



SECURITIES NOTE

dated 27 January 2022

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

In respect of an issue of:

€50,000,000 4% Unsecured Bonds 2027

of a nominal value of €100 per Bond issued at par by

HILI FINANCE COMPANY P.L.C.

a public limited liability company registered in Malta
with company registration number C 85692

Guaranteed* by Hili Ventures Limited

a private limited liability company registered in Malta
with company registration number C 57902

**Prospective investors are to refer to the Guarantee contained in Annex III of this Securities Note for a description of the scope, nature and terms of the Guarantee. Reference should also be made to the sections entitled "Risk Factors" contained in the Prospectus for a discussion of certain risk factors which should be considered by prospective investors in connection with the Bonds and the Guarantee provided by the Guarantor.*

ISIN: MT0001891226

Legal Counsel

Sponsor

Manager & Registrar



THIS SECURITIES NOTE HAS BEEN APPROVED BY THE MFSA AS THE COMPETENT AUTHORITY UNDER THE PROSPECTUS REGULATION. THE MFSA ONLY APPROVES THE PROSPECTUS AS MEETING THE STANDARDS OF COMPLETENESS, COMPREHENSIBILITY AND CONSISTENCY IMPOSED BY THE PROSPECTUS REGULATION. SUCH APPROVAL SHALL NOT BE CONSIDERED AS AN ENDORSEMENT OF THE QUALITY OF THE SECURITIES THAT ARE THE SUBJECT OF THIS SECURITIES NOTE. INVESTORS SHOULD MAKE THEIR OWN ASSESSMENT AS TO THE SUITABILITY OF INVESTING IN THE SECURITIES THAT ARE THE SUBJECT OF THIS SECURITIES NOTE.

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

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

APPROVED BY THE DIRECTORS

Geoffrey Camilleri

Dorian Desira

*signing in their own capacity as directors of the Company and for
and on behalf of each of Keith Busuttill, Jacqueline Camilleri and Mario Vella.*



IMPORTANT INFORMATION

THIS SECURITIES NOTE CONSTITUTES PART OF THE PROSPECTUS DATED 27 JANUARY 2022 AND CONTAINS INFORMATION ABOUT HILI FINANCE COMPANY PLC IN ITS CAPACITY AS ISSUER, HILI VENTURES LIMITED IN ITS CAPACITY AS GUARANTOR AND ABOUT THE BONDS IN ACCORDANCE WITH THE REQUIREMENTS OF THE CAPITAL MARKETS RULES ISSUED BY THE MFSA, THE COMPANIES ACT AND THE PROSPECTUS REGULATION, AND SHOULD BE READ IN CONJUNCTION WITH THE REGISTRATION DOCUMENT ISSUED BY THE ISSUER.

THIS SECURITIES NOTE SETS OUT THE CONTRACTUAL TERMS UNDER WHICH THE BONDS ARE ISSUED BY THE ISSUER AND ACQUIRED BY A BONDHOLDER, WHICH TERMS SHALL REMAIN BINDING UNTIL THE REDEMPTION DATE OF THE BONDS, UNLESS THEY ARE OTHERWISE CHANGED IN ACCORDANCE WITH SUB-SECTION 6.17 OF THIS SECURITIES NOTE.

THE INFORMATION CONTAINED HEREIN IS BEING MADE AVAILABLE IN CONNECTION WITH AN ISSUE BY THE COMPANY OF A MAXIMUM OF €50 MILLION UNSECURED BONDS 2027 OF A NOMINAL VALUE OF €100 EACH. THE BONDS SHALL BE ISSUED AT PAR AND BEAR INTEREST AT THE RATE OF 4% *PER ANNUM* PAYABLE ANNUALLY IN ARREARS ON 11 MARCH OF EACH YEAR UNTIL THE REDEMPTION DATE, WITH THE FIRST INTEREST PAYMENT FALLING DUE ON 11 MARCH 2023. THE NOMINAL VALUE OF THE BONDS WILL BE REPAYABLE IN FULL AT MATURITY ON 11 MARCH 2027. THE BOND ISSUE IS GUARANTEED BY THE GUARANTOR.

NO BROKER, DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORISED BY THE ISSUER, THE GUARANTOR OR THEIR RESPECTIVE 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, THE GUARANTOR OR THEIR RESPECTIVE DIRECTORS OR ADVISORS.

THE PROSPECTUS DOES NOT CONSTITUTE, AND MAY NOT BE USED FOR PURPOSES OF, AN OFFER OR INVITATION TO SUBSCRIBE FOR SECURITIES ISSUED BY THE ISSUER BY ANY PERSON IN ANY JURISDICTION: (I) IN WHICH SUCH OFFER OR INVITATION IS NOT AUTHORISED; OR (II) IN WHICH THE PERSON MAKING SUCH OFFER OR INVITATION IS NOT QUALIFIED TO DO SO; OR (III) TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR INVITATION. THE DISTRIBUTION OF THE PROSPECTUS IN CERTAIN JURISDICTIONS MAY BE RESTRICTED AND, ACCORDINGLY, PERSONS INTO WHOSE POSSESSION IT IS RECEIVED ARE REQUIRED TO INFORM THEMSELVES ABOUT, AND TO OBSERVE, SUCH RESTRICTIONS.

THE PROSPECTUS AND THE OFFERING, SALE OR DELIVERY OF ANY BONDS MAY NOT BE TAKEN AS AN IMPLICATION: (I) THAT THE INFORMATION CONTAINED IN THE PROSPECTUS IS ACCURATE AND COMPLETE SUBSEQUENT TO ITS DATE OF ISSUE; OR (II) THAT THERE HAS BEEN NO MATERIAL ADVERSE CHANGE IN THE FINANCIAL POSITION OF THE ISSUER OR THE GUARANTOR 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.

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

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

SAVE FOR THE PUBLIC 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.

IN RELATION TO EACH MEMBER STATE OF THE EUROPEAN ECONOMIC AREA (OTHER THAN MALTA), THE BONDS CAN ONLY BE OFFERED TO "QUALIFIED INVESTORS" (AS DEFINED IN THE PROSPECTUS REGULATION), AS WELL AS IN ANY OTHER CIRCUMSTANCES WHICH DO NOT REQUIRE THE PUBLICATION BY THE ISSUER OF A PROSPECTUS PURSUANT TO ARTICLE 3 OF THE PROSPECTUS REGULATION.

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 THE PROSPECTUS HAS BEEN SUBMITTED TO THE MFSA IN SATISFACTION OF THE CAPITAL MARKETS RULES, TO THE MALTA STOCK EXCHANGE IN SATISFACTION OF THE MALTA STOCK EXCHANGE BYE-LAWS AND HAS BEEN DULY FILED WITH THE REGISTRAR OF COMPANIES IN ACCORDANCE WITH THE COMPANIES ACT.

IN TERMS OF ARTICLE 12(1) OF THE PROSPECTUS REGULATION, THE PROSPECTUS SHALL REMAIN VALID FOR A PERIOD OF 12 MONTHS FROM THE DATE OF THE APPROVAL OF THE PROSPECTUS BY THE MFSA. THE ISSUER IS OBLIGED TO PUBLISH A SUPPLEMENT ONLY IN THE EVENT OF SIGNIFICANT NEW FACTORS, MATERIAL MISTAKE OR MATERIAL INACCURACY RELATING TO THE INFORMATION SET OUT IN THE PROSPECTUS WHICH MAY AFFECT THE ASSESSMENT OF THE SECURITIES AND WHICH ARISES OR IS NOTED BETWEEN THE TIME WHEN THE PROSPECTUS IS APPROVED AND THE CLOSING OF THE OFFER PERIOD OR THE TIME WHEN TRADING ON A REGULATED MARKET COMMENCES, WHICHEVER OCCURS LATER. THE OBLIGATION TO SUPPLEMENT THE PROSPECTUS IN THE EVENT OF SIGNIFICANT NEW FACTORS, MATERIAL MISTAKES OR MATERIAL INACCURACIES DOES NOT APPLY WHEN THE PROSPECTUS IS NO LONGER VALID.

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

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

THE ISSUER DISCLAIMS ANY AND ALL RESPONSIBILITY FOR ANY DEALINGS MADE, REPRESENTATIONS GIVEN, PROCESSES ADOPTED, FUNDS COLLECTED OR APPLICATIONS ISSUED BY AUTHORISED FINANCIAL INTERMEDIARIES IN THEIR EFFORT TO PLACE OR RE-SELL THE BONDS SUBSCRIBED BY THEM.

ALL THE ADVISORS TO THE ISSUER AND THE GUARANTOR NAMED IN SUB-SECTION 4.2 OF THE REGISTRATION DOCUMENT HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER AND THE GUARANTOR IN RELATION TO THIS PUBLIC OFFER 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 VALUE OF INVESTMENTS CAN GO UP OR DOWN AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. THE NOMINAL VALUE OF THE BONDS WILL BE REPAYABLE IN FULL UPON MATURITY. 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 ADVISORS BEFORE DECIDING TO MAKE AN INVESTMENT IN THE BONDS.



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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, expressions and capitalised terms as indicated in the Registration Document forming part of the Prospectus. In this Securities Note, the following words and expressions shall bear the following meanings whenever such words and expressions are used in their capitalised form, except where the context otherwise requires:

Applicant/s	any person or persons, natural or legal, who subscribes for the Bonds;
Application/s	the application to subscribe for Bonds made by an Applicant/s by completing an Application Form/s and delivering same to any of the Authorised Financial Intermediaries (including the Sponsor and the Manager & Registrar) in accordance with the terms of this Securities Note;
Application Form	the form of application for subscription of Bonds, a specimen of which is contained in Annex I of this Securities Note;
Bond Issue Price	the price of €100 per Bond;
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;
CET	Central European Time;
Cut-Off Date	close of business on 21 January 2022 (trading session of 19 January 2022);
CSD	the Central Securities Depository of the Malta Stock Exchange authorised in terms of Part IV of the Financial Markets Act (Chapter 345 of the laws of Malta), having its address at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta;
GDPR	Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC;
Harvest Technology plc Listed Equity Holders	the holders, as at the Cut-Off Date, of 6,846,733 ordinary shares held in the hands of the public, of a nominal value of €0.50 per share issued in the capital of Harvest Technology plc pursuant to a prospectus dated 18 November 2019, which are currently listed and traded on the Official List;
Hili Properties plc Listed Equity Holders	the holders, as at the Cut-Off Date, of 100,892,700 ordinary shares held in the hands of the public, having a nominal value of €0.20 per share issued in the capital of Hili Properties plc pursuant to a prospectus dated 25 October 2021, which are currently listed and traded on the Official List;
Hili Ventures Bondholders	collectively, the holders, as at the Cut-Off Date, of the following Hili Ventures debt securities appearing on the respective register as at the Cut-Off Date: <ul style="list-style-type: none">• €36 million 5.1% unsecured bonds 2024 (ISIN: MT0000841206) issued by 1923 Investments plc (formerly PTL Holdings plc) pursuant to a prospectus dated 3 November 2014, which are currently listed and traded on the Official List;• €37 million 4.5% unsecured bonds 2025 (ISIN: MT0000941204) issued by Hili Properties plc pursuant to a prospectus dated 18 September 2015, which are currently listed and traded on the Official List;• €65 million 3.75% unsecured bonds 2026 (ISIN: MT0000511213) issued by Premier Capital plc pursuant to a prospectus dated 21 October 2016, which are currently listed and traded on the Official List;• €40 million 3.85% unsecured bonds 2028 (ISIN: MT0001891200) issued by the Issuer pursuant to a prospectus dated 4 July 2018, which are currently listed and traded on the Official List; and• €80 million 3.80% unsecured bonds 2029 (ISIN: MT0001891218) issued by the Issuer pursuant to a prospectus dated 18 July 2019, which are currently listed and traded on the Official List;
Hili Ventures Stakeholders	the shareholders and full-time employees of any company forming part of Hili Ventures and individuals engaged to provide directorship services by any subsidiary or parent company of Hili Ventures as at 21 January 2022;
Interest Payment Date	11 March of each year between and including each of the years 2023 and the year 2027, provided that if any such day is not a Business Day such Interest Payment Date will be carried over to the next following day that is a Business Day;
Intermediaries' Offer	an offer for subscription of Bonds made by the Issuer to the Authorised Financial Intermediaries through subscription agreements as further detailed in sub-section 6.4 of this Securities Note;
Intermediaries' Offer Date	9 March 2022;



MiFIR	Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments;
Offer Period	the period between 08:30 hours CET on 14 February 2022 and 12:00 hours CET on 4 March 2022 during which the Bonds are on offer to Preferred Applicants, which offer period may close earlier in case of over-subscription;
Placement Agreement/s	the placement agreements entered into between the Issuer and a number of Authorised Financial Intermediaries, as further detailed in sub-section 6.3 of this Securities Note;
Placement Date	22 February 2022;
Preferred Applicants	collectively, Hili Ventures Bondholders, Hili Properties plc Listed Equity Holders, Harvest Technology plc Listed Equity Holders and Hili Ventures Stakeholders;
Redemption Date	11 March 2027;
Redemption Value	the nominal value of each Bond (€100 per Bond); and
Terms and Conditions	the terms and conditions of the Bonds, set out in sub-section 5.3 (<i>'Issue Statistics'</i>), section 6 (<i>'Information concerning the securities to be issued and admitted to trading'</i>) and section 8 (<i>'Terms and Conditions of the Bond Issue'</i>) of this Securities Note.

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

Unless it appears otherwise from the context:

- a) words importing the singular shall include the plural and *vice-versa*;
- b) words importing the masculine gender shall include the feminine gender and *vice-versa*;
- c) the word "may" shall be construed as permissive and the word "shall" shall be construed as imperative;
- d) any reference to a person includes natural persons, firms, partnerships, companies, corporations, associations, organisations, governments, states, foundations or trusts;
- e) any reference to a person includes that person's legal personal representatives, successors and assigns;
- f) 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
- g) 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 time of publication of this Securities Note.



2 RISK FACTORS

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

THE NOMINAL VALUE OF THE BONDS IS REPAYABLE IN FULL UPON MATURITY, UNLESS THE BONDS ARE PREVIOUSLY RE-PURCHASED AND CANCELLED. THE ISSUER SHALL REDEEM THE BONDS ON THE REDEMPTION DATE.

AN INVESTMENT IN THE BONDS INVOLVES CERTAIN RISKS, INCLUDING THOSE DESCRIBED BELOW. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER, WITH THEIR OWN PROFESSIONAL ADVISORS, 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. SOME OF THESE RISKS ARE SUBJECT TO CONTINGENCIES WHICH MAY OR MAY NOT OCCUR AND THE ISSUER IS NOT IN A POSITION TO EXPRESS ANY VIEWS ON THE LIKELIHOOD OF ANY SUCH CONTINGENCIES OCCURRING.

THE SEQUENCE IN WHICH THE RISKS BELOW ARE LISTED IS INTENDED TO BE INDICATIVE OF THE ORDER OF PRIORITY AND OF THE EXTENT OF THEIR CONSEQUENCES, AND PROSPECTIVE INVESTORS ARE HEREBY CAUTIONED THAT THE OCCURRENCE OF ANY ONE OR MORE OF THE RISKS SET OUT BELOW COULD HAVE A MATERIAL ADVERSE EFFECT ON THE ISSUER'S BUSINESS, RESULTS OF OPERATIONS AND FINANCIAL CONDITION AND COULD, THEREBY, NEGATIVELY AFFECT THE ABILITY OF THE ISSUER TO MEET ITS OBLIGATIONS IN CONNECTION WITH THE PAYMENT OF INTEREST ON THE BONDS AND REPAYMENT OF PRINCIPAL WHEN DUE.

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, NOR (II) SHOULD BE CONSIDERED AS A RECOMMENDATION BY THE ISSUER, THE GUARANTOR, THE SPONSOR, THE MANAGER & REGISTRAR OR 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 ISSUED BY THE ISSUER.

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 "forward-looking statements" which include, among others, statements concerning matters that are not historical facts and which may involve projections of future circumstances. These statements by their nature involve a number of risks, uncertainties and assumptions, a few of which are beyond the Issuer's control, and important factors that could cause actual risks to differ materially from the expectations of the Issuer's and/or the Guarantor's directors. Such forecasts and projections do not bind the Issuer with respect to future results and no assurance can be given that future results or expectations covered by such forward-looking statements will be achieved.

2.2 GENERAL

An investment in the Issuer and the Bonds may not be suitable for all recipients of the Prospectus and prospective investors are urged to consult an independent investment advisor licensed under the Investment Services Act (Chapter 370 of the laws of Malta) as to the suitability or otherwise of an investment in the Bonds before making an investment decision. In particular, such advice should be sought with a view to ascertaining that each prospective investor:

- (i) 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 to the Prospectus or any applicable supplement;
- (ii) 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;
- (iii) understands thoroughly the terms of the Bonds and is familiar with the behaviour of any relevant indices and financial markets;
- (iv) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect his/her/its investment and his/her/its ability to bear the applicable risks; and
- (v) is able to assess as to whether an investment in the Bonds shall achieve his/her/its investment objective.

