar of Companies.

The Analysis is provided to assist potential investors by summarising the more important financial data of the Issuer and the Guarantors. The Analysis does not contain all data that is relevant to potential investors and is intended to complement, and not replace, the contents of the full prospectus. The Analysis does not constitute an endorsement by our firm of the securities of the Issuer and should not be interpreted as a recommendation to invest. We shall not accept any liability for any loss or damage arising out of the use of the Analysis and no representation or warranty is provided in respect of the reliability of the information contained in the Prospectus. As with all investments, potential investors are encouraged to seek professional advice before investing.

Yours sincerely,

Vincent E Rizzo

Director

FINANCIAL ANALYSIS SUMMARY

2021



Prepared by Rizzo, Farrugia & Co (Stockbrokers) Ltd, in compliance with the Listing Policies issued by the Malta Financial Services Authority, dated 5 March 2013, as amended.

24 September 2021



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PART A BUSINESS & MARKET OVERVIEW UPDATE

PART B FINANCIAL ANALYSIS

PART C COMPARATIVES

PART D GLOSSARY

IMPORTANT INFORMATION

Purpose of the Document

Mizzi Organisation Finance plc (the “**Company**”, “**MOF**”, or “**Issuer**”) is issuing up to €45 million 3.65% UNSECURED bonds 2028-2031, pursuant to a prospectus dated 24 September 2021 (the “**Bond Issue**”). In terms of the MFSA Listing Policies dated 5 March 2013 (as revised on 13 August 2021), bond issues targeting the retail market with a minimum subscription level of less than €50,000 have to include a Financial Analysis Summary (the “**FAS**”) which is to be appended to the Prospectus and which needs to be updated on an annual basis.

Sources of Information

The information that is presented has been collated from a number of sources, including the Company’s and the combined Guarantors’ (known as ‘Mizzi Organisation’) audited financial statements for the years ended 31 December 2018, 2019 and 2020, forecasts for financial years ending 31 December 2021 and 2022, as well as information from management.

Forecasts included in this document have been prepared and approved for publication by the directors of the Company and, or the Guarantors, as applicable, who undertake full responsibility for the assumptions on which these forecasts are based.

Wherever used, FYXXXX refers to financial year covering the period 1st January to 31st December. The financial information is being presented in thousands of Euro, unless otherwise stated, and has been rounded to the nearest thousand.

Abbreviations

AFL	Arkadia Foodstores Limited
AML	Arkadia Marketing Limited
CCL	Continental Cars Limited
CHL	Consolidated Holdings Limited
FY	Financial year
GSD	The General Soft Drinks Company Limited
IELS	Institute of English Language Studies Limited
IML	Industrial Motors Limited
ISTB	Is-Suq tal-Belt
Legacy	Legacy Contractors Ltd
MAS	Mizzi Automotive Services Limited
MML	Muscats Motors Limited
MOL	Mizzi Organisation Limited
MZM	Mizzi Motors Limited
NMS	Nissan Motor Sales Limited
UAFL	United Acceptances Finance Limited
WHL	Waterfront Hotel Limited

Part A Business and Market Overview Update

1. Introduction

Mizzi Organisation Finance plc (“**MOF**”, the “**Issuer**”, or the “**Company**”) is a finance vehicle. It forms part of Mizzi Organisation (“**MO**”), a conglomerate of companies which although not considered as a group in accounting terms in view of their diverse shareholding by members of the Mizzi family, they operate as one group of companies with interest in six main areas:

- a. Automotive
- b. Beverage
- c. Food and fashion retail
- d. Hospitality
- e. Real estate
- f. Contracting

2. Business Overview

Automotive Sector

The automotive sector has been one of the first sectors that the Mizzi Organisation started operations in, with operations dating back to 1920. This segment is divided in two:

- a. Retail, leasing and servicing of motor vehicles and spare parts
- b. Financing of motor vehicles bought from Mizzi Organisation

There are nine companies that operate in this segment, which apart from the sale of the brand of vehicles listed below, also offer additional services, namely:

Continental Cars Limited (CCL)	Volkswagen Audi Cupra SEAT Porsche	<ul style="list-style-type: none">• Offers also servicing of these vehicles• Offers parts for the vehicles
Industrial Motors Limited (IML)	Mitsubishi Suzuki Renault Trucks	<ul style="list-style-type: none">• Offers also servicing of these vehicles• Offers parts for the vehicles
Muscat Motors Limited (MML)	BMW Mini Jaguar Landrover MG Motorrad	<ul style="list-style-type: none">• MML is also the authorised repairer for Daihatsu• Offers servicing for the vehicles• Offers parts for the vehicles
Nissan Motor Sales Limited (NMS)	Nissan	<ul style="list-style-type: none">• Offers also servicing of these vehicles• Offers parts for the vehicles
Mizzi Automotive Services Limited (MAS)	Any brand	<ul style="list-style-type: none">• Panel beating and spray painting services on any model of cars (not limited to MO-represented brands)
Mizzi Lease Limited (MLL)	Any brand	<ul style="list-style-type: none">• Offers private and corporate vehicle leasing services
United Acceptances Finance Limited (UAFL)	MO-represented brands only	<ul style="list-style-type: none">• Provides car financing to MO automotive clients
Mizzi Motors Limited (MZM)		<ul style="list-style-type: none">• Acts as the head office for the automotive sector
Mizzi EV	Any brand	<ul style="list-style-type: none">• Leasing of Electric and PHEV cars

Over the years, the Maltese automotive sector has been characterised by second-hand imports which competed directly with the franchised brands of MO. According to the National Statistics Office of Malta, new passenger car registrations in 2020 amounted to 13,212 (2019: 18,889), of which 4,602 (2019: 7,689) were new vehicles, with the balance being second hand imported cars.

According to management, MO has a 29% market share of new cars registered in Malta. Furthermore, this sector is one of the largest contributors to MO's revenue and EBITDA, as explained further in section 9 of this report.

Beverage Sector

The beverage sector is the other segment that provides a healthy contribution to the revenue and EBITDA of MO. This segment has a history that dates back to the 1970s. The companies that operate this segment are GSD and GSDM (two of the Guarantors of the Bonds). GSD produces and packages soft drinks and mineral water for distribution (by GSDM) in Malta. The bottling of branded beverages represented by the companies are subject to bottling agreements, some of which having been in place for over 40 years. Bottling is done in a facility located in Marsa measuring 33,393 sqm, which is built over land owned by Malta Enterprise and subject to emphyteutic rights.

Apart from distribution of the bottled and/or imported alcoholic and non-alcoholic beverage brands, GSDM also operates a series of vending machines across the Maltese Islands.

In August 2020, GSD and GSDM, along with other beverage producers in Malta, set up BCRS Malta Limited, a company that was incorporated with the aim of introducing a beverage container refund scheme in Malta. Such scheme is being introduced in order to manage waste of single-use plastic packaging.

This segment enjoys a strong presence in the local market for beverages.

Food and Fashion Retail Sector

This segment is divided in four operations:

- The operations of the "Arkadia" chain of food stores, located in Malta and Gozo. This chain is made up of four foodstores located at the Portomaso complex, at the Arkadia Commercial Centre in Victoria Gozo, within the *Is-Suq tal-Belt in Valletta* and a FoodExpress store in Swatar;
- The operations of *Is-Suq tal-Belt (ISTB)*, a food market in Valletta, Malta. This building operates as a food market, in the lower level that sell, meat, groceries, delicatessen, fruit and vegetables as well as other food items, similar to what the ISTB used to be before it was refurbished by MO; a food court with a number of food operators on level 0; a mixed-use space on level 1; and a restaurant on level 2. The operation of ISTB commenced in 2018 and is subject to emphyteutic rights;
- The operation of fashion outlets as the franchisee of internationally renowned fashion brands. It is the authorised franchisee of Piazza Italia®, Orsay® and Parfois®. In such capacity it is authorised to sell the said branded fashion clothing and accessories from stores located in prime locations, in Valletta, Paola, Sliema, and Gozo; and
- The operation of the Arkadia Commercial Centre in Gozo which comprises a shopping complex situated in a prime area in Victoria that houses a number of fashion and other retail and food outlets. Some fashion outlets are operated by MO for the franchised brands.

Hospitality Sector

The principal operation in the sector is the Waterfront Hotel in Sliema. The hotel features 165 rooms, while offering amenities including lido facilities, indoor pool, fitness centre, restaurant and a lobby bar. The hotel was closed between November 2016 and June 2017 for major extension and refurbishment works, with an investment of around €8.5 million. Until the time that the COVID-19 pandemic created havoc globally as from March 2020, the hotel achieved positive results and since re-opening following the lifting of restrictions and lockdowns, it has seen an encouraging gradual recovery in occupancy levels. WHL entered into a joint venture agreement with another two nearby hotels to build and operate a lido in front of the hotels. This was opened in August 2021 and is known as the Aqualuna Lido.