2.3 RISKS RELATING TO THE BONDS

An investment in the Bonds involves certain risks including, but not limited to, those described below:

- The impact of COVID-19, and other infectious illness outbreaks that may arise in the future, could adversely affect the economies of many nations or the entire global economy, individual issuers and capital markets in ways that cannot necessarily be foreseen. The existence of an orderly and liquid market for the Bonds depends on a number of factors including, but not limited to, the presence of willing buyers and sellers of the Issuer's Bonds at any given time. Such factors are dependent upon the individual decisions of investors and the general economic conditions of the market in which the Bonds are traded, over which the Issuer has no control. Accordingly, there can be no assurance that an active secondary market for the Bonds will develop, or, if it develops, that it will continue. Furthermore, there can be no assurance that an investor will be able to sell or otherwise trade in the Bonds at or above the Bond Issue Price, or at all.



- 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.
- Even after the Bonds are admitted to trading on the Official List of the MSE, the Issuer is required to remain in compliance with certain requirements relating, *inter alia*, to the free transferability, clearance and settlement of the Bonds in order to remain a listed company in good standing. Moreover, the Malta Financial Services Authority has the authority to suspend trading or listing of the Bonds if, *inter alia*, it comes to believe that such a suspension is required for the protection of investors or the integrity or reputation of the market. The Malta Financial Services Authority may discontinue the listing of the Bonds on the MSE. Any such trading suspensions or listing revocations / discontinuations could have a material adverse effect on the liquidity and value of the Bonds.
- A Bondholder will bear the risk of any fluctuations in exchange rates between the currency of denomination of the Bonds (€) and the Bondholder's currency of reference, if different. Any adverse fluctuations may impair the return of investment of the Bondholder in real terms after taking into account the relevant exchange rate.
- The Bonds, as and when issued and allotted, shall constitute the general, direct, unconditional and unsecured obligations of the Issuer and shall be guaranteed in respect of both the interest due and the principal amount under said Bonds by the Guarantor. The Bonds shall, at all times, rank *pari passu* without any priority or preference among themselves and with other outstanding and unsecured debt of each of the Issuer and the Guarantor, present and future, if any, save for such exceptions as may be provided by applicable law. Furthermore, subject to the negative pledge clause set out in sub-section 6.11 of this Securities Note, third party security interests may be registered which will rank in priority to the Bonds against the assets of the Issuer for so long as such security interests remain in effect, which registration may further impede the ability of the Bondholders to recover their investment upon enforcement of such security interests, whether in full or in part. As at the date of this Securities Note, the Issuer does not have any subordinated indebtedness.
- In the event that the Issuer wishes to amend any of the Terms and Conditions of the Bonds it shall call a meeting of Bondholders in accordance with the provisions of sub-section 6.17 of this Securities Note. These provisions permit defined majorities to bind all Bondholders, including Bondholders who do not attend and vote at the relevant meeting and Bondholders who vote in a manner contrary to the majority. Furthermore, in terms of the Guarantee, the 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 Guarantor under the Guarantee; (ii) the term and/or frequency of such payments; (iii) the Events of Default listed in sub-section 6.14 of this Securities Note; and/or (iv) any other term which may otherwise increase the exposure of the Guarantor to the enforcement of the Guarantee. In the event that the Guarantor were to exercise such right of veto, the proposed amendment to, or waiver of, the Terms and Conditions would not be put into effect.
- The Bonds and the Terms and Conditions of the Bond Issue are based on the requirements of the Capital Markets Rules, the Companies Act and the Prospectus Regulation in effect as at the date of the Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in law or administrative practice after the date of the Prospectus.

2.4 RISKS RELATING TO THE GUARANTEE

In view of the fact that the Bonds are being guaranteed by the Guarantor on a joint and several basis, the Bondholders shall be entitled to request the Guarantor to pay both the interest due and the principal amount under said Bonds if the Issuer fails to meet any amount when due in terms of the Prospectus. The Guarantee also entitles the Bondholders to take action against the Guarantor without having to first take action against the Issuer, if the Issuer fails to pay any sum payable by it to Bondholders pursuant to the Terms and Conditions of the said Bonds. The strength of this undertaking on the part of the Guarantor and, therefore, the level of recoverability by the Bondholders from the Guarantor of any amounts due under any of the Bonds, is dependent upon and directly linked to the financial position and solvency of the Guarantor.

3 PERSONS RESPONSIBLE

This Securities Note has been drawn up as part of a simplified prospectus in accordance with Article 14 of the Prospectus Regulation. It includes information given in compliance with the Capital Markets Rules for the purpose of providing prospective investors with information with regard to the Issuer, the Guarantor and the Bonds. Geoffrey Camilleri, Dorian Desira, Keith Busuttil, Jacqueline Camilleri and Mario Vella, being all of the Directors of the Issuer as further detailed in sub-section 4.1.1 of the Registration Document, accept responsibility for the information contained in the Prospectus.

To the best of the knowledge and belief of the Directors of the Issuer, 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.



4 CONSENT FOR USE OF THE PROSPECTUS AND AUTHORISATION STATEMENT

4.1 CONSENT REQUIRED IN CONNECTION WITH USE OF THE PROSPECTUS BY AUTHORISED FINANCIAL INTERMEDIARIES

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

- a) in respect of Bonds subscribed for through Authorised Financial Intermediaries;
- b) to any resale, placement or other offering of Bonds subscribed for as aforesaid, taking place in Malta; and
- c) to any resale, placement or other offering of Bonds subscribed for as aforesaid, taking place within the period of sixty (60) days from the date of the Prospectus.

There are no other conditions attached to the consent given by the Issuer hereby which are relevant for the use of the Prospectus.

All information on the Terms and Conditions of the Bonds which is offered to any prospective investor by Authorised Financial Intermediaries is to be provided by such Authorised Financial Intermediaries to the prospective investor prior to such investor subscribing to any Bonds. Any interested investor has the right to request that Authorised Financial Intermediaries provide the investor with all and any information on the Prospectus, including the Terms and Conditions of the Bonds.

Neither one of the Issuer or the Guarantor, or any of their respective advisors, accept any responsibility for any actions of any Authorised Financial Intermediary, including their compliance with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to a resale, placement or other offering of Bonds.

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

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

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

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

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

Any Authorised Financial Intermediary using the Prospectus in connection with a resale, placement or other offering of Bonds subsequent to the Bond Issue shall, limitedly for the period of sixty (60) days from the date of the Prospectus, publish on its website a notice to the effect that it is using the Prospectus for such resale or placement 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 the approval of this Securities Note will be made available through a company announcement which will also be made available on the Issuer's website: www.hilifinance.com.

4.2 STATEMENT OF AUTHORISATION

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



5 KEY INFORMATION

5.1 REASONS FOR THE ISSUE AND USE OF PROCEEDS

The proceeds from the Bond Issue, which net of Bond Issue expenses are expected to amount to approximately €49,250,000, will be on-lent by the Issuer to the Guarantor pursuant to a loan agreement between the Issuer and the Guarantor and shall be utilised for the following purposes, in the amounts and order of priority set out below:

- i. an amount of *circa* €17,000,000 will be used to re-pay, in part, the acquisition completed by 1923 Investments plc in April 2020 of all non-US ship-to-ship operations from marine energy transporter Teekay Tankers Limited; specifically, the acquisition was funded, in large part, by (a) two intercompany loans for an aggregate amount of €11,000,000; and (b) 1923 Investments plc own funds; further details relative to said acquisition are set out in section 7 of the Registration Document;
- ii. an amount of *circa* €18,400,000 shall be used to re-pay, in full, two intercompany loans taken out to fund an equity investment by the Guarantor in Hili Properties plc for the purpose of the latter acquiring commercial immovable property in furtherance of the Group's strategy of expanding its investment property portfolio; and
- iii. the remaining balance of net Bond Issue proceeds in an amount of *circa* €13,850,000 will be used for the general corporate funding purposes of the Group.

In the event that the Bond Issue is not fully subscribed, the Issuer will proceed with the listing of the amount of Bonds subscribed for, and shall apply the net proceeds received in the manner and order of priority set out in (i) to (iii) above. Any residual amounts required by the Issuer for the purposes of the uses specified in (i) to (iii) above which shall not have been raised through the Bond Issue shall be financed from the Group's general cash flow and/or bank financing.

5.2 EXPENSES

The Issue will involve expenses, including professional fees and costs related to publicity, advertising, printing, listing, registration, sponsor, management, selling commission and other miscellaneous costs incurred in connection with the Bond Issue. Such expenses, which shall be borne by the Issuer, are estimated not to exceed approximately €750,000, with approximately €500,000 being attributed to selling commission fees and approximately €250,000 to professional, MSE, regulatory and ancillary fees. The amount of the expenses will be deducted from the proceeds of the Issue, which, accordingly, will bring the estimated net proceeds from the Bond Issue to €49,250,000. There is no particular order of priority with respect to such expenses.

5.3 ISSUE STATISTICS

Amount:	€50,000,000;
Application Forms mailed to Hili Ventures Bondholders, Hili Properties plc Listed Equity Holders and Harvest Technology plc Listed Equity Holders:	9 February 2022;
Application Forms made available to Hili Ventures Stakeholders:	as from 08:30 hours CET on 14 February 2022;
Bond Issue Price:	at par (€100 per Bond);
Denomination:	Euro (€);
Events of Default:	the events listed in sub-section 6.14 of this Securities Note;
Form:	the Bonds will be issued in fully registered and dematerialised form and will be represented in an uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the CSD;
Governing law and jurisdiction:	the Prospectus and the Bonds are governed by, and shall be construed in accordance with, Maltese law. The Maltese Courts shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Prospectus and/or the Bonds;
Interest:	the Bonds shall bear interest from and including 11 March 2022 at the rate of four per cent (4%) <i>per annum</i> payable annually in arrears on the Interest Payment Dates;



Interest Payment Date:	annually on 11 March of each year between and including each of the years 2023 and 2027, as from 11 March 2023 (the first interest payment date), provided that any Interest Payment Date which falls on a day other than a Business Day will be carried over to the next following day that is a Business Day;
Intermediaries' Offer:	the subscription agreements entered into between the Issuer and Authorised Financial Intermediaries in respect of any amount of the Bond Issue reserved for, and not taken up by, Preferred Applicants following closure of the Offer Period, for their own account or on behalf of their clients, as further described in sub-section 6.4 of this Securities Note;
ISIN:	MT0001891226;
Issue or Bond Issue:	the issue of a maximum of €50,000,000 unsecured bonds due in 2027 denominated in Euro and having a nominal value of €100 each, which will be issued by the Issuer at par and shall bear interest at the rate of 4% <i>per annum</i> , redeemable on 11 March 2027;
Listing:	the MFSA has approved the Bonds for admissibility to listing and subsequent trading on the Official List. Application has been made to the Malta Stock Exchange for the Bonds to be listed and traded on its Official List;
Minimum amount per subscription:	five thousand Euro (€5,000) in nominal value of Bonds and in multiples of one hundred Euro (€100) thereafter per individual Bondholder;
Offer Period:	the period between 08:30 hours CET on 14 February 2022 and 12:00 hours CET on 4 March 2022 during which the Bonds are on offer to Preferred Applicants, which offer period may close earlier in case of over-subscription;
Plan of distribution:	the Bonds are open for subscription by all categories of investors through the Authorised Financial Intermediaries as further described in sub-section 6.2 of this Securities Note;
Placement Agreements:	the agreements entered into by and between the Issuer and a number of Authorised Financial Intermediaries in respect of a maximum amount of €22.5 million in Bonds being reserved for subscription by a number of Authorised Financial Intermediaries for their own account or on behalf of their clients, as further described in sub-section 6.3 of this Securities Note;
Redemption Value:	at par (€100 per Bond);
Status of the Bonds:	the Bonds, as and when issued and allotted, shall constitute the general, direct, unconditional and unsecured obligations of the Issuer, guaranteed jointly and severally by the Guarantor in respect of both the interest due and the principal amount under said Bonds, and shall at all times rank <i>pari passu</i> , without any priority or preference among themselves and with other outstanding and unsecured debt of each of the Issuer and the Guarantor, present and future, if any, save for such exceptions as may be provided by applicable law; and
Underwriting:	the Bond Issue is not underwritten.

5.4 INTEREST OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Jesmond Mizzi, a member of the board of directors of the Guarantor, is also a director of Jesmond Mizzi Financial Advisors Limited, which is included as an Authorised Financial Intermediary in Annex II of this Securities Note. In light of his appointment to the board of directors of the Guarantor, Jesmond Mizzi will not personally provide any investment advice on the Bonds to clients of the aforesaid investment firm.

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



5.5 EXPECTED TIMETABLE OF PRINCIPAL EVENTS

1	Application Forms mailed to Hili Ventures Bondholders, Hili Properties plc Listed Equity Holders and Harvest Technology plc Listed Equity Holders	9 February 2022
2	Application Forms made available to Hili Ventures Stakeholders	14 February 2022
3	Opening of Offer Period for Preferred Applicants	14 February 2022
4	Placement Date	22 February 2022
5	Closing of Offer Period for Preferred Applicants	4 March 2022
6	Intermediaries' Offer Date	9 March 2022
7	Commencement of interest on the Bonds	11 March 2022
8	Announcement of basis of acceptance through a company announcement	11 March 2022
9	Refunds of unallocated monies, if any	18 March 2022
10	Expected date of admission of the Bonds to listing	21 March 2022
11	Expected date of commencement of trading in the Bonds	22 March 2022

The Issuer reserves the right to close the Offer Period for Preferred Applicants before 4 March 2022 in the event of over-subscription, in which case the Intermediaries' Offer shall not take place and some or all of the remaining events 7 to 11 (both included) set out above may be brought forward.

6 INFORMATION CONCERNING THE SECURITIES TO BE ISSUED AND ADMITTED TO TRADING

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

6.1 GENERAL

- 6.1.1 Each Bond forms part of a duly authorised issue of 4% Unsecured Bonds 2027 of a nominal value of €100 per Bond issued by the Issuer at par up to the principal amount of €50,000,000 (except as otherwise provided under sub-section 6.16 below "*Further Issues*"). The Issue Date of the Bonds is expected to be 21 March 2022. The Bond Issue is guaranteed by the Guarantor.
- 6.1.2 The currency of the Bonds is Euro (€).
- 6.1.3 The Bonds shall bear interest at the rate of 4% *per annum* payable annually in arrears on 11 March of each year. The first interest payment will be effected on 11 March 2023 (covering the period between 11 March 2022 and 10 March 2023). Any Interest Payment Date which falls on a day other than a Business Day will be carried over to the next following day that is a Business Day.
- 6.1.4 Subject to admission to listing of the Bonds to the Official List, the Bonds are expected to be assigned ISIN: MT0001891226.
- 6.1.5 The Bonds are expected to be listed on the Official List on 21 March 2022 and dealing is expected to commence thereafter. Dealing may commence prior to notification of the amount allotted being issued to Applicants.
- 6.1.6 All outstanding Bonds not previously purchased and cancelled shall be redeemed by the Issuer at par (together with accrued interest up to, but excluding, the date fixed for redemption) on the Redemption Date.
- 6.1.7 In the event that an Applicant fails to submit full information and/or documentation required with respect to an Application, the Applicant shall receive a full refund without interest by direct credit into the Applicant's bank account as indicated by the Applicant on the Application Form at any time before the Bonds are admitted to listing on the Official List of the MSE. Neither the Issuer nor the Registrar will be responsible for any charges, loss or delays in transmission of such refunds. In this regard, 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, 1994 (Chapter 373 of the laws of Malta) and regulations made thereunder. Such monies will not bear interest while retained as aforesaid.
- 6.1.8 There are no special rights attached to the Bonds other than the right of the Bondholders to payment of interest and capital (as detailed in sub-section 6.7 below), seeking recourse from the Guarantor pursuant to the Guarantee and in accordance with the ranking specified in sub-section 6.6 of this Securities Note.
- 6.1.9 The minimum subscription amount of Bonds that can be subscribed for by Applicants upon subscription is €5,000, and in multiples of €100 thereafter.



6.1.10 The results of the Bond Issue will be announced through a company announcement by latest 11 March 2022. It is expected that allotment letters will be dispatched to Bondholders within five (5) Business Days of the date of the announcement of the allocation policy.

6.1.11 The issue of the Bonds is made in accordance with the requirements of the Capital Markets Rules, the Act and the Prospectus Regulation.

6.1.12 The Bond Issue is not underwritten. In the event that the Bond Issue is not fully subscribed the Issuer will proceed with the listing of the amount of Bonds subscribed for.

6.1.13 All Applications shall be subject to the Terms and Conditions of the Bond Issue as set out in section 8 hereunder, the terms of which shall form an integral part hereof.

6.2 PLAN OF DISTRIBUTION AND ALLOTMENT

The Bonds are open for subscription to all categories of investors, as follows:

(i) an amount of €22.5 million in nominal value of Bonds has been reserved for subscription by a number of Authorised Financial Intermediaries which have entered into Placement Agreements with the Issuer (as further detailed in sub-section 6.3 below);

(ii) the remaining €27.5 million in nominal value of Bonds has been reserved for subscription by Preferred Applicants during the Offer Period; and

(iii) following allocation in terms of (i) and (ii) above, any remaining balance of Bonds shall be made available for subscription by Authorised Financial Intermediaries through an Intermediaries' Offer (as further detailed in sub-section 6.4 below).