Real Estate Sector

The real estate sector is one of the largest in terms of asset value of MO. Mizzi Organisation has been active in the real estate sector over the years, accumulating a significant property portfolio primarily located in prime areas. The value of this portfolio is €165 million (as per FY2020 financial statements).

The majority of the properties are used by MO companies and these are (whose value is €102 million):

- Muscats Motors showroom, Rue D'Argens, Gzira, Malta
- Continental Cars showroom, Testaferrata/Princess Margaret Street Ta' Xbiex, Malta
- Industrial Motors showroom, Antonio Bosio Street, Msida, Malta
- Nissan showroom, National Road, Blata l-Bajda, Malta
- GSD Factory, Marsa, Malta
- The Arkadia Commercial Centre, Gozo

- The Waterfront Hotel, Sliema, Malta
- Petrol station, Blata l-Bajda, Malta
- Garage formerly known as “John’s Garage”, Qormi, Malta
- Titan Offices & Stores, Antonio Bosio Street, Msida, Malta

In addition to the above, MO holds another portfolio of properties which are classified as investment properties. These have a carrying amount of approximately €63 million, located in prime areas in Qormi (ex-GSD premises), Blata l-Bajda, Mellieha, St Julian’s, Bugibba, Sliema and Gzira. The site in Qormi consisting of a total area of 7,166sqm is partially (5,385sqm) under promise of sale agreement, and is located along Mdina Road. The contract of sale is expected to be concluded between Q4 2021 and Q1 2022.

Contracting Sector

This sector is operated through Titan International Ltd and Legacy Contractors Ltd which offer:

- mechanical and electrical engineering contracts, including installation of industrial and domestic air-conditioning systems and lifts; and
- importation, wholesaling, retailing and installation of electrical components, solar water heating, under-floor heating, air extractors, and power tools.

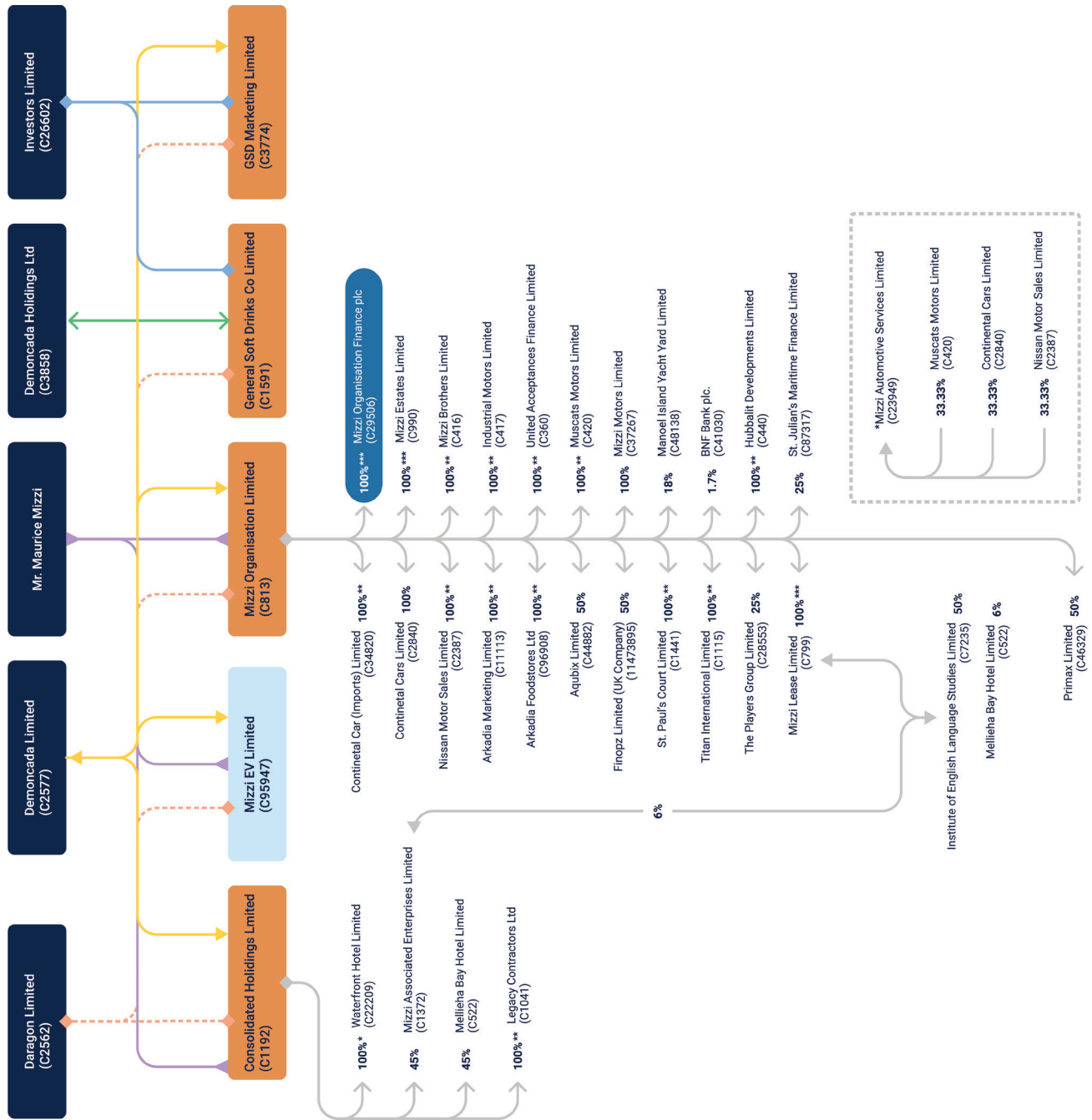
Other Business Interests

MO holds investment interests in companies with other third parties in a variety of sectors, including:

- The Players Group Limited (C 28553) – operating within the gaming sector. MO’s investment (through MOL) is 25%. The company is the operator of the National Lottery games in Malta.
- St Julian’s Maritime Finance Limited (C 87317) – operates within the finance sector. MO holds a 25% interest (through MOL) in this company, which offers a one-stop shop for yacht-related financing services, including asset-backed financing, registration and corporate structure services, as well as finance lease arrangements.
- Manoel Island Yacht Yard Limited (C 48138, MIYY) – operates within the marine sector. MO holds 18% interest in MIYY through MOL. MIYY offers yacht repairs and is one of the oldest established yards in the Mediterranean.
- Aquibix Limited (C 44882, 50% ownership) and its sister FINOPZ Ltd (UK-registered, also 50%) - operate within the IT sectors. These companies offer IT consultancy and related software services to regulated entities (in particular related to know-your-customer requirements).
- Institute of English Language Studies Limited (C 7235) - operates within the hospitality and educational sectors. MO has a 50% shareholding in this company, which offers English language teaching to non-English students, offering packages tailored to the requirements of the students.
- Mellieha Bay Hotel Limited (C 522, MBH) – operates in the hospitality sector. MO holds a 51% share in MBH. The hotel is currently closed and there is an application with the Planning Authority for the re-development of the hotel.

3. Group Structure

The below organisation chart shows the main companies that form part of the Mizzi Organisation (“MO”), including the Issuer and the Guarantors.



Legend:

* Save for one share held by MOL (in the case of WHL) and for two shares held by MOL (in the case of GSD)

** Save for one share held by Mizzi Lease

*** Save for one share held by CHL

4. Corporate Governance and Management

Board of Directors – The Issuer

The Company's board of directors as at the date of this document comprises the following:

Brian R. Mizzi	Executive Director
Kenneth C. Mizzi	Executive Director
Maurice F. Mizzi	Executive Director
Carmel J. Farrugia	Non-Executive, Independent Director
Kevin Rapinett	Non-Executive, Independent Director
Joseph M. Galea	Non-Executive, Independent Director

The Company Secretary is Kevin Caruana, while Andrew Manduca occupies the role of Chairman to the Board (holding a casting vote).

Board of Directors – The Guarantors

The Guarantors' respective boards of directors as at the date of this document comprise the following:

		CHL	GSD	GSDM	MOL
Brian R. Mizzi	Executive Director	✓	✓	✓	✓
Maurice F. Mizzi	Executive Director	✓	✓	✓	✓
Kenneth C. Mizzi	Executive Director	✓	✓	✓	✓
Angele Calleja	Executive Director	✓			✓
Christopher Mizzi	Executive Director	✓			✓
Ian Mizzi	Executive Director	✓			✓
Veronica Mizzi	Executive Director	✓			✓

Kevin Caruana is the company secretary of all the Guarantors.

Senior Management

The following is the senior management team within MO:

Nicky Camilleri	CFO of MO Group
Maurizio Micallef	COO – Automotive Division of MO
Maria Micallef	CEO – Beverage Division & WHL
David Shone	GM of AML
Matthew Caruana Smith	GM of Suq tal-Belt
Steve Azzopardi	GM of Titan
Charmaine Camilleri	GM of WHL
Kevin Muscat	GM of Mizzi Estates
Giancarlo Millo	Chief Internal Auditor of MO
Daniel Aquilina	Financial Controller of MOF

5. Major Assets

The Issuer is a special purpose vehicle set up to act as a financing company of MO entities through capital market issues. MOF currently does not have any substantial assets.

MO's major assets include a property portfolio that is used for the operations of the various entities forming part of the organisation, investment in associates, inventories and a balance of trade and other receivables, which as at the respective year ends of 2018, 2019 and 2020 consisted of:

<i>as at 31 December</i>	2018 €'000	2019 €'000	2020 €'000
PPE	121,899	123,015	125,629
ROU Assets*	-	22,415	20,664
Investment Property	59,948	67,905	71,461
Investment in Associates	22,837	21,894	20,649
	204,684	235,229	238,402
Inventories	30,613	33,699	28,831
	235,297	268,928	267,233
Trade and Other Receivables			
Non-current	16,772	18,716	18,602
Current	42,040	42,849	32,541
	294,108	330,492	318,376

**ROU Assets – the recognition of ROU assets in the combined statement of financial position for MO as from 01 January 2019 on adoption of IFRS 16 - Leases*

An analysis of MO's assets is included in section 10 of this FAS.

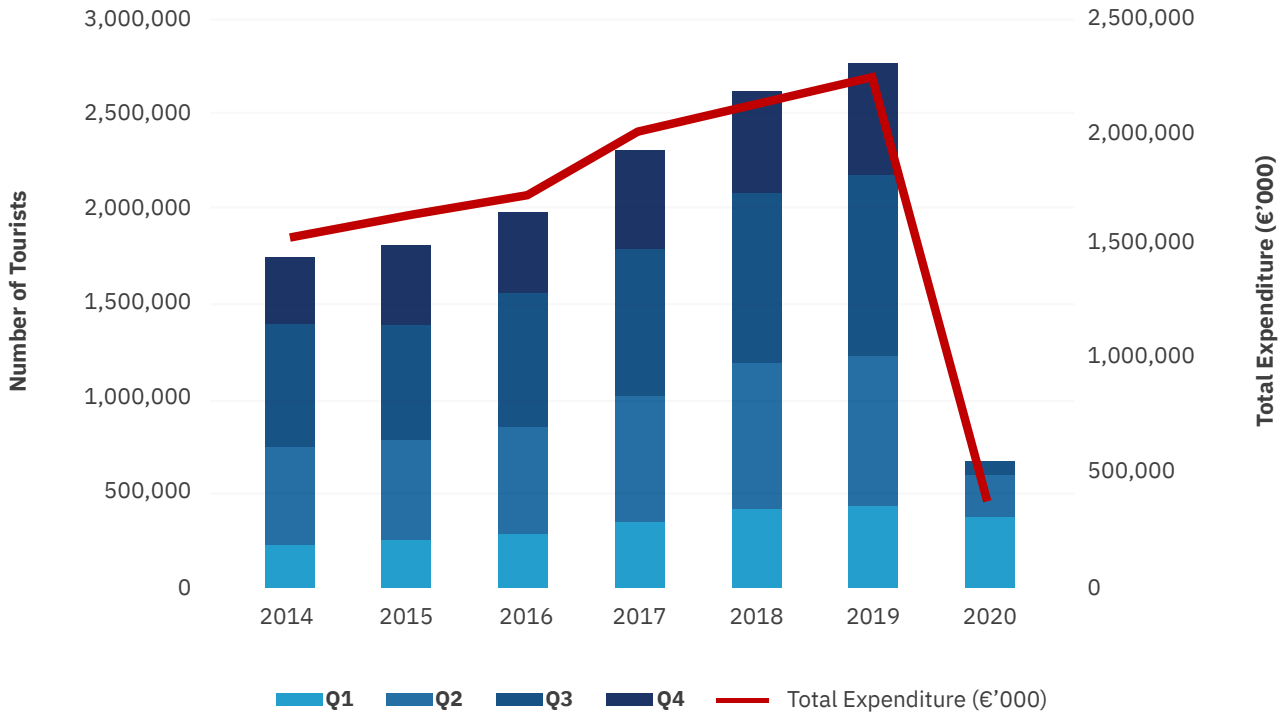
6. Market Overview

Tourism & Hospitality Industry

Tourism has traditionally been one of the major pillars of the Maltese economy. 2020 was bound to be another strong year for tourism as evidenced by the superior performance registered during the first two months of the year. However, the outbreak of COVID-19 in March 2020 materially disrupted this economic sector in view of the various travel restrictions imposed by various governments and/or health authorities around the world.

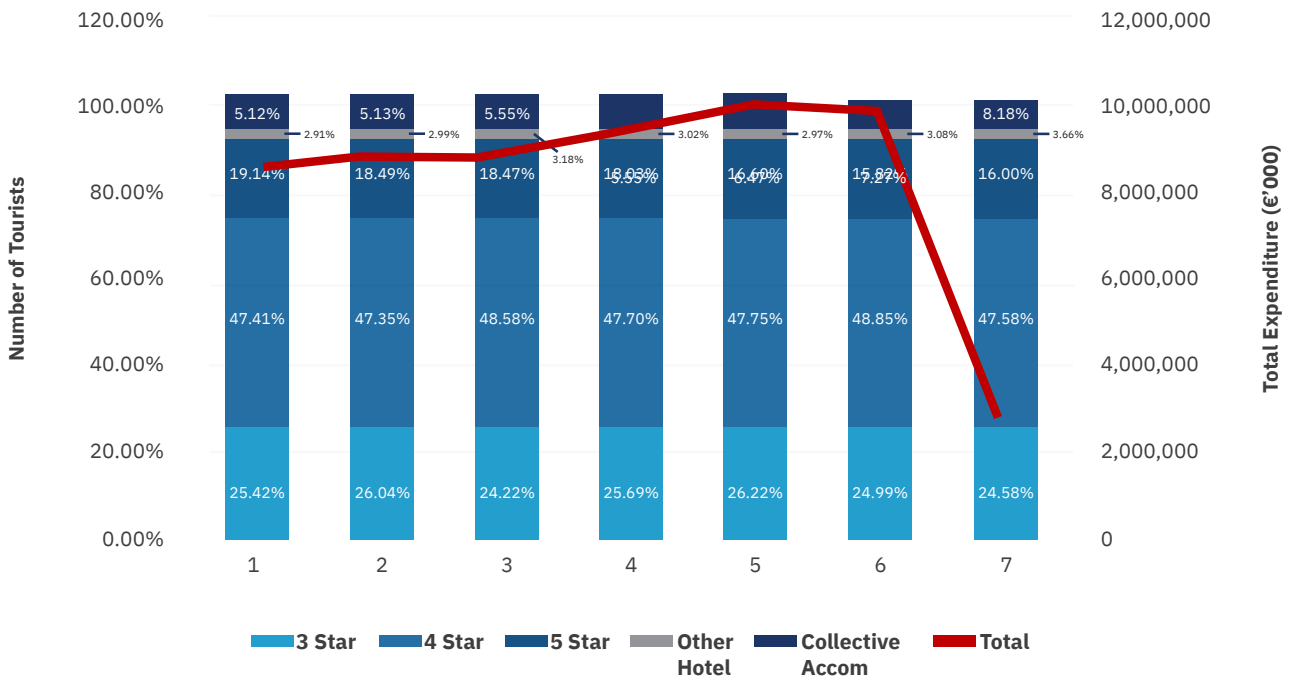
In contrast to the growth that has been consecutively achieved in prior years, during 2020 Malta welcomed just 0.66 million tourists representing a 76.1% drop from the previous year's figure of 2.75 million tourists. Likewise, expenditure also sharply contracted to a fresh multi-year low of €0.46 billion compared to the more than €2.2 billion registered in FY2019.

Tourism Indicators



Source: NSO, Rizzo Farrugia Analysis

Demand in Collective Accommodation Tourist Nights



Source: NSO, Rizzo Farrugia Analysis

Beverage Industry

The overall growth experienced in the food and beverage market in Malta has been driven by the growth in Maltese GDP as the population became more affluent. Following a considerable decline of 7.8% in 2020, the Maltese economy is envisaged to rebound by 5.6% this year and expand by a further 5.8% in 2022.¹ As such, by the end of 2022, the Maltese GDP is set to exceed pre-pandemic levels.