Subscriptions shall be made through any of the Authorised Financial Intermediaries (which include the Sponsor and the Manager & Registrar), subject to a minimum subscription amount of €5,000 in nominal value of Bonds and in multiples of €100 thereafter.

It is expected that an allotment letter will be issued by the Issuer to Applicants within five (5) Business Days of the announcement of basis of acceptance. 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 (Chapter 373 of the laws of Malta), and regulations made thereunder. Such monies will not bear interest while retained as aforesaid.

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

6.3 PLACEMENT AGREEMENT

The Issuer has entered into Placement Agreements with a number of Authorised Financial Intermediaries whereby the Issuer bound itself to allocate a total aggregate amount of €22.5 million in nominal value of Bonds to such Authorised Financial Intermediaries, 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 up to an aggregate amount of €22.5 million, 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 Authorised Financial Intermediaries may subscribe for the Bonds either for their own account or for the account of underlying customers, including retail customers, and shall in addition be entitled to either:

- i. distribute to the underlying customers any portion of the Bonds subscribed for upon commencement of trading; or
- ii. complete a data file representing the amount they have been allocated in terms of the respective Placement Agreement as provided by the Registrar by latest 12:00 hours CET on 22 February 2022 being the Placement Date.

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

6.4 INTERMEDIARIES' OFFER

Any balance of Bonds reserved for, and not subscribed for by, Preferred Applicants in terms sub-section 6.2(ii) above shall be made available for subscription by Authorised Financial Intermediaries pursuant to an Intermediaries' Offer. In this regard, the Issuer shall enter into conditional subscription agreements with Authorised Financial Intermediaries whereby it shall bind itself to allocate any such amount as may not be taken up by Preferred Applicants as aforesaid.

The subscription agreements shall be subject to the terms and conditions of the Prospectus and shall be 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 12:00 hours CET on 9 March 2022 (the Intermediaries' Offer Date). The Issuer, acting through the Registrar, shall communicate the amount allocated under each subscription agreement by 12:00 hours CET on 10 March 2022.



In terms of the subscription agreements, Authorised Financial Intermediaries may subscribe for the Bonds either for their own account or for the account of underlying customers, including retail customers.

Any amounts unallocated in terms of the subscription agreements shall be returned to the respective Authorised Financial Intermediary by direct credit to the account indicated in the respective subscription agreement by latest close of business on 10 March 2022.

6.5 ALLOCATION POLICY

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

- i. an amount of €22.5 million in nominal value of Bonds has been reserved for, and shall be allocated to a number of Authorised Financial Intermediaries in accordance with Placement Agreements, details of which can be found in sub-section 6.3 of this Securities Note;
- ii. an amount of €27.5 million in nominal value of Bonds has been reserved for allocation to Preferred Applicants during the Offer Period; and
- iii. any remaining balance of Bonds reserved for, and not taken up by, Preferred Applicants in terms of paragraph (ii) above, shall be allocated to Authorised Financial Intermediaries pursuant to the Intermediaries' Offer, as further detailed in sub-section 6.4 of this Securities Note.

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

In the event that the Bond Issue is subscribed for in full by Authorised Financial Intermediaries in accordance with Placement Agreements and Preferred Applicants in terms of paragraphs (i) and (ii) above, the Intermediaries' Offer shall not take place.

Preferred Applicants will share the same allocation policy without priority or preference between themselves should the need for scaling down arise in case of over-subscription, in accordance with the allocation policy as determined by the Issuer acting through the Registrar. The Issuer shall announce the allocation policy for the allotment of Bonds through a company announcement by not later than 11 March 2022.

6.6 RANKING OF THE BONDS

The Bonds, as and when issued and allotted, shall constitute the general, direct, unconditional and unsecured obligations of the Issuer, guaranteed jointly and severally by the Guarantor, and shall at all times rank *pari passu*, without any priority or preference among themselves and with other outstanding and unsecured debt of each of the Issuer and the Guarantor, present and future, if any, save for such exceptions as may be provided by applicable law. Furthermore, subject to the negative pledge clause as found in sub-section 6.11 of this Securities Note, third party security interests may be registered which will rank in priority to the Bonds against the assets of the Issuer for so long as such security interests remain in effect. As at the date of this Securities Note, the Issuer does not have any subordinated indebtedness.

The following table sets out a summary of the Group's indebtedness as at 31 October 2021, and includes bank loan and overdraft facilities, debt securities and other financial liabilities. The bank borrowings listed below are secured by privileges and hypothecs, and therefore the indebtedness being created by the Bonds, together with other unsecured debt, ranks after all these bank borrowings. In addition, the Bonds would also rank after any future debts which may be secured by a cause of preference such as a privilege and/or a hypothec.

Consolidated Group borrowings as at 31 October 2021	Euro (€) millions
Total current debt	
Guaranteed	-
Secured	15.72
Unguaranteed / unsecured	0.56
Total	16.28
Total non-current debt	
Guaranteed	258.00
Secured	77.82
Unguaranteed / unsecured	2.14
Total	337.96
Shareholder Equity	
Share capital	69.40
Legal reserve(s)	0.14
Other reserves	56.81
Total	126.35



6.7 RIGHTS ATTACHING TO THE BONDS

This Securities Note incorporates the Terms and Conditions of issue of the Bonds and, in its entirety, creates the contract between the Issuer and a Bondholder.

A Bondholder shall have such rights as are, pursuant to this Securities Note, attached to the Bonds, including:

- i. the payment of interest;
- ii. the repayment of capital;
- iii. ranking with respect to other indebtedness of the Issuer and the Guarantor in accordance with the provisions of sub-section 6.6 above;
- iv. seeking recourse from the Guarantor pursuant to the Guarantee, in case of failure by the Issuer to pay any sum payable by it to Bondholders pursuant to the Terms and Conditions of the Bonds detailed in this Securities Note;
- v. the right to attend, participate in and vote at meetings of Bondholders in accordance with the Terms and Conditions of the Bond Issue; and
- vi. enjoy all such other rights attached to the Bonds emanating from the Prospectus.

6.8 INTEREST

The Bonds shall bear interest from and including 11 March 2022 at the rate of 4% *per annum* on the nominal value thereof, payable annually in arrears on each Interest Payment Date. The first interest payment will be effected on 11 March 2023 (covering the period 11 March 2022 up to and including 10 March 2023). Any Interest Payment Date which falls on a day other than a Business Day will be carried over to the next following day that is a Business Day. Each Bond will cease to bear interest from and including its due date for redemption, unless payment of the principal amount in respect of the Bond is improperly withheld or refused or unless default is otherwise made in respect of payment, in any of which events interest shall continue to accrue at the rate specified above plus one per cent (1%), but in any event not in excess of the maximum rate of interest allowed by Maltese law. In terms of article 2156 of the Civil Code (Chapter 16 of the laws of Malta), the right of Bondholders to bring claims for payment of interest and repayment of the principal on the Bonds is barred by the lapse of five (5) years.

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

6.9 YIELD

The gross yield calculated on the basis of the Interest, the Bond Issue Price and the Redemption Value of the Bonds at Redemption Date is 4% *per annum*.

6.10 REGISTRATION, FORM, DENOMINATION AND TITLE

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

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

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

The Bonds will be issued in fully registered form, without interest coupons, in denominations of any integral multiple of €100 provided that on subscription the Bonds will be issued for a minimum of €5,000 per individual Bondholder. Authorised Financial Intermediaries subscribing for Bonds through nominee accounts for and on behalf of clients shall apply the minimum subscription amount of €5,000 to each underlying client.

Any person in whose name a Bond is registered may (to the fullest extent permitted by applicable law) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute owner of such Bond. Title to the Bonds may be transferred as provided below under the heading "Transferability of the Bonds" in sub-section 6.15 of this Securities Note.



6.11 NEGATIVE PLEDGE

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

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

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

"Permitted Security Interest" means:

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

Provided that the aggregate Security Interests referred to in (B), (C) and (D) above do not result in the Unencumbered Assets of the Issuer being less than the aggregate principal amount of the Bonds still outstanding together with one (1) year's interest thereon;

"Unencumbered Assets" means assets which are not subject to a Security Interest.

6.12 PAYMENTS

Payment of the principal amount of a Bond will be made in Euro by the Issuer to the person in whose name such Bonds are registered, with interest accrued up to the Redemption Date, by means of direct credit transfer into such bank account as the Bondholder may designate from time to time, provided such bank account is denominated in Euro and held with any licensed bank in Malta. Such payment shall be effected within seven (7) days of the Redemption Date. The Issuer shall not be responsible for any loss or delay in transmission or any charges in connection therewith. Upon payment of the Redemption Value, the Bonds shall be redeemed and the appropriate entry made in the electronic register of the Bonds at the CSD.

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

Payment of interest on a Bond will be made to the person in whose name such Bond is registered at the close of business fifteen (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 effected within seven (7) days of the Interest Payment Date. The Issuer shall not be responsible for any loss or delay in transmission or any charges in connection therewith.

All payments with respect to the Bonds are subject in all cases to any pledge (duly constituted) and 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 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 the Bondholders in respect of payments made in accordance with this sub-section 6.12. The Issuer shall not be liable for charges, expenses and commissions levied by parties other than the Issuer.

6.13 REDEMPTION AND PURCHASE

Unless previously purchased and cancelled, the Issuer hereby irrevocably covenants in favour of each Bondholder that the Bonds will be redeemed at their nominal value (together with accrued interest up to (but excluding) the date fixed for redemption) on 11 March 2027. In such a case the Issuer shall be discharged of any and all payment obligations under the Bonds upon payment made net of any withholding or other taxes due or which may be due under Maltese law and which are payable by the Bondholders.

Subject to the provisions of this sub-section 6.13, 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 so redeemed or re-purchased will be cancelled forthwith and may not be re-issued or re-sold.

6.14 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:

- a. the Issuer shall fail to pay any interest on any Bond when due and such failure shall continue for sixty (60) days after written notice thereof shall have been given to the Issuer by any Bondholder, unless remedied by the Guarantor before the expiry of such 60 days; and/or
- b. the Issuer shall fail to pay the principal amount of a Bond on the date fixed for its redemption and such failure shall continue for sixty (60) days after written notice thereof shall have been given to the Issuer by any Bondholder, unless remedied by the Guarantor before the expiry of such 60 days; and/or
- c. the Issuer shall fail duly to perform, or shall otherwise be in breach of, any other material obligation contained in the Terms and Conditions and such failure shall continue for sixty (60) days after written notice thereof shall have been given to the Issuer by any Bondholder, unless remedied by the Guarantor before the expiry of such 60 days (where applicable); and/or
- d. an order is made or resolution passed or other action taken for the dissolution, termination of existence, liquidation, winding-up or bankruptcy of the Issuer and/or the Guarantor; and/or
- e. the Issuer stops or suspends payments (whether of principal or interest) with respect to all or any class of its debts or announces an intention to do so or ceases or threatens to cease to carry on its business or a substantial part of its business; and/or
- f. the Issuer and/or the Guarantor is unable, or admits in writing its inability, to pay its debts as they fall due or otherwise becomes insolvent; and/or
- g. there shall have been entered against the Issuer and/or the Guarantor a final judgment by a court of competent jurisdiction from which no appeal may be or is made for the payment of money in excess of five million Euro (€5,000,000) or its equivalent and ninety (90) days shall have passed since the date of entry of such judgment without its having been satisfied or stayed; and/or
- h. any default occurs and continues for ninety (90) days under any contract or document relating to any Financial Indebtedness (as defined in sub-section 6.11 of this Securities Note) of the Issuer and/or the Guarantor in excess of five million Euro (€5,000,000) or its equivalent at any time.

Upon any such Event of Default occurring and not being remedied within the relevant cure period, as applicable, the principal monies and interest accrued under the Bonds shall be deemed to have become immediately payable at the time of the event which shall have happened as aforesaid.

6.15 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. The minimum subscription amount of €5,000 shall only apply during the Offer Period. As such, no minimum holding requirement shall be applicable once the Bonds are admitted to listing on the Official List of the MSE and commence trading thereafter, subject to trading in multiples of €100.

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/herself/itself as holder of the Bond or to have some person nominated by him/her/it registered as the transferee thereof. If the person so becoming entitled shall elect to be registered himself/herself/itself, he/she/it shall deliver or send to the CSD a notice in writing signed by him/her/it stating that he/she/it so elects. If he/she/it shall elect to have another person registered he/she/it shall testify his/her/its election by transferring the Bond, or procuring the transfer of the Bond, in favour of that person. Provided always that if a Bond is transmitted in furtherance of this paragraph, a person will not be registered as a Bondholder unless such transmission is made in multiples of €100.

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

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

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

6.16 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 of any series (including the Bonds) and so that such further issue shall be consolidated and form a single series with the outstanding debt securities of the relevant series (including the Bonds), or upon such terms as the Issuer may determine at the time of their issue.



6.17 MEETINGS OF BONDHOLDERS

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

No change or amendment to, or waiver of, any of the applicable Terms and Conditions of the Bonds may be made unless such decision is made at a meeting of Bondholders duly convened and held.

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 thirty (30) days preceding the date scheduled for the meeting, not less than fourteen (14) days' notice in writing. Such notice shall set out the time, place and date set for the meeting and the matters to be discussed or decided thereat, including, if applicable, sufficient information on any amendment of the Prospectus that is proposed to be voted upon at the meeting and seeking the approval of the Bondholders. Following a meeting of Bondholders held in accordance with the provisions contained hereunder, the Issuer shall, acting in accordance with the resolution(s) taken at the meeting, communicate to the Bondholders whether the necessary consent to the proposal made by the Issuer has been granted or withheld. Subject to having obtained the necessary approval by the Bondholders in accordance with the provisions of this sub-section 6.17 at a meeting called for that purpose as aforesaid, any such decision shall subsequently be given effect to by the Issuer.

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 fifty per cent (50%) in nominal value of the Bonds then outstanding, shall constitute a quorum. If a quorum is not present within thirty (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 (2) 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 (7) days, and not later than fifteen (15) days, following the original meeting. At an adjourned meeting the number of Bondholders present at the commencement of the meeting, 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 and decided upon during, the adjourned meeting.

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

Once a quorum is declared present by the chairperson of the meeting, the meeting may then proceed to business and address the matters set out in the notice convening the meeting. In the event of decisions being required at the meeting, the Directors or their representative shall present to the Bondholders the reasons why it is deemed necessary or desirable and appropriate that a particular decision is taken. The meeting shall allow reasonable and adequate time to Bondholders to present their views to the Issuer and the other Bondholders present at the meeting. The meeting shall then put the matter as proposed by the Issuer to a vote of the Bondholders present at the time 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.

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

The proposal placed before a meeting of Bondholders shall only be considered approved if at least eighty per cent (80%) in nominal value of the Bonds present at the meeting, or at any adjourned meeting, as the case may be, at the time when the vote is being taken, in person or by proxy, shall have voted in favour of the proposal.

In terms of the Guarantee the 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 Guarantor under the Guarantee; (ii) the term and/or frequency of such payments; (iii) the Events of Default listed in sub-section 6.14 of this Securities Note; and/or (iv) any other term which may otherwise increase the exposure of the Guarantor to the enforcement of the Guarantee. In the event that the Guarantor were to exercise such right of veto, the proposed amendment to, or waiver of, the Terms and Conditions would not be put into effect.

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

6.18 AUTHORISATIONS AND APPROVALS

The Board of Directors of the Issuer authorised the Bond Issue pursuant to a Board of Directors' resolution passed on 14 January 2022. The Guarantee being given by the Guarantor in respect of the Bonds has been authorised by a resolution of the board of directors of the Guarantor dated 14 January 2022.

6.19 ADMISSION TO TRADING

The MFSA has authorised the Bonds as admissible to Listing pursuant to the Capital Markets Rules by virtue of a letter dated 27 January 2022.

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



The Bonds are expected to be admitted to the Malta Stock Exchange with effect from 21 March 2022 and trading is expected to commence on 22 March 2022. Dealing may commence prior to notification of the amount allotted being issued to Applicants.

6.20 PRICING

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

6.21 REPRESENTATIONS AND WARRANTIES

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

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

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

6.22 BONDS HELD JOINTLY

In respect of any Bonds held jointly by several persons (including spouses), the person whose name shall be inserted in the field entitled "Applicant" on the Application Form, 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 whose names appear in the field entitled "Additional Applicants" in the Application Form or joint holders in the register, as the case may be. Such person shall, for all intents and purposes, be deemed to be the registered holder of the Bond/s so held.

6.23 BONDS HELD SUBJECT TO USUFRUCT

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 existence of the Bond/s, have the right to dispose of the Bond/s so held without the consent of the bare owner, and shall not be entitled to the repayment of principal on the Bond (which shall be due to the bare owner).