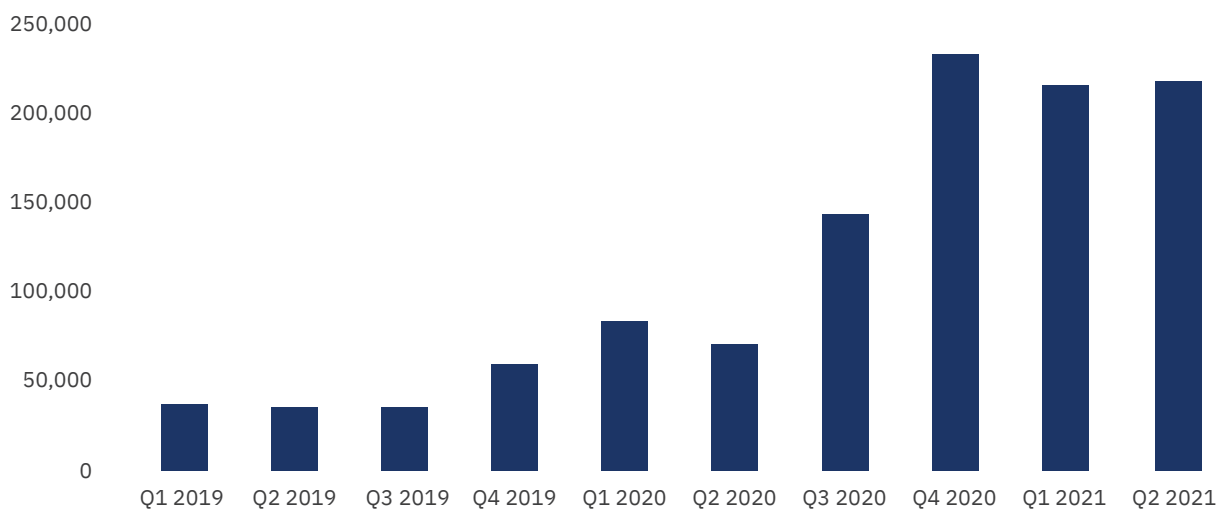
During the pandemic, the beverage industry experienced a shift in trends, such as new flavour experimentation caused by self-isolation, a bigger demand in ready-to-drink cocktails, the demand for home consumption of beverages, particularly alcoholic, increased, while there was a shift in the purchasing trends towards e-commerce.

The shift towards healthier beverages continues to mould the trends in this sector. Awareness of the harms caused by sugary beverages has shifted consumer demands over the recent years, and this trend is expected to subsist in the future years. Environmental consciousness also plays a key role in the shift in trends, as producers are seeking to make the packaging for their beverages using recyclable material and embark on waste management practices.

Automotive Industry

The trends in the automotive industry have been characterised by a considerable shift towards the hybrid and electric vehicles. The EU has set a target of 30 million electric cars by 2030² as it aims to steer Member States away from fossil-based transportation means. In fact, Europe experienced a compounded annual growth rate (CAGR) of electric and/or hybrid vehicle registrations of 130% and 155%, respectively.

No. of Plug-In Hybrid Vehicle Registrations in the EU



Source: <https://www.statista.com/statistics/1022099/number-of-hybrid-electric-vehicle-registrations-in-the-eu/>

Food Retail Industry

The consumer goods and fast-moving consumer good (FMCG) market continuously adapts to evolving consumer demand and trends. Digital innovation, the COVID-19 pandemic, and an increased focus on sustainable and healthy habits have been just some of the biggest influences on the consumer goods market in recent years. Digitalisation has put the customer in the drivers' seat and has enabled comparison and scrutinising of products on the spot. Building a loyal consumer base in this highly competitive market means that consumer goods companies must optimise their marketing strategies and brand awareness in order to attract and retain consumers while remaining competitive.

The pandemic altered how consumers shop and became a huge market disruptor; cleaning products, shelf-stable food and beverages, and toilet paper became hard to come by within days in some regions on the outset of the pandemic. Similar to other industries, the role of sustainability and waste management is having a growing impact on the consumer goods market; there is an increasing demand for more sustainably and ethically produced products across the whole consumer goods spectrum.

¹ European Commission, *European Economic Forecast Summer 2021*, July 2021

² <https://www.reuters.com/article/us-climate-change-eu-transport-idUSKBN28E2KM>

Fashion industry

Shopping malls and fashion retail outlets lost their lure during the pandemic, as they were considered as part of the non-essentials and had to remain closed during the various lockdowns across Europe. Consumers sought online sales for clothing and footwear purchases, although the demand was lower, characterised by the lockdowns and cancellation of social events, work-from-home and other factors that lower the demand for fashion products.

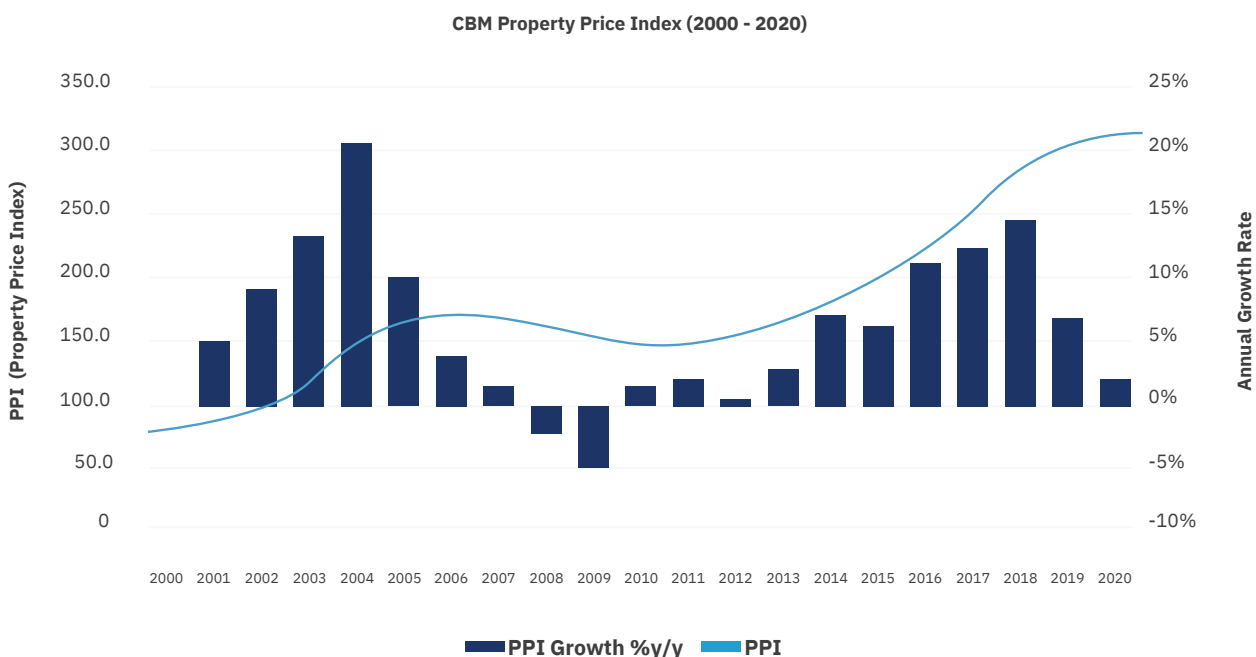
As lockdowns eased, people started heading back to offices and social events and gatherings started picking up, Fashion outlets (those that remained operational) started seeing a return of their customers. Nevertheless, city centre shopping malls that benefitted from tourist footfall are still struggling with their performance as tourism has not yet recovered to pre- COVID-19 levels in view of the new surges in active cases, as well as the current restrictive travelling requirements.

Real Estate & Construction Industry

The construction and real estate industry has traditionally been a key driver of growth for the local economy. Moreover, the positive correlation between the performances of the local economy and the construction and real estate industry has been particularly evident in recent years. These have been mainly fuelled by favourable local and external macroeconomic dynamics as well as various initiatives (including fiscal incentives) by the Government of Malta aimed at boosting the overall level of public and private investment, regenerate business/retail and consumer confidence, and increase the participation and relocation of numerous foreigners and foreign companies opting to reside and do business in Malta.

The outbreak of COVID-19 disrupted the momentum that was building in the local economy as all sectors were adversely affected. The construction and real estate industry was no exception although the data indicated that the industry has been relatively resilient.

The most recent data issued by the Central Bank of Malta shows that residential property prices in Malta (based on advertised prices) increased by 1.7% in 2020 over the previous year. This led the CBM Property Price Index, which tracks movements in the advertised prices of the major types of residential property, to reach a new all-time high of 303.6 points as at the end of 2020 compared to 298.7 points as at the end of 2019.



Source: Central Bank of Malta

Sources Used for the Market Overview:

- <https://www.fooddrinkeurope.eu/wp-content/uploads/2021/02/FoodDrinkEurope-Data-Trends-2020-digital.pdf>
- <https://www.statista.com/markets/415/consumer-goods-fmcg/>
- <https://www.reuters.com/article/us-retail-europe-analysis-idUSKCN24S0D7>

Part B Financial Analysis

7. Introduction to Part B

Historical Financial Information

The following sections provide an overview of the historic financial information of the Company and the Guarantors (combined) over the past three financial periods ending 31 December 2020 and an outlook for financial years 2021 and 2022. Any figures may be subject to rounding.