6.24 NOTICES

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

6.25 GOVERNING LAW AND JURISDICTION

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

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

7 TAXATION

7.1 GENERAL

Investors and prospective investors are urged to seek professional advice as regards both Maltese and any foreign tax legislation which may be applicable to them in respect of the Bonds, including their acquisition, holding and transfer, as well as any income/gains derived therefrom or made on their disposal. The following is a summary of the anticipated tax treatment applicable to the Bonds and 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 who do not deal in the acquisition and disposal of securities in the course of their normal trading activities. The precise implications for investors will depend, among other things, on their particular circumstances and on the classification of the Bonds from a Maltese tax perspective, and professional advice in this respect should be sought accordingly.



7.2 MALTA TAX ON INTEREST

Since interest is payable in respect of a Bond which is the subject of a public issue, unless the Issuer is otherwise 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 (Chapter 123 of the laws of Malta), interest shall be paid to such person 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 professional 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/her income tax return (to the extent that the interest is paid net of tax). No person (whether corporate or non-corporate) shall be charged to further tax in respect of such income and the tax deducted shall not be available as a credit against the recipient's tax liability or available as a refund, as the case may be.

The Issuer will render an account to the Maltese Commissioner for Revenue of all amounts of interest paid and tax so deducted, including the identity of the recipient.

In the case of a valid election made in writing by an eligible Bondholder resident in Malta to receive the interest due without the deduction of final tax, interest will be paid gross and such person will be obliged to declare the interest so received in his/her/its Maltese income tax return and be subject to tax on such interest at the standard rates applicable to that person at that time. Additionally, in this latter case the Issuer will advise the Malta 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 therein, including but not limited to the condition that the Bondholder is not owned and controlled by, whether directly or indirectly, nor acts on behalf of an individual/s who are ordinarily resident and domiciled in Malta, 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.

7.3 EXCHANGE OF INFORMATION

In terms of applicable Maltese legislation, the Issuer and/or its agent are required to collect and forward certain information (including, but not limited to, information regarding payments made to Bondholders) to the Maltese Commissioner for Revenue. The Commissioner for Revenue will or may, in turn, automatically or on request, forward the information to other relevant tax authorities subject to certain conditions. Please note that this does not constitute tax advice and Applicants are to consult their own independent tax advisors in case of doubt.

7.4 MALTESE TAXATION ON CAPITAL GAINS ON TRANSFER OF THE BONDS

On the assumption that the Bonds would 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 Bondholder, no income tax on capital gains should be chargeable in respect of a transfer of the Bonds.

7.5 DUTY ON DOCUMENTS AND TRANSFERS

In terms of the Duty on Documents and Transfers Act (Chapter 364 of the laws of Malta), duty is chargeable *inter alia* on the transfer 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".

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

Furthermore, even if the Bonds are considered to be marketable securities for the purposes of the Duty on Documents and Transfers Act, in terms of article 50 of the Financial Markets Act (Chapter 345 of the laws of Malta), as the Bonds constitute financial instruments of a company quoted on a regulated market exchange, as is the MSE, redemptions and transfers of the Bonds should in any case be exempt from Maltese 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 ABOVE IS A SUMMARY OF THE ANTICIPATED TAX TREATMENT APPLICABLE TO THE BONDS AND TO BONDHOLDERS. THIS INFORMATION, THAT 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.



8 TERMS AND CONDITIONS OF THE BOND ISSUE

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, on the one hand, and the Bondholders, on the other:

- A Preferred Applicant wishing to subscribe for Bonds during the Offer Period shall submit a duly completed Application Form through any of the Authorised Financial Intermediaries (which include the Sponsor and the Manager & Registrar) by latest 12:00 hours CET on 4 March 2022, or such earlier date as may be determined by the Issuer. Hili Ventures Bondholders, Hili Properties plc Listed Equity Holders and Harvest Technology plc Listed Equity Holders will receive a pre-printed Application Form by mail, whilst Hili Ventures Stakeholders may obtain an Application Form from the company secretary of the Issuer as from 14 February 2022.

Pursuant to the Placement Agreements as described in more detail in sub-section 6.3 above, 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 Placement Agreement by completing a data file as provided by the Registrar by latest 12:00 hours CET on 22 February 2022, accompanied by full payment.

Should the Intermediaries' Offer take place, Authorised Financial Intermediaries need to submit to the Registrar completed subscription agreements as described in more detail in sub-section 6.4 above by latest 12:00 hours CET on 9 March 2022. Authorised Financial Intermediaries may subscribe for Bonds either in their own name or in the name of underlying clients.

- The issue and allotment of the Bonds is conditional upon the Bonds being admitted to trading on the Official List. In the event that the Bonds are not admitted to the Official List, any application monies received by the Issuer will be returned, without interest, by direct credit into the Applicant's bank account indicated by the Applicant on the relative Application Form.
- Application Forms must be accompanied by the full price of the Bonds applied for, in Euro. Payment may be made by credit transfer, by cheque payable to the respective Authorised Financial Intermediary or by any other method of payment as accepted by the respective Authorised Financial Intermediary. In any case, acceptance of payment shall be made at the Authorised Financial Intermediary's sole and 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, and that, at any time prior to unconditional acceptance by the Authorised Financial Intermediary of such late payment in respect of such Bonds, the Authorised Financial Intermediary may (without prejudice to other rights) treat the agreement to allocate such Bonds as void, in which case the Applicant will not be entitled to any refund or payment in respect of such Bonds (other than return of such late payment).
- 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.
- The contract created by the Issuer's acceptance of an Application filed by a prospective bondholder shall be subject to all the Terms and Conditions set out in this Securities Note.
- If an Application Form is signed on behalf of another party or on behalf of a corporation or corporate entity or association of persons, the person signing will be deemed to have duly bound his principal, or the relative corporation, corporate entity, or association of persons, and will 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/resolution or a copy thereof, duly certified by a lawyer or notary public, if so required by the Issuer acting through the Registrar, but it shall not be the duty or responsibility of the Registrar or the Issuer to ascertain that such representative is duly authorised to appear on the Application Form and bind the Applicant.
- Applications in the name of a corporation or corporate entity or association of persons need to include a valid Legal Entity Identifier ("LEI") (which needs to be unexpired) in the space provided on the Application Form. Failure to include a valid LEI code 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 terms set out herein.
- In the event that an Applicant fails to submit full information and/or documentation required with respect to an Application, the Applicant shall receive a full refund, without interest, by direct credit transfer to such account indicated in the Application Form at any time before the Bonds are admitted to listing on the Official List of the MSE. Neither the Issuer nor the Registrar shall be responsible for any charges, loss or delay arising in connection with such credit transfer.
- In the case of joint Applications, reference to the Applicant in these Terms and Conditions is a reference to each of the joint Applicants, and liability therefor is joint and several.
- 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 eighteen (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 eighteen (18) years.

- 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.
- No person receiving a copy of the Prospectus or an Application Form in any territory other than Malta may treat the same as constituting an invitation or offer to such person, nor should such person in any event use such Application Form, unless, in the relevant territory, such an invitation or offer could lawfully be made to such person or such Application Form could lawfully be used without contravention of any regulation or other legal requirements. Having considered the circumstances, the Issuer has formed the view (due to the onerous requirements involved in the registration of the Prospectus in any territory other than Malta and/or compliance with the relevant legal or regulatory requirements) not to send Application Forms to Hili Ventures Bondholders, Hili Properties plc Listed Equity Holders and Harvest Technology plc Listed Equity Holders having their address as included in the register of bondholders outside Malta, except where, *inter alia*, in the absolute discretion of the Issuer, it is satisfied that such action would not result in a contravention of any applicable legal or regulatory requirement in the relevant jurisdiction.
- It is the responsibility of any person outside Malta wishing to make any Application to satisfy himself/herself/itself as to full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.
- 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, acting through the Registrar, is not properly completed in all respects in accordance with the relative instructions or is not accompanied by the required documents.
- Save where the context requires otherwise or where otherwise defined therein, terms defined in the Prospectus bear the same meaning when used in these Terms and Conditions, in the Application Form, in any of the annexes and in any other document issued pursuant to the Prospectus.
- The Issuer has not sought assessment of the Bonds by any independent credit rating agency.
- Subject to all other Terms and Conditions set out in the Prospectus, the Issuer reserves the right to revoke the Issue at any time before the closing of the Offer Period. The circumstances in which such revocation might occur are expected to be exceptional, for example where a significant change in market conditions occurs.
- The Bonds will be issued in multiples of €100. The minimum subscription amount of Bonds that can be subscribed for by all Applicants is €5,000.
- For the purposes of the Prevention of Money Laundering and Funding of Terrorism Regulations (Subsidiary Legislation 373.01), as may be amended from time to time, all appointed 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 Malta Stock Exchange members or not. Such information shall be held and controlled by the Malta Stock Exchange in terms of the General Data Protection Regulation (EU) 2016/679 (GDPR) and the Data Protection Act (Chapter 586 of the laws of Malta) for the purposes and within the terms of the Malta Stock Exchange Data Protection Policy, as published from time to time.
- It shall be incumbent on the respective Authorised Financial Intermediary to ascertain that all other applicable regulatory requirements relating to subscription of Bonds by an Applicant are complied with, including, without limitation, the obligation to comply with all applicable MiFIR requirements as well as applicable MFSA Rules for investment services providers, all applicable Anti-Money Laundering and Counter Terrorist Financing rules and regulations, as well as the applicable MFSA Conduct of Business Rules.

By completing and delivering an Application Form, the Applicant:

- a 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 Guarantor and the issue of the Bonds contained therein;
- b warrants that the information submitted by the Applicant in the Application Form 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 the event of a discrepancy between the personal details (including name and surname and the Applicant's address) 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;
- c authorises the Registrar and the MSE to include his/her/its name or, in the case of joint Applications the first named Applicant, in



the register of debentures of the Issuer in respect of the Bonds allocated to such Applicant and further authorises the Issuer, the Registrar, the respective Authorised Financial Intermediary and the MSE to process the personal data that the Applicant provides in the Application Form, for all purposes necessary and subsequent to the Bond Issue applied for, in accordance with the General Data Protection Regulation (EU) 2016/679 (GDPR) and the Data Protection Act (Chapter 586 of the laws of Malta). The Applicant has the right to request access to and rectification of the personal data relating to him/her/it as processed by the Issuer and/or the MSE. Any such requests must be made in writing and sent to the CSD. The requests must further be signed by the Applicant to whom the personal data relates;

- d confirms that in making such Application no reliance was placed on any information or representation in relation to the Issuer, the Guarantor 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;
- e agrees that the registration advice and other documents and any monies returnable to the Applicant may be retained pending clearance of his/her/its remittance and any verification of identity as required by the Prevention of Money Laundering Act (Chapter 373 of the laws of Malta) and regulations made thereunder, and that such monies will not bear interest;
- f agrees to provide the Issuer, acting through the Registrar, with any information which it/they may request in connection with the Application;
- g 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 his/her/its Application in any territory, and that the Applicant has not taken any action which will or may result in the Issuer or the Registrar acting in breach of the regulatory or legal requirements of any territory in connection with the issue of the Bonds or his/her/its Application;
- h warrants that all applicable exchange control or other regulations (including those relating to external transactions) have been duly and fully complied with;
- i 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) and that he/she/it is not 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;
- j agrees that unless such Application is made with Calamatta Cuschieri Investment Services Limited as an Authorised Financial Intermediary, Calamatta Cuschieri Investment Services Limited will not, in its capacity of Sponsor, treat the Applicant as its customer by virtue of such Applicant making an Application for the Bonds, and that Calamatta Cuschieri Investment Services Limited will owe the Applicant no duties or responsibilities concerning the price of the Bonds or their appropriateness and suitability for the Applicant;
- k agrees that all documents in connection with the issue of the Bonds and any returned monies, including refunds of unapplied Application monies, if any, will be sent at the Applicant's own risk and may be sent, in the case of documents, by post at the address (or, in the case of joint Applications, the address of the first named Applicant) as set out in the Application Form and in the case of monies by direct credit into the Applicant's bank account as indicated by the Applicant on the Application Form;
- l 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;
- m irrevocably offers to purchase the number of Bonds specified in his/her/its Application Form (or any smaller number for which the Application is accepted) at the Bond Issue Price subject to the Prospectus, the Terms and Conditions thereof and the Memorandum and Articles of Association of the Issuer;
- n warrants that his/her/its 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 or to enjoy or receive any rights in respect of such Bonds, 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 sole and 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, and that, at any time prior to unconditional acceptance by the Authorised Financial Intermediary of such late payment in respect of such Bonds, the Authorised Financial Intermediary may (without prejudice to other rights) treat the agreement to allocate such Bonds as void and may allocate such Bonds to some other person, in which case the Applicant will not be entitled to any refund or payment in respect of such Bonds (other than return of such late payment));



- o agrees that all Applications, acceptances of applications and contracts resulting therefrom will be governed by, and construed in accordance with, Maltese law and that he/she/it submits to the exclusive jurisdiction of the Maltese Courts and agrees that nothing shall limit the right of the Issuer to bring any action, suit or proceeding arising out of or in connection with any such Applications, acceptances of applications and contracts in any other manner permitted by law in any court of competent jurisdiction;
- p warrants that if he/she signs the Application Form on behalf of another party or on behalf of a corporation or corporate entity or association of persons, he/she has due authority 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 these Terms and Conditions;
- q warrants that he/she is not under the age of eighteen (18) years or if he/she is lodging an Application in the name and for the benefit of a minor, warrants that he/she is the parent or legal guardian of the minor;
- r confirms that, in the case of a joint Application entered into in joint names, the first named Applicant shall be deemed the holder of the Bonds; and
- s agrees that, in all cases, any refund of unallocated Application monies, if any, will be sent to the Applicant by direct credit into the Applicant's bank account as indicated by the Applicant on the Application Form. No interest shall be due on refunds. The Issuer shall not be responsible for any loss or delay in transmission or any charges in connection therewith.

9 ADDITIONAL INFORMATION

Save for the Financial Analysis Summary reproduced in Annex IV of this Securities Note, the Prospectus does not contain any statement or report attributed to any person as an expert.

The Financial Analysis Summary dated 27 January 2022 has been included in Annex IV of this Securities Note in the form and context in which it appears with the authorisation of Calamatta Cuschieri Investment Services Limited of Ewropa Business Centre, Triq Dun Karm, Birkirkara BKR 9034, Malta, which has given and has not withdrawn its consent to the inclusion of said report herein.

Calamatta Cuschieri Investment Services Limited does not have any beneficial interest in the Issuer. The Issuer has received confirmation from Calamatta Cuschieri Investment Services Limited that the Financial Analysis Summary has been accurately reproduced in the Prospectus 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.



ANNEX I – SPECIMEN APPLICATION FORM



HILI FINANCE COMPANY P.L.C. €50,000,000 4% UNSECURED BONDS 2027 GUARANTEED BY HILI VENTURES LTD APPLICATION FORM - PREFERRED APPLICANTS

This Application Form is not transferable and entitles you to subscribe for Hili Finance Company p.l.c. 4% Unsecured Bonds 2027 as a Preferred Applicant (collectively Hili Ventures Bondholders, Hili Properties plc Listed Equity Holders, Harvest Technology plc Listed Equity Holders and Hili Ventures Stakeholders each as defined in the Prospectus dated 27 January 2022). Please read the notes overleaf before completing this Application Form. **Mark 'X' where applicable.**

A APPLICANT (see notes 2 to 8)	
I.D. CARD/PASSPORT	MSE A/C NO.

DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH	NATIONALITY
LEI (Legal Entity Identifier) (if applicant is NOT an Individual)		PLEASE REGISTER ME FOR E-PORTFOLIO <input type="checkbox"/>	MOBILE NO. (mandatory for e-portfolio)
<input type="checkbox"/> PLEASE REGISTER ME FOR E-PORTFOLIO (mobile number is mandatory for e-portfolio registration)			

B ADDITIONAL (JOINT) APPLICANTS (see note 3) (please use Addendum to Application Form if space is not sufficient)			
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TITLE (Mr/Mrs/Ms/...)	FULL NAME AND SURNAME	I.D. CARD/PASSPORT NO.
DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH
		NATIONALITY

C DECISION MAKER/MINOR'S PARENTS / LEGAL GUARDIAN(S) / USUFRUCTUARY/IES (see notes 4,7 & 8) (to be completed ONLY if applicable)			
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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

D I/WE APPLY TO PURCHASE AND ACQUIRE (see notes 9):	
------------------------------------------------------------	--

AMOUNT IN FIGURES €	AMOUNT IN WORDS
Hili Finance Company p.l.c. 4% Unsecured Bonds 2027 guaranteed by Hili Ventures Ltd (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 27 January 2022 (the "Prospectus"), payable in full upon application under the Terms and Conditions of the Bonds as set out in the Prospectus.	

E RESIDENT - FINAL WITHHOLDING TAX ("FWT") DECLARATION (see notes 10 & 11) (to be completed ONLY if the Applicant is a resident of Malta)	
--------------------------------------------------------------------------------------------------------------------------------------------------	--

<input type="checkbox"/> I/We elect to receive interest NET of FWT.	<input type="checkbox"/> I/We elect to receive interest GROSS (i.e. without FWT).
---------------------------------------------------------------------	-----------------------------------------------------------------------------------

F NON-RESIDENT - DECLARATION FOR TAX PURPOSES (see notes 2 & 11) (to be completed ONLY if the Applicant is a non-resident)	
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TAX COUNTRY	CITY OF BIRTH
T.I.N. (Tax Identification Number)	COUNTRY OF BIRTH
<input type="checkbox"/> NOT resident in Malta but resident in the European Union	<input type="checkbox"/> NOT resident in Malta and NOT resident in the European Union

G INTEREST, REFUND AND REDEMPTION MANDATE (see note 12 & 13) (completion of this panel is MANDATORY)	
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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
(Parent/s or legal guardian/s are/is to sign if Applicant is a minor)
(All parties are to sign in the case of a joint Application)
(Bare owner/s and usufructuary/ies to sign in the case of holdings of Bonds that are subject to usufruct)

Date

AUTHORISED FINANCIAL INTERMEDIARY'S STAMP

AUTHORISED FINANCIAL INTERMEDIARY'S CODE

APPLICATION NUMBER



Notes on how to complete this Application Form and other information

The following notes are to be read in conjunction with the Prospectus dated 27 January 2022 regulating the Bond Issue

1. This Application is governed by the Terms and Conditions of the Bond Issue contained in Section 8 of the Securities Note dated 27 January 2022 forming part of the Prospectus. Capitalised terms not defined herein shall, unless the context otherwise requires, have the meaning ascribed to them in the Prospectus.
2. The Application Form is to be completed in BLOCK LETTERS. For applicants who are non-residents in Malta for tax purposes, the relative box in Panel F must be completed.
3. The MSE account number pertaining to the Hili Ventures Bondholders, Hili Properties plc Listed Equity Holders and Harvest Technology plc Listed Equity Holders, has been preprinted in Panel A and reflects the MSE account number on the respective register held at the CSD as at 21 January 2022 (trading session of the 19 January 2022). If an MSE account pertains to more than one person (including husband and wife), the full details of all individuals must be given in Panels A and B but the first named bondholder shall, for all intents and purposes, be deemed to be the registered holder of the Bonds (vide note 6 below). Applications by more than two persons are to use the Addendum to the Application Form.

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

4. Applications in the name and for the benefit of minors shall be allowed provided that the applicant already holds an account with the MSE. Any Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest and redemption proceeds payable to the parents or legal guardian/s signing the Application Form until such time as the minor attains the age of eighteen (18) years, following which all interest and redemption proceeds shall be payable directly to the registered holder, provided that the Company has been duly notified in writing of the fact that the minor has attained the age of eighteen (18) years. Panel C must be inserted with full details of the parents/legal guardians.
5. In the case of a body corporate, a valid Legal Entity Identifier ("LEI") needs to be inserted in Panel A. **Failure to include a valid LEI code, will result in the Application being cancelled by the Registrar.** Applications must be signed by duly authorised representatives indicating the capacity in which they are signing.
6. **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.**
7. Where a decision to invest is taken by a third party authorised to transact on behalf of the Applicant (a "decision maker") such as an individual that holds a power of attorney to trade on the Applicant's account or applications under a discretionary account, details of the decision maker need to be included in Panel C.
8. Where an MSE account number is held subject to usufruct, Panel C needs to be completed and both the bare owner/s and the usufructuary/ies are to sign this Application Form.
9. 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.
10. Only Applicants who hold a valid official Maltese Identity Card or companies registered in Malta will be treated as resident in Malta. In such a case the Applicant may elect to have final withholding tax, currently 15%, deducted from interest payments in which case such interest need not be declared in the Applicant's income tax return. The Applicant may elect to receive the interest gross (i.e. without deduction of final withholding tax), but will be obliged to declare interest so received in the tax return. The Company will render an account to the Maltese Commissioner for Revenue of all interest paid, all amounts of tax deducted by the payor in respect of the interest paid and of the identity of all such recipients. Interest received by non-resident Applicants is not taxable in Malta and non-residents will receive interest gross. Authorised entities applying in the name of a prescribed fund will have final withholding tax (currently 10%), deducted from interest payments.

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

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

The contents of Notes 10 and 11 above do not constitute tax advice by the Company and Applicants are to consult their own independent tax advisors in case of doubt.

12. Interest, refund and redemption proceeds will be credited to the account indicated in Panel G or as otherwise amended by the Bondholder/s during the term of the Bond.
13. The Offer Period will open at 08:30 hours on 14 February 2022 and will close at 12:00 hours on 4 March 2022, or earlier as may be determined by the Issuer. Application for Bonds may be lodged with any Authorised Financial Intermediary listed in Annex II 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 G.
14. By completing and delivering an Application Form you (as the Applicant(s)) acknowledge that:
 - a. the Company or its duly appointed agents including the CSD and the Registrar, may process the personal data that you provide in the Application Form in accordance with the Data Protection Act (Cap. 586 of the laws of Malta) and the General Data Protection Regulation (GDPR) (EU) 2016/679 as amended from time to time;
 - b. the Company may process such personal data for all purposes necessary for and related to the Bonds applied for; and
 - c. you, as the Applicant, have the right to request access to and rectification of the personal data relating to you, as processed by the Company.

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

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



ANNEX II – AUTHORISED FINANCIAL INTERMEDIARIES

Name	Address	Telephone
APS Bank plc	APS Centre, Tower Street, Birkirkara BKR 4012	25603000
Bank of Valletta p.l.c.	Premium Banking Centre, 475, Triq il-Kbira San Guzepp, St Venera SVR 1011	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
Lombard Bank Malta p.l.c.	'Lombard House' 67, Republic Street, Valletta VLT 1117	25581806
MeDirect Bank (Malta) plc	The Centre, Tigne` Point, Sliema TPO 0001	25574400
Michael Grech Financial Investment Services Limited	The Brokerage, St Marta Street, Victoria, Gozo VCT 2550	22587000
MZ Investment Services Ltd	63, St. Rita Street, Rabat RBT 1523	21453739
Rizzo, Farrugia & Co (Stockbrokers) Ltd	Airways House, Fourth Floor, High Street, Sliema SLM 1551	22583000



ANNEX III – THE GUARANTEE

HILI VENTURES LIMITED

C 57902

To All Bondholders:

Reference is made to the issue of up to €50 million Unsecured Bonds 2027 by Hili Finance Company plc, a company registered in Malta bearing company registration number C 85692 (the “**Issuer**”) pursuant to and subject to the terms and conditions contained in the Securities Note forming part of the Prospectus to be dated 27 January 2022 (the “**Bonds**”).

Now, therefore, by virtue hereof, Hili Ventures Limited (C 57902), hereby stands surety with the Issuer and irrevocably and unconditionally guarantees the due and punctual performance of all the obligations undertaken by the Issuer under the Bonds and, without prejudice to the generality of the foregoing, undertakes to pay all amounts of principal and interest which have become due and payable by the Issuer to Bondholders under the Bonds, within sixty (60) days from the date such amount falls due and remains unpaid by the Issuer.

This Guarantee shall be governed by the laws of Malta.

Signed and executed on this the 27th day of January 2022, after approval of the board of directors of Hili Ventures Limited.



INTERPRETATION

In this Guarantee, unless the context otherwise requires:

- (a) terms and expressions defined in or construed for the purposes of the Prospectus shall have the same meanings or be construed in the same manner when used in this Guarantee, unless defined otherwise in this Guarantee;
- (b) “**Indebtedness**” means any and all monies, 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, interest, capitalised interest, charges, disbursements, or otherwise and whether for actual or contingent liability; and
- (c) “**writing**” or “**in writing**” shall mean any method of visual representation and shall include e-mails and other such electronic methods.

NATURE, SCOPE AND TERMS OF THE GUARANTEE

1. NATURE OF THE GUARANTEE

The offering of Bonds that will be made by the Issuer pursuant to the Prospectus will be made with the benefit of the joint and several corporate Guarantee of the Guarantor, the full terms of which are set out in clause 3 below.

2. INFORMATION ABOUT THE GUARANTOR

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

3. TERMS OF THE GUARANTEE

3.1 Covenant to Pay

For the purposes of the Guarantee, the Guarantor, as primary obligor, hereby jointly and severally with the Issuer irrevocably and unconditionally guarantees 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 Guarantor will pay to such Bondholder on written demand the amount payable by the Issuer to such Bondholder. All demands shall be sent to the address stated below in clause 3.11 as the same may be changed by company announcement issued by the Issuer from time to time.

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

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

This Guarantee shall apply to all Bonds issued on or about 21 March 2022 in accordance with the terms of the Securities Note.

3.2 Guarantor as joint and several surety

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

3.4 Continuing and unconditional liability

The liability of the 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
- b. the incapacity or disability of the Issuer; or
- c. any change in the name, style, constitution, any amalgamation or reconstruction of either the Issuer or the Guarantor; or
- d. a Bondholder conceding any time or indulgence, or compounding with, discharging, releasing or varying the liability of the Issuer 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



- e. any event, act or omission that might operate to exonerate the Guarantor without settlement in full of the Indebtedness towards the relevant Bondholder.

3.5 Indemnity

As a separate and alternative stipulation, the 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, the Guarantor or any Bondholder) not recoverable from the 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, gives rise to 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 The 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 the Guarantor to create, any encumbrance on the 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 €5,000,000) 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 material 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; and
- (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.

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, the 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 original instrument creating this Guarantee shall be deposited with and be held by the Issuer at its registered address for the benefit of the Bondholders until all obligations of the Guarantor have been discharged in full, and until such time, the 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, the 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 the Guarantor for the benefit of the Bondholders. The Guarantor shall not be entitled to assign or transfer any of its obligations under this same Guarantee.

3.10 Amendments

The Guarantor has the power to veto any changes to the Terms and Conditions of the Bonds which are issued with the benefit of this Guarantee, limitedly in cases in which such amendment or waiver may give rise to changes in: (i) the amount payable by the Guarantor under this Guarantee; (ii) the term and/or frequency of such payments; (iii) the Events of Default listed in sub-section 6.14 of the Securities Note; and/or (iv) any other term which may otherwise increase the exposure of the Guarantor to the enforcement of this Guarantee.



3.11 Notices

For notification purposes in connection with this Guarantee, the proper address and telephone number of the Guarantor is:

Address: Nineteen Twenty Three, Valletta Road, Marsa MRS 3000, Malta

Tel. No.: +356 2568 1200

Contact Person: The Company Secretary

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 brought exclusively before the Maltese courts.

Stephen Kenneth Tarr
Director

Melo Hill
Director



ANNEX IV – FINANCIAL ANALYSIS SUMMARY

The Directors
Hili Finance Company p.l.c.
Nineteen Twenty Three
Valletta Road
Marsa MRS 3000
Malta

27 January 2022

Re: Financial Analysis Summary – 2022

Dear Sirs,

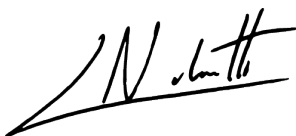
In accordance with your instructions, and in line with the requirements of the MFSA Listing Policies, we have compiled the Financial Analysis Summary (the “**Analysis**”) set out on the following pages and which is being forwarded to you together with this letter.

The purpose of the financial analysis is that of summarising key financial data appertaining to Hili Finance Company p.l.c. (the “**Issuer**”), Hili Ventures Limited (the “**Guarantor**”) and related companies within the group as explained in part 1 of the Analysis. The data is derived from various sources or is based on our own computations as follows:

- (a) Historical financial data for the three years ended 31 December 2018, 2019 and 2020 and the interim results for the periods ended 30 June 2020 and 2021 have been extracted from the audited financial statements and interim accounts of the Issuer and Guarantor.
- (b) The forecast data for the financial years ending 31 December 2021 and 2022 have been provided by management.
- (c) Our commentary on the Issuer’s results and financial position is based on the explanations set out by the Issuer in the Prospectus and MFSA Listing Policies.
- (d) The ratios quoted in the Financial Analysis Summary have been computed by us applying the definitions set out in Part 4 of the Analysis.
- (e) The principal relevant market players listed in Part 3 of the document have been identified by management. Relevant financial data in respect of competitors has been extracted from public sources such as the web sites of the companies concerned or financial statements filed with the Registrar of Companies or websites providing financial data.

The Analysis is meant to assist potential investors by summarising the more important financial data set out in the Prospectus. The Analysis does not contain all data that is relevant to potential investors and is meant to complement, and not replace, the contents of the full Prospectus. The Analysis does not constitute an endorsement by our firm of the proposed bond issue and should not be interpreted as a recommendation to invest in the bonds. 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. Potential investors are encouraged to seek professional advice before investing in the bonds.

Yours sincerely,



Nick Calamatta
Director

Calamatta Cuschieri Investment Services Ltd

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Calamatta Cuschieri Investment Services Ltd. is a founding member of the Malta Stock Exchange and is licensed to conduct investment services by the Malta Financial Services Authority.



Financial Analysis Summary

Hili Finance Company p.l.c.

27 January 2022

**Prepared by Calamatta Cuschieri
Investment Services Ltd**

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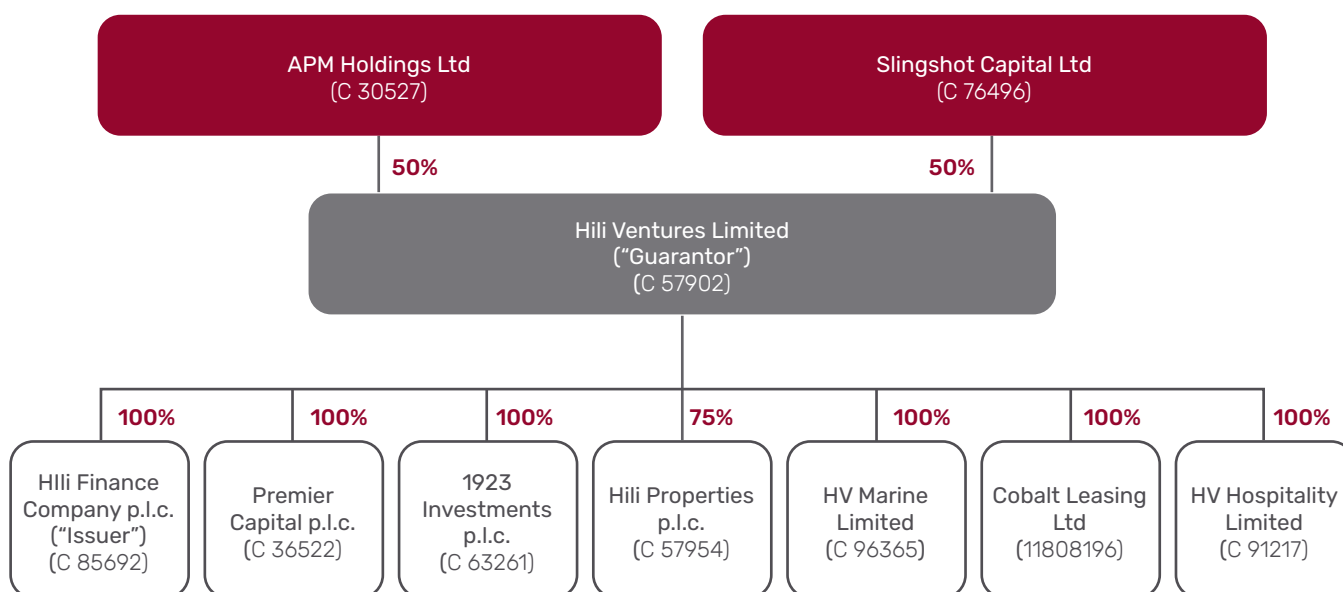
INTRODUCTION

Hili Finance Company plc is issuing €50,000,000 4% unsecured bonds 2027 pursuant to a prospectus dated 27 January 2022. This Financial Analysis Summary has been prepared in line with the MFSA Listing Policies.

PART 1 - INFORMATION ABOUT THE GROUP

1.1 Issuer and Group's Subsidiaries Key Activities and Structure

The Group structure is as follows:



Hili Finance Company plc (the "**Issuer**") was incorporated on 6 April 2018 with the purpose of providing financial resources to Hili Ventures Limited (the "**Guarantor**" and its subsidiaries (collectively, the "**Group**").

The Issuer has an authorised and issued share capital of €2,000,000 divided into 2,000,000 ordinary shares, fully paid up. The Guarantor is the controlling shareholder of the Issuer with the exception of 1 ordinary share which is held by APM Holdings Limited. The principal objective of the Issuer is to purchase or otherwise acquire, under any title whatsoever, to hold and manage, by any title, assets including but not limited to securities and other financial interests.

The Guarantor was incorporated on 17 October 2012 and it is the parent company of an international group having operations in a number of industries in Malta and predominantly in the EU. The Guarantor has an authorised share capital of €95,000,000 divided into 16,000,000 ordinary shares and 79,000,000 redeemable preference shares of €1 each, fully paid up.