COVID-19 Update

FY2020 was not a normal year for any business operation around the globe. Disruptions, lockdowns and restrictions affected companies in a variety of ways, and the operations and performance of the companies within MO were also impacted, the extent of which was dependent on the sector that they operated in, as summarised hereunder:

- **Automotive** – this sector was not subject to a forced lockdown, however, there was considerable loss of sales and profitability. Cost containment and government schemes were effective in the management of the impact of COVID-19 on this sector. Management expects this sector to gradually start recovering in the latter part of 2021, although not to pre-COVID-19 levels as yet.
- **Beverage** – COVID-19 restrictions resulted in the cancelling of all social events and the closure of restaurants, pubs and bars, and led to lower (to none) tourist arrivals – all of which had an effect on MO’s beverage companies’ performance. Costs management and government schemes were also required in this sector in order to minimise the impact of the pandemic on the performance of these companies.
- **Food and fashion retail segment** – this segment was also impacted by the pandemic, following forced closure of all non-essentials (which included fashion stores). The foodstores and ISTB, although they were not forced to close, were impacted by lower footfall, attributable in the main by the lower amount of tourist arrivals. In addition, rentals from tenants at ISTB and the Arkadia Commercial Centre had to be renegotiated during the pandemic, which negatively affected further the performance of this segment.
- **Hospitality** – the tourism industry was the one worst hit during the pandemic, and which affected many other sectors (as has also been intimated above). While the WFH did not close and MO offered the hotel as accommodation for persons that required separate accommodation from their family members in view of quarantine requirements, the returns generated from the hotel were not comparable to “normal” pre-COVID-19 periods.
- **Mechanical and Engineering Contracting** – while the COVID-19 restrictions did not necessitate the closure of this segment’s outlets, the commissioning of new projects was delayed, slowed down or shelved. In terms of domestic demand, there was a general reluctance to allow third parties in private residencies, and this area was also impacted by the pandemic.
- **Real Estate** – impact on this segment due to COVID-19 was limited to the slow take up of space within the Pangea office building in St Julian’s, while Mizzi Estates offered some discounts on the rents payable by MO companies operating within the automotive segment.

8. The Issuer's Financial Statements

Income Statement

	FY2018	FY2019	FY2020	FY2021	FY2022
	€'000	€'000	€'000	€'000	€'000
	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Forecast</i>	<i>Projection</i>
Net Interest Income	13	13	13	68	270
Administrative Expenses	(23)	(23)	(22)	(72)	(106)
Loss Before Tax	(10)	(10)	(10)	(4)	164
Tax Income	8	4	3	-	(58)
Loss for the Year	(2)	(7)	(6)	(4)	106

Statement of Financial Position

	FY2018	FY2019	FY2020	FY2021	FY2022
	€'000	€'000	€'000	€'000	€'000
	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Forecast</i>	<i>Projection</i>
Assets					
Loans & Advances	425	400	370	44,420	44,420
Receivables	21	10	23	-	-
Cash & Cash Equivalents	1	21	11	517	703
Total Assets	447	432	404	44,937	45,123
Equity & Liabilities					
Capital & Reserves					
Share Capital	233	233	233	303	303
Accumulated Losses	1	(6)	(12)	(17)	90
Total Equity	234	227	221	287	393
Liabilities					
Bond	-	-	-	44,069	44,149
Payables	213	204	183	581	581
Total Liabilities	213	204	183	44,650	44,730
Total Equity and Liabilities	447	432	404	44,937	45,123

Statements of Cash Flows

	FY2018	FY2019	FY2020	FY2021	FY2022
	€'000	€'000	€'000	€'000	€'000
	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Forecast</i>	<i>Projection</i>
Net Cash Used in Operating Activities	(52)	(4)	(41)	436	187
Net Cash from Investing Activities	-	25	30	(44,050)	-
Net Cash from Financing Activities	-	-	-	44,120	-
Net Movements in Cash & Cash Equivalents	(52)	21	(11)	506	187
Cash & Cash Equivalents at the Beginning of the Year	52	1	21	11	517
Cash & Cash Equivalents at the End of the Year	1	21	11	517	704

Historic Analysis (FY2018 – FY2020)

The Company has been dormant for the historic financial period covered in this report (FY2018 to FY2020). The objective of the Company is to serve as MO's finance company when MO raises funds through the capital market. It was the issuer of €30 million bonds in 2009 (ISIN: MT0000211210), which bonds were redeemed in 2016.

Outlook FY2021 and FY2022

In FY2021, the Company will serve as the issuer of the Bonds, thereby recognising the bonds as liabilities in its balance sheet. The funds will be on-lent to MOL (part of which will be on-lent to other MO companies) which will be recognised as a receivable going forward.

The bonds will accrue interest payable to bondholders at the rate of 3.65% per annum. The loans to MO will attract an interest in excess of the payable 3.65% coupon, which margin would be used to cover the amortisation of bond costs and administrative fees.

9. The Guarantors' Combined Income Statement

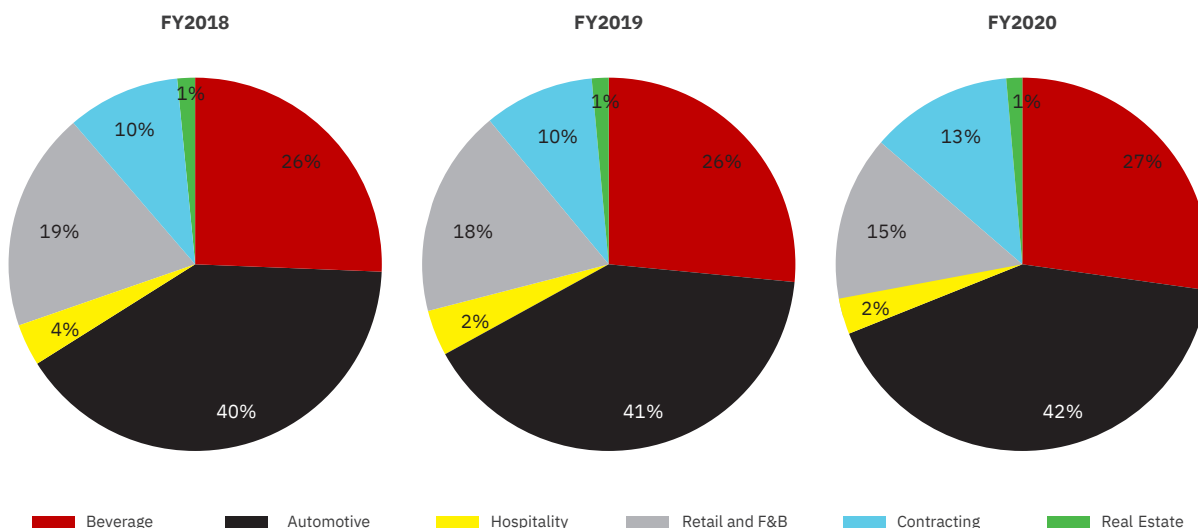
	FY2018	FY2019	FY2020	FY2021	FY2022
	€'000	€'000	€'000	€'000	€'000
	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Forecast</i>	<i>Projection</i>
Revenue	175,017	175,247	139,686	144,476	162,658
Operating Expenses	160,379	158,624	129,949	134,314	146,133
EBITDA	14,638	16,623	9,737	10,162	16,525
Depreciation of PPE	7,105	7,592	8,042	8,701	9,200
Depreciation (ROU)	-	1,799	1,942	1,837	1,496
Amortisation	21	21	21	21	21
<i>One-Off Adjustments</i>					
Gains from Changes in FV of IP	-	(454)	(3,754)	(896)	(725)
Impairment Charges on PPE	-	-	4,954	-	-
Profit on disposal of PPE and assets held for sale	(395)	(473)	(412)	-	-
Other gains from disposal of property	-	(773)	-	-	-
Bad Debts	19	19	146	340	351
Movement in Credit Loss Allowances	(102)	256	2,283	146	466
EBIT	7,990	8,635	(3,485)	13	5,716
Share of Profits from Associates	1,716	14,378	456	-	-
Investment and Other Related Income	126	182	289	-	-
Net Finance Costs	(3,372)	(3,976)	(3,855)	(3,204)	(3,679)
Profit / (loss) before Tax	6,460	19,220	(6,596)	(3,191)	2,037
Taxation	(1,032)	(2,323)	(667)	(651)	(436)
Profit / (loss) after Tax	5,429	16,897	(7,262)	(3,842)	1,601

Historic Analysis (FY2018 – FY2020)