The issued share capital of the Guarantor is of €69,400,000 divided into 1,000,000 ordinary shares and 68,400,000 redeemable preference shares of €1 each, which shares are subscribed to and allotted as fully paid up shares as follows:

Shareholders

APM Holdings Limited	500,000 Ordinary Shares 68,400,000 Redeemable Preference Shares
Slingshot Capital Limited	500,000 Ordinary Shares

Hili Ventures Limited is the Guarantor for two bond issues on the Official List of the Malta Stock Exchange, namely 3.85% Hili Finance Company plc 2028 and 3.8% Hili Finance Company plc 2029. An overview of the Guarantor's operating subsidiaries is set out below:

- **Hili Properties p.l.c. ("Hili Properties")**: is the parent company of the property division of the Guarantor, owning and managing commercial real estate and industrial land in Malta, Latvia, Lithuania, Estonia and Romania.
- **Premier Capital p.l.c. ("Premier")**: holds the development licensee to operate quick service restaurant operations in Estonia, Greece, Latvia, Lithuania, Malta and Romania.
- **1923 Investments p.l.c. ("1923 Investments")**: is an investment company that holds a majority stake in Harvest Technology plc, a listed entity on the Malta Stock Exchange. 1923 Investments also holds operating subsidiaries engaged in the sale of IT retail and

consumer electronic products and third-party electronic products as a premium reseller, and a logistics division which is engaged in warehousing and distribution, freight forwarding, ship agency and the provision of ship-to-ship transfer services.

- **HV Marine Limited (“HV Marine”)**: is involved in the development of a strong network of critical infrastructure for berthing, operating and servicing of yachts. It has one subsidiary, Motherwell Bridge Industries Limited, a market leader in the engineering sector.
- **Cobalt Leasing Ltd (“Cobalt Leasing”)**: was established in the United Kingdom on 5 February 2019 and is engaged in the leasing of containers to shipping lines.
- **HV Hospitality Limited (“HV Hospitality”)**: acts as the holding company of Kemmuna Limited (C 15344), a company acquired in 2019 which operated the hotel and bungalows on the island of Comino. The redevelopment of the hotel and bungalows is currently at the design stage and awaiting planning permission. The acquisition of the Comino properties is part of a strategy to establish a presence in the European hospitality market.

In addition to the above operating companies, the Group is composed of another three subsidiary companies which, at present, are non-operating or currently being wound-down. In this respect, we opted to exclude from the above-presented group structure chart.

1.2 Directors and Key Employees

Board of Directors - Issuer

As at the date of this Analysis, the board of directors of the Issuer is constituted by the following persons:

Name	Office Designation
Mr Geoffrey Camilleri	Chairman and Non-Executive Director
Mr Dorian Desira	Executive Director
Mr Keith Busuttil	Non-Executive Director
Ms Jacqueline Camilleri	Independent Non-Executive Director
Mr Mario Vella	Independent Non-Executive Director

The business address of all the directors of the Issuer is the registered office of the Issuer. Dr Melanie Miceli Demajo is the company secretary of the Issuer.

The Board is responsible for the overall long-term direction of the Issuer and oversees the systems of control and financial reporting as well as the external communication of the Issuer.

The Board meets regularly, with a minimum of four times annually, and is currently composed of five members, two of whom are independent of the Issuer.

Board of Directors – Guarantor

As at the date of this Analysis, the board of directors of the Guarantor is constituted by the following persons:

Name	Office Designation
Mr Stephen Kenneth Tarr	Chairman
Mr Carmelo sive Melo Hili	Chief Executive Officer
Dr Annabel Hili	Executive Director
Mr Victor Tedesco	Non-Executive Director
Mr Jesmond Mizzi	Independent Non-Executive Director

Listed below are the functional leads and CEOs of the main subsidiaries who together make up the Group management team:

Name	Office Designation
Mr Carmelo sive Melo Hili	Chief Executive Officer
Mr Dorian Desira	Chief Financial Officer
Mr David Vella	Chief People Officer
Ms Joanna Ripard	Director of Communications
Mr Valentin Truta	General Counsel
Dr Annabel Hili	Director of Legal
Mr Victor Tedesco	Chief Executive Officer – Premier Capital p.l.c.
Mr Geoffrey Camilleri	Chief Financial Officer – Premier Capital p.l.c. / Chairman – Cobalt Leasing Ltd
Mr Tomasz Nawrocki	Chief Operations Officer Premier Capital p.l.c.
Mr Keith Busuttil	Chief Executive Officer – 1923 Investments p.l.c.
Mr George Kakouras	Chief Executive Officer – Hili Properties p.l.c.
Ms Arzu Bilgic	Chief Executive Officer – HV Marine Limited

The business address of all the directors of the Guarantor is the registered office of the Guarantor. Dr Melanie Miceli Demajo is the company secretary of the Guarantor.

As in the case of the Issuer, the Board is responsible for the overall long-term direction of the Guarantor and is involved in overseeing its systems of control and financial reporting. The board meetings are attended by the Chief Financial Officer of the Guarantor to support the Group’s oversight of its financial operations.

As at the date of this Analysis, the Issuer does not have any employees of its own, apart from two independent directors on its books. The Guarantor currently has approximately 9,500 employees, with an average ratio of 95:5 between operational employees and administrative employees.

1.3 Major Assets owned by the Group

The Issuer acts as a financing company solely for the needs of the Guarantor and its assets are intended to consist primarily of loans issued to the Group’s fellow subsidiaries.

The Guarantor’s major assets are composed of:

- Property, plant and equipment
- Right of use assets
- Goodwill
- Intangible assets
- Investment property
- Property held for sale

As noted in the charts presented below, the Guarantor's assets are mainly composed of property, plant and equipment, right of use assets, investment property and goodwill, and collectively represent *circa* 90% of total assets (FY19: 90%) amounting to €498.3m during FY20 (FY19: €482.1m).

As the holding company of Hili Ventures, the Guarantor is ultimately dependent upon the operations, performance and business prospects of the above-mentioned Subsidiaries.

1.4 Operational Developments

1.4.1 Strategy

The Guarantor's business strategy focuses on two principal elements as set out below:

- **Directional Strategy:** the oversight and evaluation undertaken by the board of directors of each of the businesses owned by Hili Ventures Limited, with the intention of achieving the Group's strategic objectives. The Guarantor monitors and supports the Group by, inter alia:
 - i. Regularly monitoring financial and operational performance of the companies within the Group to effectively ensure that set goals and organic growth strategies are achieved through their respective boards; and
 - ii. Forming strong subsidiary level boards of directors to support executive management in their development and implementation of strategic goals and objectives.
- **Acquisition Strategy:** the acquisition of businesses that are expected to produce positive earnings and cash flow, and have high growth potential. In this respect, the Guarantor may acquire companies operating in sectors other than those in which the Guarantor currently operates if the directors believe an acquisition target presents an attractive opportunity.

1.4.2 Business overview and latest operational developments

1.4.2.1 Restaurant Operations

The Guarantor's restaurant business segment relates to the activities conducted by Premier which operates 167 quick service restaurant operations in Estonia, Greece, Latvia, Lithuania, Malta and Romania under a developmental licence agreement.

During the past three financial periods (FY18-FY20), the number of restaurants increased by nineteen; fifteen in Romania, three in Lithuania, and one in Latvia. Over the last three financial years, the Group has invested a total of €30.8m in new restaurants and invested a further €3.9m on the remodelling of older restaurants. The Group has also directed approximately €19.8m towards capital expenditure relating to the maintenance of existing restaurants from FY18 to FY20.

During FY20, Premier added three more restaurants, bringing the total number of restaurants to 159 as at 31 December 2020 and acquired the minority shares in its Romania business to secure a 100% ownership..

The Group's restaurant division operates a growing network of

restaurants, currently standing at 167 stores (as at 31 December 2021) in prime locations, more than half of which are drive-through restaurants.

As noted in section 2.4 of this Analysis, revenue specifically generated under this business segment during FY20 represented 66% of the Guarantor's total revenue (FY19: 69.6%).

1.4.2.2 Sale of IT retail and consumer electronic

This operation is engaged in the sale and distribution of IT retail and consumer electronic products and third-party electronic products in Poland and Hungary as a premium reseller for a multinational technology company that specialises in IT and consumer electronic products.

In FY20, this activity operated 25 stores under the iSpot brand (same as in FY19), with a well-developed online store which enabled iSpot to achieve encouraging financial results throughout the COVID-19 pandemic. In FY21, iSpot opened two more outlets in Poland and at present, iSpot has a total of 27 outlets in Poland. Under this division, the Guarantor also operates four stores in Hungary. As per FY20 results, revenue generated from this business activity amounted to *circa* €106.5m, representing 22% of the Guarantor's total revenue (FY19: 20.7%).

1.4.2.3 IT Solutions, Payment Gateway and and Security Systems

The IT business segment of the Guarantor relates to the activities conducted by Harvest Technology p.l.c. ("**Harvest**") which primarily consist of delivering business solutions and e-commerce systems to its clients. Harvest's operating companies include: PTL Limited ("**PTL**"), Apco Systems Limited ("**APCO Systems**"), and Apco Limited ("**APCO**").

Notwithstanding the current pandemic, Harvest reported strong FY20 results, with total revenues increasing by *circa* 20% over the prior year, and profit before tax exceeding IPO expectations by 44%.

Revenue generated under this business segment during FY20 amounted to *circa* €19.1m, representing 3.9% of the Guarantor's total revenue (FY19: 3.5%).

1.4.2.4 Logistics and Transport Services

This revenue stream relates to the business conducted by Hili Logistics Limited ("**Hili Logistics**"), and its subsidiary companies. Hili Logistics is mainly involved in air, road and sea logistics services, customs brokerage, warehousing, ship agency, ship-to-ship operations and project cargo.

In 2020, Poland-based Allcom saw an improvement in volumes despite the COVID-19 restrictions. The management team focused its sales effort on increasing services to clients in the food and pharmaceuticals sector which saw strong growth and also engaged in cross-selling high margin services such as the storage of goods at the company's managed warehouse in Bolszewo.

In April 2020, the board of directors of 1923 Investments approved and concluded the purchase of a ship-to-ship transfer services business from Teekay Tankers Limited for \$26m. For the purpose of this Analysis, this acquired business is referred to as "**STS Marine Solutions**".

Acknowledging the synergies between Carmelo Caruana Marine Solutions Limited and the newly acquired business, 1923 Investments resolved to transfer STS Marine Solutions Limited and Carmelo Caruana Marine

Limited to Hili Logistics. This transaction was concluded in Q4 2020. In terms of other operational developments occurring during FY20, 1923 Investments also discontinued the freight forwarding business in Q3 2020 to focus primarily on ship agency, ship-to-ship services and warehousing in Malta.

Total revenue generated under the logistics and transport services arm of the Guarantor amounted to €24.2m during FY20, representing 5% of the Guarantor's total revenue.

1.4.2.5 Real Estate Operations

The Guarantor's real estate operations are conducted by Hili Properties. The principal objective of Hili Properties is to purchase or otherwise acquire, under any title whatsoever, to hold and manage, by any title, movable and immovable property or other assets, both locally and overseas. As at 31 August 2021, the property portfolio of Hili Properties consists of 23 properties valued at *circa* €116m.

During FY20, Hili Properties disposed of its shareholding in SIA Tukuma Projekts for a total consideration of *circa* €1.8m. In terms of acquisitions, Hili Properties acquired a plot of land measuring 2,070m² located in Romania.

Total rental income generated during FY20 amounted to €5.3m, representing 1.1% of the Guarantor's total revenue (FY19: 1.3%).

More recently, Hili Properties raised *circa* €27.2m through an equity listing on the Malta Stock Exchange, with the proceeds earmarked for the purchase of a number of properties across Europe.

1.4.2.6 Engineering Services

Engineering services mainly relate to revenue derived from the operations of HV Marine's subsidiary, Motherwell Bridge Industries Limited ("Motherwell Bridge").

In FY20, revenue generated by Motherwell Bridge amounted to €9.1m, reflecting an improvement of 30.1% when compared to FY19. FY20 was an exceptional year for Motherwell Bridge as it executed a number of projects in the Middle East.

1.5 COVID-19 impact on the Group's operational and financial performance

In view of the developments pertaining to the COVID-19 pandemic, the directors of the Guarantor are evaluating on an ongoing basis the performance and projections of the various subsidiaries and the effect that similar business disruption might have on the profitability, liquidity of the Guarantor in the future.

During FY20, the pandemic-related disruptions have had a significant impact on the general economy. However, operating and forecasted results show that the Guarantor's operations have shown resilience to any negative impact being experienced by the general economy.

The performance of the Group for the year ending 31 December 2021 is expected to persevere through the ongoing operations and the projected investment across its divisions.

Liquidity Measures

Notwithstanding the COVID-19 situation remaining relatively fluid and unclear, management explained that the Group's capital and liquidity

position continues to be adequate to satisfy the Group's obligations when they fall due.

Costs Containment Measures

During 2020 the Group kept a watchful eye on its operating costs and capital expenditure and this outlook is reflected in the projections for 2021.

Assumptions undertaken in projections utilised for the purpose of this document

In arriving at its projections, management reviewed the budget of 2021 prepared late last year together with the performance seen in the first six months of 2021. In addition, management further noted that the anticipated improvement in revenue in addition to that projected in the 2021 Financial Analysis Summary, primarily relates to more visibility in which the Group has currently in hand, both vis-à-vis the pandemic developments, as well as the Group ongoing projects.

Concluding remarks

In view of the aforementioned projections, the directors have assessed the reserves and financing available to the Guarantor and are confident that these are adequate to support the Guarantor in the foreseeable future. Management confirmed that the Issuer has sufficient resources at its disposal to honour its existing bond interest payment obligations.

1.6 Related Party Securities

Hili Finance Company plc is part of the Hili Ventures Group. Within the same group, 1923 Investments plc, Premier Capital plc and Hili Properties plc (all sister companies of Hili Finance Company plc) have the following securities. This table also includes the Issuer's securities:

Security ISIN	Security name	Amount Listed (€)
MT0001891200	3.85% Hili Finance Company plc Unsecured 2028	40,000,000
MT0001891218	3.8% Hili Finance Company plc Unsecured 2029	80,000,000
MT0000941204	4.5% Hili Properties plc Unsecured 2025	37,000,000
MT0000841206	5.1% 1923 Investments plc Unsecured 2024	36,000,000
MT0000511213	3.75% Premier Capital plc Unsecured 2026	65,000,000
MT0000940107	Hili Properties plc Ordinary Shares	27,300,000
MT0002370105	Harvest Technology plc Ordinary Shares	34,170,954

1.7 Impact of increased monitoring imposed by the Financial Action Task Force (FATF)

At a FATF plenary held between 21 June 2021 and 25 June 2021, it was decided that Malta should be put under increased monitoring. The financial projections in this Analysis do not take into consideration any effect that this might potentially have on the operations of the Guarantor.

PART 2 - HISTORICAL PERFORMANCE AND FORECASTS

The financial information in sections 2.1 to 2.3 is extracted from the audited financial statements of Hili Finance Company plc for the financial years ended 31 December 2018, 2019, and 2020. The financial information in section 2.4 to 2.6 is extracted from the audited financial statements of Hili Ventures Limited for the financial years ended 31 December 2018, 2019, and 2020. In addition, these sections also comprise the interim financial results as at 30 June 2020 and 30 June 2021 for each of the Issuer and the Guarantor respectively.

The projected financial information for the year ending 31 December 2021 and 31 December 2022 has been provided by the Group's management. This financial information relates to events in the future and are based on assumptions which the Group believes to be reasonable. Consequently, the actual outcome may be adversely affected by unforeseen situations and the variation between forecast and actual results may be material.

2.1 Issuer's Statement of Comprehensive Income

Hili Finance Company p.l.c. Statement of Comprehensive Income

	2018A	2019A	2020A	H1 2020	H1 2021	2021F	2022P
	€000	€000	€000	€000	€000	€000	€000
Finance income	817	3,057	5,496	2,743	2,755	5,509	8,008
Finance costs	(686)	(2,631)	(4,682)	(2,340)	(2,337)	(4,673)	(6,710)
Net finance income	131	426	814	403	418	836	1,298
Administrative expenses	(30)	(42)	(41)	(19)	(25)	(48)	(41)
Profit before tax	101	384	773	384	393	788	1,257
Taxation	(46)	(145)	(282)	(141)	(145)	(289)	(452)
Total profit and other comprehensive income	55	239	491	243	248	499	805

Ratio Analysis

Profitability

	2018A	2019A	2020A	H1 2020	H1 2021	2021F	2022P
Gross Margin (Net finance income / Finance income)	16.0%	13.9%	14.8%	14.7%	15.2%	15.2%	16.2%
Net Margin (Profit for the year / Finance income)	6.7%	7.8%	8.9%	8.9%	9.0%	9.1%	10.1%

The Issuer was set up as a finance company, therefore, its revenue consists of interest income generated on the funds advanced to group companies.

In the audited financial statements for FY20, the Issuer reported finance income levels slightly above those projected for the same year, an increase of 0.16%.

However, when compared to FY19, finance income jumped by just below 80% or *circa* €2.4m, as the Issuer reported an increase in interest receivable on a loan it advanced to the parent company.

Expectedly, for the same year, finance costs increased by just over €2m or 78%, reflecting a full year of interest on the newly issued 3.8% Hili Finance Company plc 2029 bond back in July 2019.