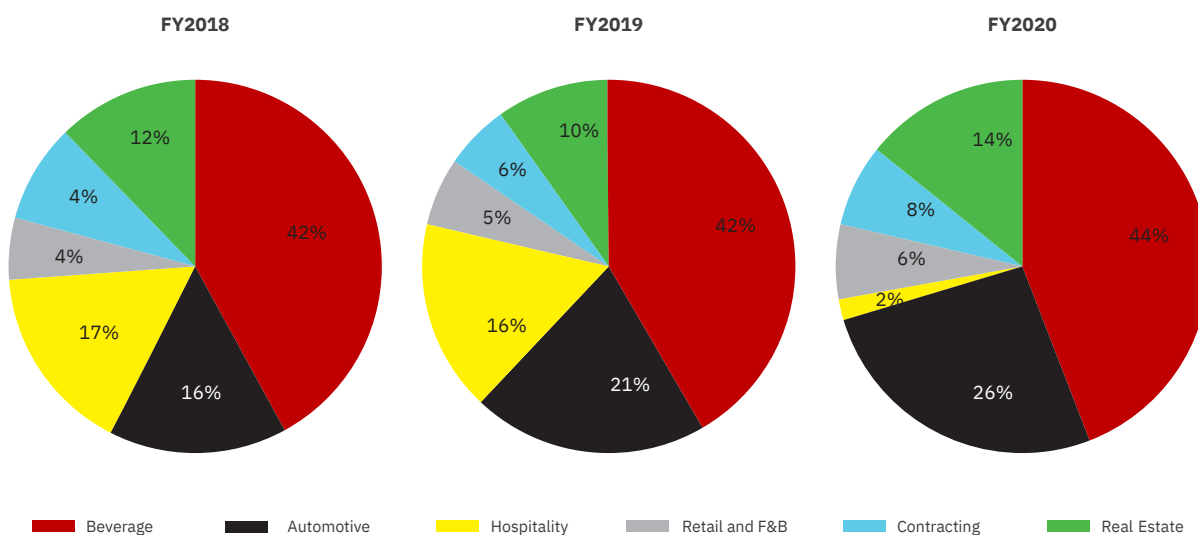
Revenue in FY2018 and FY2019 was fairly stable at approximately €175 million in both years, decreasing by 20% to €139.7 million in FY2020 as a result of the effects of the pandemic, as explained in further detail in section 7 above. EBITDA in FY2020 also took a hit to €9.7 million, from the €16.6 million reported in FY2019 (FY2018: €14.6 million).

Over the years, the Beverage and the Automotive segments represented the two largest contributors to Revenue, with the former being the biggest EBITDA contributor to the combined results of MO over the years under review.

Revenue Contribution by Sector



EBITDA Contribution by Sector



Meanwhile, although the Retail and F&B segment generated between 15% (FY2020) and 19% (FY2018) of revenue, the contribution of this segment to EBITDA is quite low in view of the general negative performance of ISTB over the period.

MO’s combined income statement for FY2020 includes a number of one-off entries affecting the performance of the conglomerate. The €3.8 million fair value gain recognised in FY2020 was due to the gain realised through the sale of a property, although this was completely net off by an impairment charge necessary on other MO investments of nearly €5 million. The increase in credit loss allowances provided for in FY2020 related to increases in provisions of outstanding debtors as per IFRS 9 – *Financial Instruments*, mainly due to changes in credit terms brought along by the COVID-19 pandemic.

Following depreciation and amortisation charges of €9.4 million, earnings before interest and tax (EBIT) came in negative in FY2020 at €3.5 million. In earlier years, EBIT stood at €8 million in FY2018 (which excluded the depreciation of the ROU assets as IFRS 16 did not apply until 1 January 2019) and €8.6 million in FY2019. MO’s finance costs were around the €4 million level, in line with earlier years, while share of profits from associate companies of MO was just €0.5 million in FY2020 when compared to the €1.7 million in FY2018 and €14.4 million in FY2019 – the FY2019 figure included the net income from the disposal of Kemmuna Limited and First United Insurance Brokers Limited.

After accounting for taxation, which take into account investment tax credits available for MO, profit after tax in FY2018 and FY2019 was €5.4 million and €16.9 million, respectively, while for FY2020, MO registered a loss of €7.3 million.

Outlook FY2021 & FY2022

The projections for FY2021 and FY2022 have been based on the assumption that a slow recovery from the full impact of COVID-19 on the Guarantors' combined performance would start from the second part of FY2021 as most of the restrictions are lifted and tourism figures start building up again.

As a result, given also that during FY2021 MO was still offering credit extensions to clients that have been mostly affected by the pandemic, the performance for FY2021 is expected to be negative yet again, albeit to a lesser extent when compared to FY2020, at €3.8 million loss for the year.

In FY2022, MO's performance is expected to return a positive result, although still not at the levels of pre-COVID-19. Revenue is expected to recover to €162.7 million (FY2021: €144.5 million) and as a result, such improved turnover levels are expected to yield an increase in EBITDA to €16.5 million in FY2022 (FY2021: €10.2 million), which is anticipated to result in a profit after tax of €1.6 million, barring any one-off adjustments.

10. The Guarantors' Combined Statement of Financial Position

	FY2018	FY2019	FY2020	FY2021	FY2022
	€'000	€'000	€'000	€'000	€'000
	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Forecast</i>	<i>Projection</i>
Assets					
Non-Current Assets					
PPE (including Intangible Assets)	121,899	123,015	125,629	129,049	132,809
ROU Assets	-	22,415	20,664	12,639	12,944
Investment Property (IP)	59,948	67,905	71,461	66,172	58,578
Investments in Associates	22,837	21,894	20,649	20,649	20,649
Loans & Advances	576	1,076	1,013	1,013	4,347
Financial Assets at FVOCI	4,661	4,638	3,740	3,740	3,740
Deferred Tax Assets	273	289	272	272	272
Trade & Other Receivables	16,772	18,716	18,602	19,569	20,883
Total Non-Current Assets	226,965	259,947	262,029	253,103	254,221
Current Assets					
Inventories	30,613	33,699	28,831	28,346	30,003
Trade and Receivables	42,040	42,849	32,541	26,365*	28,593*
Loans & Advances	200	-	63	63	63
Current Tax Assets	1,012	1,272	847	847	847
Financial Assets at FVPL	1,206	222	-	-	-
Cash & Cash Equivalents	5,554	12,482	9,703	26,017	16,520
	80,625	90,524	71,985	81,638	76,026
Assets Classified as HFS	4	3	3	3	3
Total Current Assets	80,628	90,526	71,988	81,640	76,028
Total Assets	307,594	350,474	334,016	334,743	330,249

Equity & Liabilities**Capital & Reserves**

Share Capital	2,468	2,468	2,471	2,471	2,471
Capital Contribution Reserve	3,043	3,043	3,043	3,043	3,043
Revaluation Reserve	56,525	56,333	60,662	60,662	60,662
FV Gains & Other Reserves	27,488	26,877	28,721	28,721	28,721
Hedging Reserves	(506)	(537)	(504)	(504)	(504)
Retained Earnings	58,858	74,371	62,446	57,106	57,506
Total Equity	147,876	162,556	156,839	151,499	151,899

Non-Current Liabilities

Trade & Other Payables	9	8	24	24	24
Borrowings	70,742	67,813	69,634	40,322	31,138
Amortised Bond Costs	-	-	-	44,069	44,149
Lease Liabilities	-	21,187	19,886	12,482	12,765
Deferred Tax Liabilities	12,295	12,292	13,232	12,717	11,958
Derivative Financial Instruments	779	826	776	776	776
Provisions for Liabilities & Charges	-	-	700	700	700
Total Non-Current Liabilities	83,825	102,126	104,253	111,091	101,511

Current Liabilities

Trade and Other Payables	44,177	55,297	41,372	36,245	35,276
Current Tax Liabilities	480	95	59	59	59
Borrowings	31,235	29,054	30,120	34,094	39,537
Lease Liabilities	-	1,345	1,373	1,755	1,968
Total Current Liabilities	75,893	85,792	72,924	72,154	76,840

Total Liabilities	159,718	187,918	177,177	183,244	178,351
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Total Equity and Liabilities	307,594	350,474	334,016	334,743	330,250
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*Current trade receivables for FY2021 and FY2022 only comprise trade receivables, amounts receivable from hire purchase debtors, contract assets, amounts owed by associates and amounts owed by third parties, with other receivable balances netted off against current trade payables in the respective line item. The level of current trade and other receivables at the end of the two projected financial periods may differ as a result of such reclassifications between reported historical information and Projected Financial Information.

Assets

As highlighted in section 5 of this report, the majority of the assets of MO consist of a property portfolio consisting of properties that are used in operations (PPE), investment property (employed to generate an income therefrom) and rights over property used in the operations of MO entities (ROU assets).

Property, Plant and Equipment (PPE)

	FY2018	FY2019	FY2020
	€'000	€'000	€'000
	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>
Land, Buildings & Improvements	93,568	93,248	98,235
Plant, Machinery & Equipment	11,104	10,319	9,774
Furniture, Fittings & Office Equipment	9,541	9,492	8,565
Motor Vehicles	7,273	8,006	8,255
Assets in the Course of Constructions (incl Prepayments)	281	1,839	711
	121,767	122,905	125,540

The ROU Assets reflect the value of the properties leased from third parties by the MO companies and those under an emphyteutic grants on properties in Marsa (where GSD and GSDM operate from) and Valletta (home of the ISTB operation).