Overall, gross margins increased by just below 1%, when compared to FY19, while when compared to the projected period this was marginally lower by 0.36%. The said margins reflect net finance income of €0.8m and €0.4m for FY20 and FY19, respectively.

Administrative expenses, which mainly comprise audit fees and director fees, remained flat, while total comprehensive income increased to €491k, reflecting the increase in finance income.

For FY21 the issuer is not foreseeing any material changes in its statement of comprehensive to the figures reported in FY20.

The Issuer's finance income and profitability are expected to increase by 45.4% and 61.3% respectively during FY22, mainly reflecting the proceeds of this proposed bond issue.

2.2 Issuer's Statement of Financial Position

Hili Finance Company p.l.c. Statement of Financial Position	2018A	2019A	2020A	H1 2021	2021F	2022P
	€000	€000	€000	€000	€000	€000
Assets						
Non-current assets						
Loans owed by parent company	41,931	121,931	122,481	122,411	122,411	172,411
Total non-current assets	41,931	121,931	122,481	122,411	122,411	172,411
Current assets						
Trade and other receivables	829	2,405	2,299	5,015	2,403	2,507
Cash and cash equivalents	60	18	3	10	370	1,149
Total current assets	889	2,423	2,302	5,025	2,773	3,656
Total assets	42,820	124,354	124,783	127,436	125,184	176,067
Equity						
Equity and reserves	2,055	2,294	2,785	3,033	3,284	4,089
Liabilities						
Non-current liabilities						
Debt securities	40,000	120,000	120,000	120,000	120,000	170,000
Current liabilities						
Trade and other payables	765	2,060	1,998	4,403	1,900	1,978
Total liabilities	40,765	122,060	121,998	124,403	121,900	171,978
Total equity and liabilities	42,820	124,354	124,783	127,436	125,184	176,067

The company's assets are comprised of interest-bearing securities loaned to the parent company, while liabilities reflect predominately the issued bond securities of €40m and €80m offered to the public in 2018 and 2019, respectively.

Apart from this proposed bond of €50m, which inevitably is expected to result in a simultaneous increase in the Issuer's assets and liabilities, to date, no material changes are envisaged for FY22.

2.3 Issuer's Statement of Cash Flows

Hili Finance Company p.l.c. Statement of Cash Flows	2018A	2019A	2020A	H1 2020	H1 2021	2021F	2022P
	€'000s	€'000s	€'000s	€'000s	€'000s	€'000s	€'000s
Operating profit before working capital movement	101	384	773	384	392	788	1,257
<i>Adjustments for:</i>							
Interest income	(816)	(3,057)	(5,496)	(2,743)	(2,755)	(5,509)	(8,008)
Interest expenses on debt securities issued	667	2,589	4,580	2,290	2,290	4,580	6,580
Opening loss before working capital movement	(48)	(84)	(143)	(69)	(73)	(141)	(171)
Movement in working capital	39	(23)	20	58	46	1,036	1,332
Income tax paid	-	(166)	(180)	-	(29)	(527)	(452)
Net cash flows generated from/(used in) operating activities	(9)	(273)	(303)	(11)	(56)	368	709
Net cash flows generated from/(used in) investing activities	(41,931)	(78,355)	4,858	-	70	-	(49,930)
Net cash flows generated from/(used in) financing activities	42,000	78,586	(4,570)	-	-	-	50,000
Movement in cash and cash equivalents	60	(42)	(15)	(11)	14	368	779
Cash and cash equivalents at start of year	-	60	18	18	3	3	371
Cash and cash equivalents at end of year	60	18	3	7	17	371	1,150

Given the purpose of the Issuer, that of acting as a financing vehicle for the Guarantor, looking at cash flows from investing activities would be more appropriate.

Indeed, FY19 reflects the issuance of the €80m 3.8% Hili Finance Company plc 2029 bond, as an investment in the parent company, while when looking at the same comparable period in FY20, a loan of €0.6m was credited to the parent company, thus relatively to FY19, loan advances were minimal.

As expected, the Issuer reported a jump in interest received, that of €3.8m reflecting namely interest on the €40m bond issuance in 2018, and a year of full interest on the €80m announced in July 2019.

Looking at financing activities within the cash flow statement, no financing activities were noted in FY20, while in FY19 the noticeable movements were the €80m bond issue.

In FY20 the Issuer reported a marked increase of €3.1m in interest paid - the increase predominately reflecting the increase in debt issuance as a source of funding in the Issuer's financing structure.

Similarly, the projected investing and financing activities for FY22 reflect the €50m proposed bond issue.

2.4 Guarantor's Statement of Comprehensive Income

Hili Ventures Limited Consolidated Statement of Comprehensive Income	2018A	2019A	2020A	H1 2020	H1 2021	2021F	2022P
	€'000s	€'000s	€'000s	€'000s	€'000s	€'000s	€'000s
Revenue	427,410	490,567	483,237	215,490	262,291	580,778	638,883
Cost of sales	(330,626)	(362,764)	(359,889)	(177,708)	(194,556)	(436,225)	(479,095)
Gross profit	96,784	127,803	123,348	37,782	67,735	144,553	159,788
Net operating expenses ¹	(53,739)	(62,826)	(55,777)	(9,340)	(29,651)	(62,220)	(62,698)
EBITDA	43,045	64,977	67,571	28,442	38,084	82,333	97,090
Depreciation and amortisation	(15,731)	(27,210)	(29,935)	(20,756)	(14,827)	(30,087)	(32,370)
EBIT	27,314	37,767	37,637	7,686	23,257	52,246	64,720
Net investment income/(loss)	644	5,765	913	333	376	3,697	4,023
Net finance costs	(12,187)	(17,055)	(19,476)	(8,899)	(8,894)	(18,180)	(21,720)
Profit before tax	15,771	26,477	19,074	(880)	14,739	37,763	47,023
Taxation	(3,959)	(3,887)	(3,825)	(1,305)	(3,426)	(8,137)	(10,440)
Profit/(loss) after tax from continuing operations	11,812	22,590	15,250	(2,185)	11,313	29,626	36,583
Loss for the year from discontinued operations	-	-	-	-	-	-	-
Profit/(loss) for the year	11,812	22,590	15,250	(2,185)	11,313	29,626	36,583
Other comprehensive income							
Movement on available-for-sale investments	(39)	(16)	(21)	(12)	7	-	-
Exchange differences - foreign operations	(2,311)	(793)	(5,758)	(2,161)	548	583	-
Other comprehensive income	-	-	-	-	-	-	-
Gain on revaluation of assets	4,244	8,156	4,200	301	214	295	789
	1,894	7,347	(1,579)	(1,872)	769	878	789
Total comprehensive income	13,706	29,937	13,670	(4,057)	12,082	30,504	37,372

Ratio Analysis²	2018A	2019A	2020A	H1 2020	H1 2021	2021F	2022P
Profitability							
Growth in Revenue (YoY Revenue Growth)	7.8%	14.8%	-1.5%	n/a	21.7%	20.2%	10.0%
EBITDA Margin (EBITDA / Revenue)	10.1%	13.2%	14.0%	13.2%	14.5%	14.2%	15.2%
Operating (EBIT) Margin (EBIT / Revenue)	6.4%	7.7%	7.8%	3.6%	8.9%	9.0%	10.1%
Net Margin (Profit for the year / Revenue)	2.8%	4.6%	3.2%	-1.0%	4.3%	5.1%	5.7%
Return on Common Equity (Net Income / Average Equity)	14.0%	23.0%	14.1%	n/a	8.6%	22.6%	22.0%
Return on Assets (Net Income / Average Assets)	2.9%	4.2%	2.4%	n/a	1.7%	4.4%	4.9%
Return on capital employed (EBITDA/ Total Assets - Current Liabilities)	11.9%	12.6%	13.0%	n/a	7.1%	13.3%	14.7%

**The above presented 2021 consolidated projections are based on information provided by management. However, the 2021 financial projections concerning Harvest Technology plc are based on information available to the public issued via a Company Announcement issued on 9 December 2020 titled 'Review of 2020 performance and outlook for 2021'. These projections were further reiterated by Harvest through another Company Announcement issued on 4 November 2021 titled Declaration of Interim Dividend and Update to Market.*

¹ The Group management measures its performance based on EBITDA which includes the results of Joint Ventures

² Ratio analysis may not agree with prior FASs, due to a change in the calculation methodology or rounding of figures

As noted from the above financial data, the Guarantor's revenue during FY20 amounted to €483.2m, which represents a decline of 1.5% when compared to FY19 (€490.6m). Management noted that this drop in revenue is mainly attributable to the business disruptions brought about by the pandemic, namely in relation to the Guarantor's restaurant operations.

During FY20, revenue derived from 'restaurant operations' declined by 6.5% or €22.3m, from €341.3m in FY19 to €319m in FY20. In view of the constantly changing restrictions imposed by national authorities to contain the virus spread, dine-in service was suspended across most restaurants whereby customers were mainly served through drive-through and delivery. Delivery charges had a significant impact on the cost structure of the quick service restaurant business. Although the Guarantor's restaurants increased to 159 stores during FY20, the implications brought about by the pandemic resulted in a decline in average revenue per restaurant generated during the year.

Revenue from the IT retail and consumer electronic product premium reseller business increased by €5.1m or 5% to €106.5m in FY20 (FY19: €101.5m). As the COVID-19 pandemic accelerated a structural shift in demand towards digital commerce, the Guarantor, through iSpot, shifted its offering online to mitigate the impact of non-physical store footfall. Inevitably, this resulted in an increase in e-commerce business during FY20, with management attributing this surge in online sales to the effective marketing strategies implemented by iSpot throughout the year.

The strong financial performance registered by Harvest was primarily derived by the commencement of a project in Mauritius, increased proliferation of products, and an increase in demand for online payments particularly since the onset of COVID-19.

The logistics segment has also been impacted by the pandemic. Inevitably, the restrictions imposed by countries on movement and flow of goods have resulted in consequent supply chain disruptions during the year. Similarly, the drop in demand and consumption of non-essential goods has also reduced manufacturing output, thereby impacting volumes of cargo. As a result of temporary closure of factories in China, an initial slowdown was noted in 2020 which was compensated by increases in volumes in the later part of the year at favourable container rates. This brought about positive results for the segment. Furthermore, the FY20 results include an amount of €9.8m representing eight months of revenue derived from the newly acquired business in STS Marine Solutions. This operation suffered a slowdown in FY20 primarily due to the restriction of worldwide travel.

In terms of the Guarantor's real estate operations segment, FY20 revenue amounted to €5.3m (FY19: €6.6m). This drop in revenue is mainly attributable to the disposal of an office building in Malta during FY19. No further acquisitions of a similar size were made during the course of the year.

Revenue from engineering services improved to €9.1m during FY20 (FY19: €7m), mainly as a result of two major projects in the Middle East as explained earlier on in this Analysis.

The Guarantor is expecting revenue to improve to €580.2m for FY21, illustrating an overall anticipated improvement of 20.2% over FY20. Management noted that the anticipated improvement in revenue in addition to what the Group projected in the 2021 Financial Analysis Summary primarily relates to the fact that the Group is now in a better position and has more clarity *vis-à-vis* the financial performance of 2021.

Apart from being based on a gradual recovery from the COVID-19 pandemic across all subsidiaries, as well as an increase in tourism levels, as evidenced in the latest interim financial statements (H121: +21.7%), the main revenue assumptions concerning each of the Guarantor's operating business lines are set out below:

- **Restaurant operations:** Revenue from restaurant operations is expected to grow to €397.4m during FY21, representing an anticipated increase of 24.6% based on the actual performance of the majority of FY21. Notably, this improvement across the projected period is attributable to an uptick in tourism as well as an increase in the company's overall number of stores.
 - **IT retail sales:** Moving into FY21, revenue specifically derived from this segment is projected to increase to €148.6m, reflecting an overall improvement of 18.3% over FY20. Specifically, in terms of the sale of IT retail and consumer electronic products, management explained that throughout the first half of FY21, and also moving into the latter parts of the year, iSpot experienced a sustained increase in demand for its products, both through online sales as well as increased in-store movement. The appetite for technology-related products and services is expected to remain in place throughout the remaining months of FY21. This projected performance is also attributable to the opening of two outlets occurring in the first half of the current financial year.
- In terms of Harvest's operations, which also falls under this business division of the Group, management also intends to obtain improved results during FY21, predominantly through an increase in its international presence and diversification in the industries it services, extending its partner networks and introducing new online payment products and services.
- **Logistics and transport services:** Revenue from the logistics and transport division is anticipated to amount to €21.6m, which now includes a full year of operations of STS Marine Solutions.
 - **Real estate operations:** Rental income from properties is projected on the contractual rental agreements that the Group currently has in place with its tenants.
 - **Engineering services:** Projected results for this division assumes no additional international contracts during FY21.

Revenue Segmental Analysis	2018A	2019A	2020A	H1 2020	H1 2021	2021F	2022P
	€'000s	€'000s	€'000s	€'000s	€'000s	€'000s	€'000s
Restaurant operations	293,650	341,281	318,955	143,129	185,142	397,444	443,838
IT retail sales	105,275	118,468	125,607	52,964	55,717	148,631	146,593
Logistics and transport services	16,397	17,279	24,177	11,303	15,527	21,617	31,035
Rental operations	5,250	6,547	5,278	2,633	2,667	5,652	8,412
Engineering services	6,838	6,992	9,100	5,462	3,239	7,434	9,005
Management services	-	-	120	-	-	-	-
Total	427,410	490,567	483,237	215,492	262,292	580,778	638,883

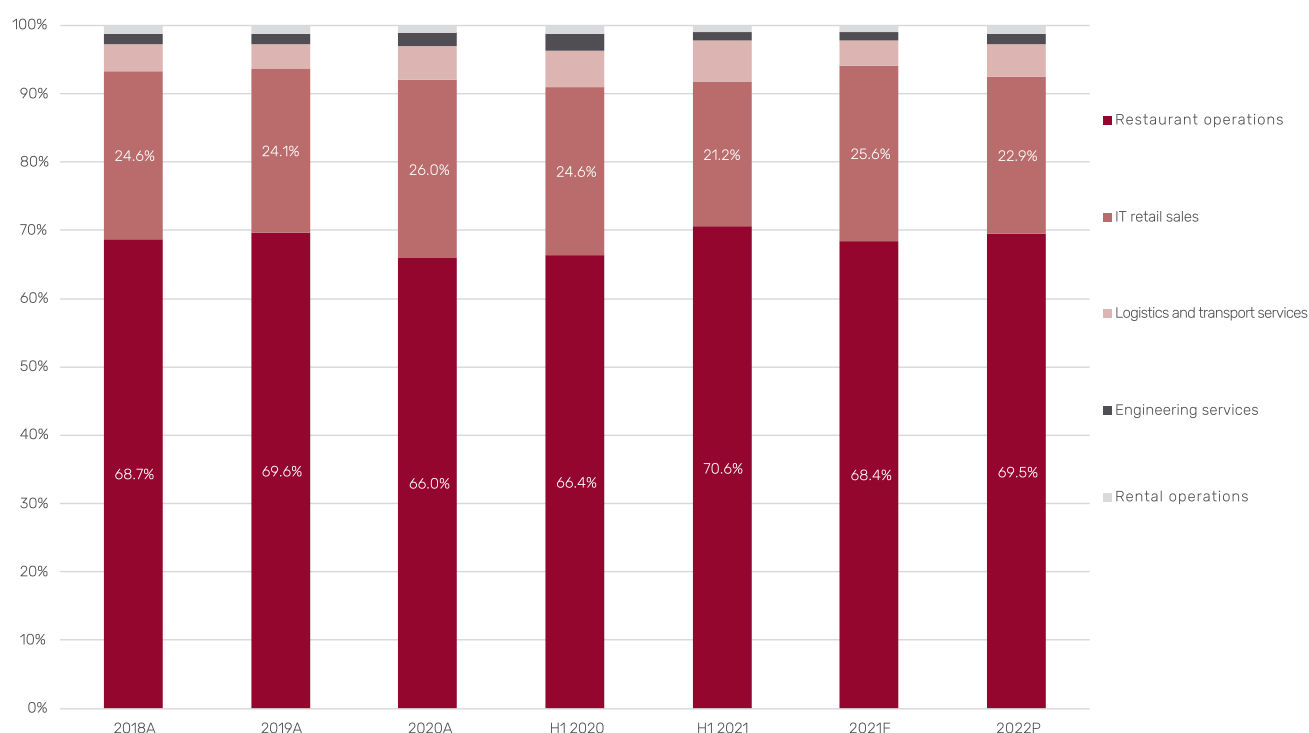
% of total revenue

Restaurant operations	68.7%	69.6%	66.0%	66.4%	70.6%	68.4%	69.5%
IT retail sales	24.6%	24.1%	26.0%	24.6%	21.2%	25.6%	22.9%
Logistics and transport services	3.8%	3.5%	5.0%	5.2%	5.9%	3.7%	4.9%
Rental operations	1.2%	1.3%	1.1%	1.2%	1.0%	1.0%	1.3%
Engineering services	1.6%	1.4%	1.9%	2.5%	1.2%	1.3%	1.4%
Management services	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

% growth

Restaurant operations	11.5%	16.2%	-6.5%	n/a	29.4%	24.6%	11.7%
IT retail sales	25.4%	12.5%	6.0%	n/a	5.2%	18.3%	-1.4%
Logistics and transport services	-28.4%	5.4%	39.9%	n/a	37.4%	-10.6%	43.6%
Rental operations	14.4%	24.7%	-19.4%	n/a	1.3%	7.1%	48.8%
Engineering services	-22.6%	2.3%	30.1%	n/a	-40.7%	-18.3%	21.1%
Management services	0.0%	0.0%	100.0%	n/a	0.0%	-100.0%	0.0%
Total growth	11.4%	14.8%	-1.5%	n/a	21.7%	20.2%	10.0%

Guarantor's Revenue Segmental Analysis



In view of marginal decline in revenue discussed above, the Guarantor's cost of sales (excluding depreciation) amounted to €359.9m during FY20, which is relatively in line with that incurred in FY19. This is expected to increase to €436.2m during FY21, reflecting the aforementioned expected overall improvement in revenue.