MO's investment in associates include those companies on which MO has significant influence but not control. Such investments are accounted for using the equity method and as at the end of FY2020 the value of such investments was €20.6 million and consisted of:

Name	Principal Activity	% of shares held (FY2020)	Carrying amount (€'000s)
Mellieha Bay Hotel Limited	Ownership and operation of hotel	51%	16,976
Finopz Limited	To deliver IT solutions and create and sell IT products	50%	1,848
Institute of English Language Studies Limited	English language school	50%	1,254
Mizzi Associated Enterprises Limited	Property ownership and development for trading and rental	51%	1,088
St. Julian's Maritime Finance Limited	The provision of lease contracts involving motor and sailing yachts and other maritime vessels	25%	630
Aqubix Limited	To deliver IT solutions and create and sell IT products	50%	9
The Players Group Limited	Holding of an investment in Maltco Lotteries Ltd	25%	4

While the percentage holdings in the associates did not vary from FY2018 to FY2020, in FY2019 MO disposed of its shareholding in Kemmuna Limited and FirstUnited Insurance Brokers Ltd, which generated a gain on sale of €12.9 million, and in the second quarter of FY2018, formed the joint venture owning St Julian's Maritime Finance Limited.

Total trade and other receivables by the end of FY2020 stood at a total of €51.1 million, consisting mainly of hire purchase debtors within the automotive segment, extended credit terms in the beverage segment and contract balances in terms of IFRS 15 – Contracts. The decline in the balances of outstanding receivables when compared to

the previous periods is reflective of the lower turnover in FY2020 due to the pandemic.

Inventory comprises of motor vehicles stock within the automotive segment and finished goods and raw materials related to the beverage segment. At end of FY2020 this stood at €28.8 million (FY2019: €33.7 million; FY2018: €30.6 million).

The cash and equivalents balance was boosted in FY2019 due to the disposal of associate investments (as explained earlier) and at the end of FY2020, MO had a cash buffer of €9.7 million.

Liabilities

MO's liabilities increased by €28.2 million between FY2018 and FY2019, reflecting, amongst others, the lease liability recognised on balance sheet in terms of IFRS 16 – Leases as from 1 January 2019. This went down by €10.7 million between FY2019 and FY2020, which in the main attributable to the settlement of outstanding capital payables on MO's ongoing investment projects and lower trade payables as the effect of a slowdown in activity led to lower accrual of trade balances due.

In terms of borrowings, MO's debt structure is composed of the following:

Borrowings	FY2018	FY2019	FY2020	FY2021	FY2022
	€'000	€'000	€'000	€'000	€'000
	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Forecast</i>	<i>Projection</i>
Current	31,235	29,054	30,120	34,094	39,537
Non-Current	70,742	67,813	69,634	40,322	31,138
Bond (amortised)	-	-	-	44,069	44,149
Total Debt	101,977	96,867	99,754	118,485	114,824
Cash	5,554	12,482	9,703	26,017	16,520
Net Debt	96,424	84,385	90,052	92,468	98,304

Total debt reached nearly €100 million by the end of FY2020, reflecting the drawdown of approximately €8 million of Malta Development Bank guaranteed loans that were introduced to assist companies in Malta with working capital deficiencies in view of the COVID-19 pandemic. €71 million of the loans were obtained by MO to support the conglomerate's various investments over the years.

Equity Base

MO's equity stood at €156.8 million by the end of FY2020, half of which being made of up fair value and revaluation reserves accumulated over the years. €62.4 million related to retained earnings, the decrease year-on-year from FY2019 reflecting the negative performance of MO in FY2020 due to the pandemic as discussed in earlier parts of this report. Nevertheless, equity funds nearly 50% of MO's total assets.

Outlook FY2021 & FY2022

FY2021's statement of financial position is expected to include the bonds forming part of MO's borrowings. Approximately €25 million of the bonds will be applied towards the refinancing of existing bank borrowings outstanding, and as such, the €45 million will not all be absorbed by MO as borrowings. The balance will be directed towards MO's capital expenditures (approximately €8 million), primarily the project referred to as "Il-Hofra Project" and the refurbishment of the Arkadia Commercial Centre and Foodstores, while the remaining balance will be applied by MO towards additional general corporate funding requirements and will be utilised as and when such requirements arise and, or fall due.

11. The Guarantors' Combined Statement of Cash Flows

	FY2018	FY2019	FY2020	FY2021	FY2022
	€'000	€'000	€'000	€'000	€'000
	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Forecast</i>	<i>Projection</i>
Net Cash from Operating Activities	7,640	14,004	13,373	6,342	5,194
Net Cash (used in) / from Investing Activities	(18,697)	2,233	(13,917)	(7,263)	(4,662)
Net Cash from / (used in) Financing Activities	6,963	(6,356)	(1,841)	17,235	(10,030)
Net Movements in Cash & Cash Equivalents	(4,094)	9,881	(2,385)	16,314	(9,498)
Cash & Cash Equivalents at the Beginning of the Year	(12,697)	(16,791)	(6,910)	(9,295)	7,019
Cash & Cash Equivalents at the End of the Year	(16,791)	(6,910)	(9,295)	7,019	(2,479)

Historic Analysis (FY2018 – FY2020)

Although revenue in FY2018 and FY2019 remained practically unchanged, the increase in trade receivables in FY2018, as well as the adjustments related to IFRS 16 – Leases in FY2019 and a decline in the receivables balances during the same year, led to a material difference between the net cash generated from operating activities between FY2018 and FY2019. FY2020 cash flows from operations were positively impacted by government-driven schemes that were aimed at assisting local companies which were negatively impacted by COVID-19.

In terms of cashflows used and, or generated from investing activities, in FY2018, MO used €22 million to acquire of John's Garage in Qormi, the emphyteutic rights over the ISTB in Valletta, as well as the capital expenditure carried out therein; a property in Gzira adjacent to the Continental Cars showroom and the Aquarine property in Bugibba. In FY2019, this was lower, at €14.2 million, consisting of the construction of a warehouse extension of GSD, the continued development of the Aquarine property and initial works on the development of the Pangea property in St Julian's. Capital expenditure in FY2020 stood at €18.9 million and included the continuation of the development of the GSD warehousing extension; purchases of office and motor vehicles as well as the purchase of the petrol station site at Blata l-Bajda.

Cash flows relating to financing activities include the borrowings (net of repayments) taken up by MO throughout the years under review. In FY2018, MO's borrowings were significantly impacted by the drawdown of a loan related to the ISTB. In FY2019, the level of borrowings slowed down and repayments were higher than the drawdowns, while in FY2020, borrowings increased again, primarily with the drawdown of the Malta Development Bank guaranteed loans that were extended to companies that were most effected by COVID-19 pandemic.

Outlook FY2021 & FY2022

MO's net cash from operations are reflective of the performance of the Mizzi Organisation companies, adjusted for working capital movements, taxation and non-cash charges.

FY2021 will be characterised by the bond issue, which will refinance approximately €25 million of existing debt within MO. Net of drawdowns of new loans taken during the earlier part of the year, loan servicing and lease payments, resulted in a net inflow of €17.2 million. In FY2022, MO is expected to repay a further €8.2 million of bank borrowings, extend funds to an associate to the tune of €3.3 million, settle lease payments (€1.8 million) and pay a dividend of €1.2 million. Such outflows are netted by an assumed inflow of €4.5 million from factored bills of exchange.

In terms of cash flows related to investment activities, MO will be diverting €13.9 million towards the purchase of PPE in FY2021 and €13.6 million in FY2022 – these amounts relate to €5 million recurring capital expenditure per annum; €4.8 million towards the IML project in Blata l-Bajda; €3.3 million for the refurbishment of the Arkadia Commercial Centre (Gozo); €2 million towards the refurbishment of the Arkadia Foodstores in Gozo and Portomaso; €2 million investments in new Arkadia foodstores convenience outlets; and completion of ongoing investments in the Beverage and Hospitality Segment. A further €2.8 million will be used to complete investment property in FY2021, which relates to the Pangea Office Block in St. Julian's. Sales of investment property are also expected to generate €9.5 million and €9.0 million in the two years under review, respectively – these sales relate to the ex-GSD sites in Qormi, garages and apartments.

12. Ratio Analysis

The following set of ratios have been computed from the Company's figures, both historical and projections.

Note: where the ratios were non-comparable because of a negative return or a negative result, the ratio has been recorded as 'n/a'.

	FY2018	FY2019	FY2020	FY2021	FY2022
	Actual	Actual	Actual	Forecast	Projection
EBITDA margin	8.4%	9.5%	7.0%	7.0%	10.2%
<i>(EBITDA / Revenue)</i>					
Operating Profit (EBIT) margin	4.6%	4.9%	n/a	0.0%	3.5%
<i>(Operating Profit (EBIT) / Revenue)</i>					
Net Profit margin	3.1%	9.6%	n/a	n/a	1.0%
<i>(Profit for the period / Revenue)</i>					
Return on Equity	3.7%	10.9%	n/a	n/a	1.1%
<i>(Net Profit / Average Equity)</i>					
Return on Capital Employed	2.2%	6.6%	n/a	n/a	0.7%
<i>(Net Profit / Average Capital Employed)</i>					
Return on Assets	1.8%	5.1%	n/a	n/a	0.5%
<i>(Profit for the period / Average Assets)</i>					
Current Ratio	1.1x	1.1x	1.0x	1.1x	1.0x
<i>(Current Assets / Current Liabilities)</i>					
Cash Ratio	0.1x	0.1x	0.1x	0.4x	0.2x
<i>(Cash & cash equivalents / Current Liabilities)</i>					
Interest Coverage ratio	4.3x	4.2x	2.5x	3.2x	4.5x
<i>(EBITDA / Net finance costs)</i>					
Gearing Ratio	39.5%	34.2%	37.5%	37.9%	39.3%
<i>(Net debt / [Net Debt + Total Equity])</i>					
Gearing Ratio (2)	40.8%	37.3%	38.9%	43.9%	43.0%
<i>[Total debt / (Total Debt plus Total Equity)]</i>					
Net Debt to EBITDA	6.6x	5.1x	9.2x	9.1x	5.9x
<i>(Net Debt / EBITDA)</i>					

Source: Management information

As MO's performance took a hit in FY2020 due to the pandemic, following two years of profitability, the group's ratios are not reportable. The projections for FY2021 and FY2022 included in this report have been based on a recovery in FY2022, with EBITDA margins being comparable to pre-COVID-19 figures, as explained in earlier parts of this FAS.

MO's liquidity is tight and is not expected to improve during the next two years, due to the recovery from COVID-19 across all sectors of the Group, coupled with the temporary closure of some retail operations due to refurbishments. MO's interest costs have been well covered in earlier years and this metric is expected to remain substantially strong over the periods FY2021 and FY2022. Similarly, despite the high level of borrowings in absolute terms, these are well covered by a strong equity base, resulting in gearing levels below the 40% mark (on a net basis) in the historic periods covered, and this is expected to be the case also in the next couple of years. MO's net debt to EBITDA is also considered to be adequate, peaking in FY2020 and FY2021 and expected to reduce to 5.9 times by the end of FY2022 as EBITDA improves even further.

Part C Comparatives

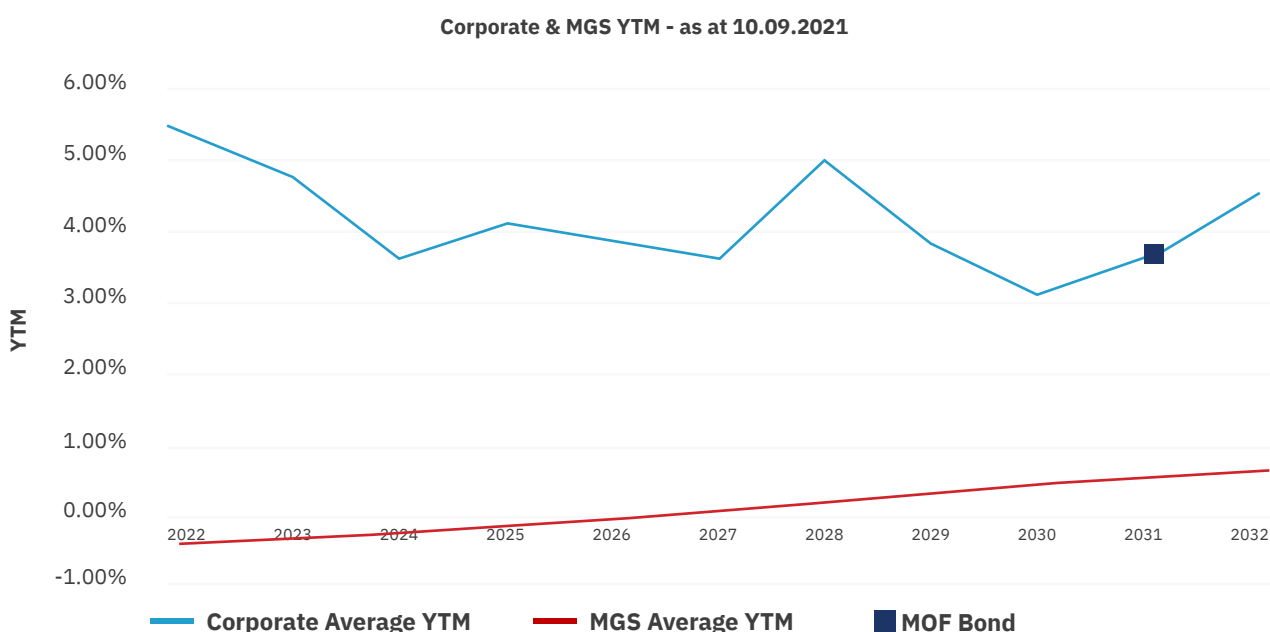
The table below compares the Company's bonds with other local corporate bonds having maturities closest to the Company's bonds. The list excludes issues by financial institutions. The comparative set includes local groups whose assets, strategy and level of operations vary significantly from those of the Company and are therefore not directly comparable. Nevertheless, the table below provides a sample of some comparatives:

Bond Details	Amounts Outstanding (€'millions)	Gearing*	Net Debt to EBITDA	Interest Cover	YTM as at 10.09.2021
4.00% Exalco Finance plc 2028 (Secured)	15.0	29.6%	4.47x	4.05x	3.66%
3.65% Stivala Group Finance plc 2029 (Secured)	15.0	26.3%	11.4x	2.30x	3.20%
4.00% SP Finance plc 2029 (Secured)	12.0	46.0%	139.7x	0.12x	3.25%
3.75% Tum Finance plc 2029 (Secured) (Puttable)	20.0	35.4%	2.74x	9.01x	3.52%
4.5% Endo Finance plc 2029 (Unsecured)	13.5	54.2%	4.34x	4.20x	4.66%
3.65% Stivala Group Finance plc 2029 (Secured)	15.0	26.3%	11.4x	2.30x	3.20%
3.75% AX Group plc 2029	10.0	25.5%	28.3x	0.76x	3.19%
4.25% Mercury Projects Finance plc 2031 (Secured)	11.0	57.1%	1.06x	34.08x	3.74%
3.65% Mizzi Organisation Finance plc 2028-2031 (Unsecured)	45.0	36.5%	9.2x	2.5x	3.65%

Source: Yield to Maturity from rizzofarrugia.com, based on bond prices of 10 September 2021. Ratio workings and financial information quoted have been based on the respective issuers' unadjusted published financial data (or their guarantors, where and as applicable)

*Gearing - (Net Debt/ Net Debt + Total Equity)

The following shows the average yield to maturity of listed corporate bonds and MGS covering an eleven year period, and how the Company's bond priced at 3.65% compares to such average yields. All the yields presented hereunder are as at 10 September 2021.



At 3.65%, the Company's bonds are priced 51 basis points above the equivalent average corporate bonds YTM for 2031 maturities and at a 327 basis points premium over the average MGS YTM for 2031 maturities.

Part D Glossary

Income Statement Explanatory Definitions

Revenue	Total revenue generated by the company from its business activity during the financial year.
EBITDA	Earnings before interest, tax, depreciation and amortization, reflecting the company's earnings purely from operations.
EBIT	Earnings before interest and tax.
Depreciation and Amortisation	An accounting charge to compensate for the reduction in the value of assets and the eventual cost to replace the asset when fully depreciated.
Finance Income	Interest earned on cash bank balances and from the intra-group companies on loans advanced.
Finance Costs	Interest accrued on debt obligations.
Net Profit	The profit generated in one financial year.

Cash Flow Statement Explanatory Definitions

Cash Flow from Operating Activities	The cash used or generated from the company's business activities.
Cash Flow from Investing Activities	The cash used or generated from the company's investments in new entities and acquisitions, or from the disposal of fixed assets.
Cash Flow from Financing Activities	The cash used or generated from financing activities including new borrowings, interest payments, repayment of borrowings and dividend payments.

Statement of Financial Position Explanatory Definitions

Assets	What the company owns which can be further classified in Current and Non-Current Assets.
Non-Current Assets	Assets, full value of which will not be realised within the forthcoming accounting year
Current Assets	Assets which are realisable within one year from the statement of financial position date.
Liabilities	What the company owes, which can be further classified in Current and Non-Current Liabilities.
Current Liabilities	Obligations which are due within one financial year.
Non-Current Liabilities	Obligations which are due after more than one financial year.

Equity

Equity is calculated as assets less liabilities, representing the capital owned by the shareholders, retained earnings, and any reserves.

Profitability Ratios

EBITDA Margin

EBITDA as a percentage of total revenue.

Operating Profit Margin

Operating profit margin is operating profit achieved during the financial year expressed 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.

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

This is computed by dividing profit after tax by total assets.

Liquidity Ratios

Current Ratio

The current ratio is a financial ratio that measures whether 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.

Cash Ratio

Cash ratio is the ratio of cash and cash equivalents of a company to its current liabilities. It measures the ability of a business to repay its current liabilities by only using its cash and cash equivalents and nothing else.

Solvency Ratios

Interest Coverage Ratio

This is calculated by dividing a company's EBITDA of one period by the company's net finance costs of the same period.

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.

Net Debt to EBITDA

This is the measurement of leverage calculated by dividing a company's interest-bearing borrowings net of any cash or cash equivalents by its EBITDA.