The Guarantor's net operating expenses during FY20 decreased to €55.8m (FY19: €62.8m). Management noted that this drop in operating expenses is mainly attributable to a cost mitigation exercise implemented throughout the pandemic across all subsidiaries, with the aim of safeguarding the Guarantor's liquidity and profitability.

The efforts made by the Group during 2020 resulted in an improvement in EBITDA of 4% amounting to €67.6m (FY19: €65m). The majority of the Group's EBITDA during FY20 (76%) was generated by Premier through its quick service restaurants.

Pursuant to an anticipated improvement across all subsidiaries from continuing operations, the Group's EBITDA is expected to increase to €82.3m in FY21.

The depreciation and amortisation charge during FY20 increased to €29.9m (FY19: 27.2m), mainly on account of the opening of new stores concerning the Guarantor's restaurant operations. This is expected to increase to *circa* €30.1m in FY21, primarily due to a full year of depreciation at STS Marine Solutions as well as capital expenditure in new equipment at STS. This increase is also attributable to the capital expenditure undertaken in the first half of 2021 regarding the opening of the new outlets at iSpot level in Poland as well as the opening of new stores concerning the retail operation of the Guarantor.

Finance costs mainly consist of interest incurred on the bonds issued by companies within the Group, in addition to finance costs on bank borrowings and finance lease liabilities (IFRS 16). Net finance costs increased from €17.1m in FY19 to €19.5m in FY20, with this increase also being attributable to the full year of interest on the newly issued 3.8% Hili Finance Company plc 2029 bond issued in July 2019. Finance costs are expected to increase to €21.7m during FY22, reflecting the additional interest which the Group is expected to incur following this proposed bond issue.

Although the Guarantor registered an improvement in EBITDA from FY19 to FY20, profit before tax amounted to €19.1m when compared to €26.5m in FY19. This is a result of the increase in depreciation charge during the year, the aforementioned elevated level of finance costs, and investment income earned in FY19.

Profit before tax is expected to improve to €37.8m during FY21 with management noting that this anticipated improvement is predominantly related to the expected recovery at Premier, a strong year at iSpot, and an overall expected improvement across the majority of the Guarantor's subsidiaries.

Broadly speaking, in view of the important considerations discussed above, the Group is projecting profit for the year to increase from €15.2m in FY20 to €29.6m in FY21, reflecting an anticipated improved net profit margin of 5.1% (FY20: 3.2%). Additionally, in view of the projected continued revenue improvement in FY22, the Group's net profit margin is expected to amount higher at 5.7%. It is also key to note that such projected improvement in profitability and financial performance are also reflected in other key profitability metrics including return on common equity (FY20: 14.1% vs FY21: 22.6%) and return on assets (FY20: 2.4% vs FY21: 4.4%).

2.5 Guarantor's Statement of Financial Position

Hili Ventures Limited						
Statement of Financial Position	2018A	2019A	2020A	H1 2021	2021F	2022P
	€'000s	€'000s	€'000s	€'000s	€'000s	€'000s
Assets						
Non-current assets						
Goodwill and other intangibles	101,432	98,174	106,330	106,607	106,109	96,893
Property, plant and equipment	124,760	202,171	214,445	215,616	225,559	242,406
Investment property	79,654	72,605	64,727	64,717	66,351	113,265
Right-of-use assets	-	80,918	80,582	80,353	79,882	81,962
Other non-current assets	37,833	33,495	38,257	38,462	33,708	65,391
Loans and receivables	11,577	2,817	14,338	18,588	18,658	19,098
Trade and other receivables	2,351	2,296	1,984	1,960	2,071	6,070
Restricted cash	831	1,192	1,583	1,988	1,845	2,381
Total non-current assets	358,438	493,668	522,246	528,291	534,183	627,466
Current assets						
Inventory	22,684	19,040	17,714	19,613	20,576	20,755
Trade and other receivables	20,554	22,930	23,508	25,101	29,200	24,552
Other assets	13,083	27,039	13,159	8,681	5,855	8,511
Cash and cash equivalents	40,355	66,238	47,596	63,255	78,802	90,749
Total current assets	96,676	135,247	101,977	116,650	134,433	144,567
Total assets	455,114	628,915	624,223	644,941	668,616	772,033
Equity						
Equity and reserves	86,390	110,128	106,811	114,049	155,317	177,341
Total equity	86,390	110,128	106,811	114,049	155,317	177,341
Liabilities						
Non-current liabilities						
Debt securities in issue	175,628	254,916	255,338	255,549	255,760	305,937
Trade and payables	1,620	940	592	935	1,051	1,319
Bank loans and other financial liabilities	90,613	73,124	74,512	83,679	73,040	86,439
Lease liabilities	-	71,948	74,883	75,842	74,730	75,598
Deferred tax liabilities	6,476	5,501	8,655	8,493	8,750	12,270
Total non-current liabilities	274,337	406,429	413,980	424,498	413,331	481,563
Current liabilities						
Trade and other payables	67,914	68,413	65,697	74,706	69,016	68,233
Bank loans, overdrafts and other financial liabilities	21,749	28,853	24,897	15,856	16,649	28,394
Lease liabilities	-	11,111	9,472	9,428	9,610	11,891
Current tax liability	4,724	3,981	3,366	6,404	4,693	4,611
Total current liabilities	94,387	112,358	103,432	106,394	99,968	113,129
Total liabilities	368,724	518,787	517,412	530,892	513,299	594,692
Total equity and liabilities	455,114	628,915	624,223	644,941	668,616	772,033
Ratio Analysis³	2018A	2019A	2020A	H1 2021	2021F	2022P
Financial Strength						
Gearing 1 (Net Debt / Net Debt and Total Equity)	74.1%	77.2%	78.6%	76.8%	69.3%	70.2%
Gearing 2 (Total Liabilities / Total Assets)	81.0%	82.5%	82.9%	82.3%	76.8%	77.0%
Net Debt / EBITDA	5.8x	5.8x	5.8x	9.9x	4.3x ⁴	4.3x
Current Ratio (Current Assets / Current Liabilities)	1.0x	1.2x	1.0x	1.1x	1.3x	1.3x
Quick Ratio (Current Assets - Inventory / Current Liabilities)	0.8x	1.0x	0.8x	0.9x	1.1x	1.1x
Interest Coverage 1 (EBITDA / Cash interest paid)	4.0x	5.0x	4.7x	18.4x	5.6x	5.4x
Interest Coverage 1 (EBITDA / Finance Costs)	3.5x	3.8x	3.5x	4.3x	4.5x	4.5x

³ Ratio analysis may not agree with prior FASs, due to a change in the calculation methodology or rounding of figures

⁴ The decline in Net Debt/ EBITDA in comparison to previous years is attributable to additional borrowings undertaken by the Guarantor which is at present not being backed up by returns.

Total non-current assets as at 31 December 2020 amounted to €522.2m (FY19: €493.7m), and principally comprise of goodwill and intangible assets at €106.3m, property, plant and equipment at €214.4m, investment property at €64.7m and right-of-use amounting to €80.6m. While the increase in the Guarantor's goodwill during FY20 primarily relates to the acquisition of STS Marine Solutions in April 2020, the increase in loans and receivables of €11.2m is mainly as a result of a reclassification between current and non-current portions of loans and receivables. In addition, the increase in property, plant and equipment over the period FY19-FY20, is attributable to the capital expenditure incurred in relation to the opening of new restaurants at Premier.

Total non-current assets in FY21 are projected to amount higher to €534.2m. Management confirmed that this anticipated increase is mainly due to projected capital expenditure and acquisition of investment property.

Management noted that the main difference in the updated projections as compared to the previous projections set out in the 2021 Financial Analysis Summary, primarily relate to certain assumptions at Hili Properties which were later revised following publication of the said analysis. Ultimately, this has resulted in the Group projecting an overall updated lower investment property figure for FY21.

Other major differences in comparison to previous projections include a lower projected figure for loans and receivables listed under non-current liabilities. Management reported that this variance ultimately relates to the fact that in the previous projections, non-current trade and other receivables were re-classified together under one line item.

Additionally, current assets which mainly comprise of inventory, trade and other receivables, as well as cash and cash equivalents, amounted to €102m during FY20 (FY19: €135.2m). Management attribute this decline in current assets to the utilisation of cash resources to fund the acquisition of the minority share in the quick service restaurant business in Romania.

It is also key to note that the differences stemming from the original FY21 projections to the current assumptions vis-à-vis trade and other receivables predominantly relate to changes in working capital.

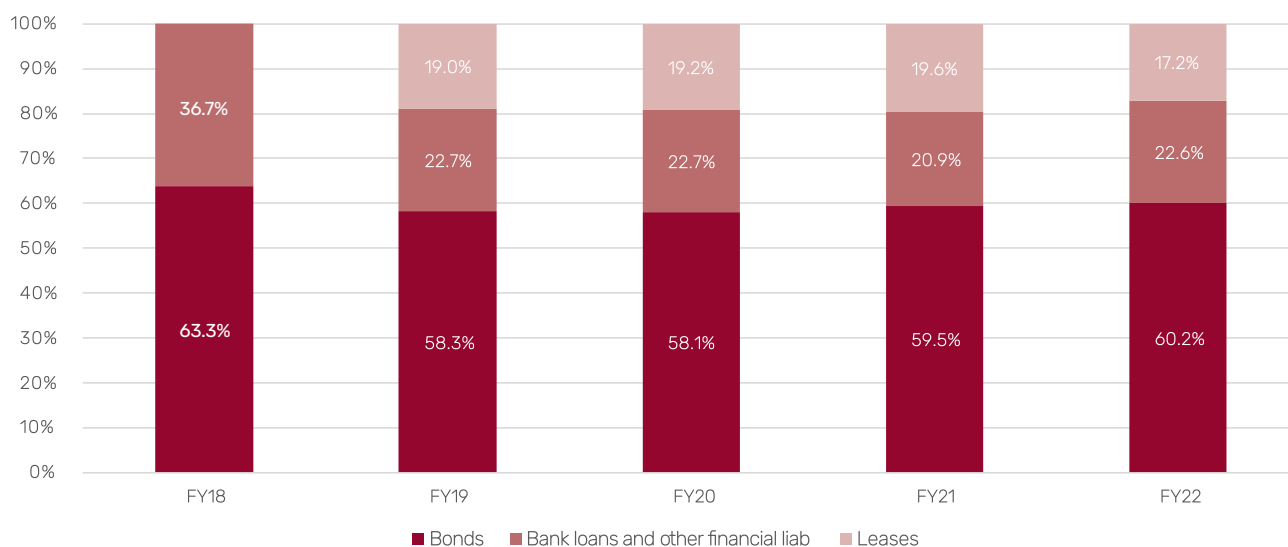
The Guarantor's cash reserves are anticipated to increase to €78.8m during FY21 as a result of proceeds from additional financing undertaken by the Group during the year. Importantly, the uplift in cash and cash equivalents in comparison to prior projections relates to an overall improved financial performance at Group level as clearly noted in section 2.4 of this Analysis. Total assets are projected to amount to €668.6m in FY21.

Total financial debt, which is primarily composed of debt securities, borrowings, other financial liabilities and lease liabilities, amounted to €439.1m during FY20, which is relatively at the same level of the prior year. The Guarantor's total debt is expected to increase to €508.3m in FY22 as a result of additional borrowings to finance further growth.

Notwithstanding the above, the Group's FY21 gearing 1 ratio is expected to taper down to 69.3%, predominantly as a result of the simultaneous increase in total equity due to the equity listing of Hili Properties which took place during the year. In similar terms, total liabilities/total assets is also expected to amount lower during FY21 and stand at 76.8% (FY20: 82.9%).

An overview of the Guarantor's debt structure is set out the chart presented below. Furthermore, total liabilities are projected to amount to €513.3m during FY21, compared to €517.4m in the previous year. This increase in liabilities reflects additional borrowings expected to be secured by the Guarantor during FY21. Nevertheless, the main variance in the newly updated projections vis-à-vis the FY21 total liabilities predominantly relate to the delay in the issuance of this proposed bond, which is now earmarked for FY22.

Debt Structure



2.6 Guarantor's Statement of Cash Flows

Hili Ventures Limited							
Statement of Cash Flows	2018A	2019A	2020A	H1 2020	H1 2021	2021F	2022P
	€'000s	€'000s	€'000s	€'000s	€'000s	€'000s	€'000s
Net cash flows from continuing operations	50,842	67,148	63,064	31,830	44,581	90,587	88,912
Interest paid	(10,788)	(12,897)	(14,496)	(1,695)	(2,065)	(14,650)	(17,850)
Income tax paid/refund	(3,793)	1,153	2,521	(21)	(5,303)	(14,224)	(9,113)
		(5,606)	(3,683)				
Net cash flows generated from operating activities	36,261	48,645	44,885	30,114	37,213	61,713	61,949
Net cash flows generated from/(used in) investing activities	(34,516)	(65,911)	(48,617)	(21,949)	(10,964)	(21,703)	(96,649)
Net cash flows generated from/(used in) financing activities	8,484	42,152	(14,172)	(9,077)	(6,408)	(4,764)	46,410
Movement in cash and cash equivalents	10,229	24,886	(17,904)	(912)	19,841	35,246	11,710
Cash and cash equivalents at start of year	23,707	33,832	59,445	59,445	41,887	41,887	77,133
Effects of movements in exchange	(104)	727	346	-	-	-	-
Cash and cash equivalents at end of year	33,832	59,445	41,887	58,533	61,728	77,133	88,843
Ratio Analysis	2018A	2019A	2020A	H1 2020	H1 2021	2021F	2022P
Cash Flow							
Free Cash Flow (Net cash from operations + Interest - Capex)	€18,325	€(26,036)	€39,349	€21,793	€28,763	€54,660	€45,000

Net cash flows from operations during FY20 show a 6% decline or €4m when compared to FY19. The decline was predominately brought about by the movements in working capital which were a consequence of the interruptions to operations during FY20 together with timing of contractual revenues derived by Harvest. The Group's working capital was also impacted by a reduction in payables of €3.7m, as the company reduced its dues with counterparties. In addition, contracted liabilities were lower by just over €1m in 2020, a contrasting figure relative to 2019 in which the company reported a positive number.

Looking at the other components forming part of net cash flows from operating activities, interest paid increased by just below €1.6m, an increase which reflects the first interest paid on the bond issued by Hili Finance Company plc in 2019.

Driven by current and new operations, management further noted that based on the Group's financial performance during H120, and in view of the continued improvement and recovery from the pandemic in the consequent months, the Group is projecting net cash flows from operating activities to improve to €61.7m. This is expected to marginally improve to €61.9m during FY22.

In 2020, cash flows from investing activities decreased by €17.3m when compared to 2019, as the Group acquired a non-controlling interest in subsidiaries amounting to €11.5m, while it paid €24.7m for the acquisition of the STS business within 1923 Investments. While the Group is projecting net cash used in investing activities to amount to €21.7m during FY21, the Group is projecting net cash outflows from investing activities to amount within the region of €96.6m during FY22, predominantly on the back of the continued expansion plans of the group.

Net cash flows from financing activities in period under review were negative €14.1m reflecting the payment of bank loans, lease obligations and amounts related to third parties.

PART 3 - KEY MARKET AND COMPETITOR DATA

3.1 European Economic Update⁵

The EU economy is rebounding from the pandemic recession faster than expected. Specifically, households responded to the improving epidemiological situation and the gradual relaxation of containment measures with a spending spree that propelled EU private consumption growth to 3.3% q-o-q. The rebound of economic activity was broad-based, with all components of domestic demand contributing positively to the 2.0% q-o-q rebound in GDP.

Moreover, economic indicators suggest that growth continued in the summer, also underpinned by a revival of intra-EU travel that benefited in particular EU touristic regions. The projected growth rate of 2.1% for the third quarter, allowed the EU as a whole to virtually close the gap with its pre-pandemic output level and move from recovery into expansion.

Nevertheless, in view of recent developments, new headwinds to the economic outlook are mounting. Notably, the supply side of the economy struggles to keep pace with the abrupt swings in the level and composition of global demand. This affects several key industries, including global logistics and the production of raw materials and microprocessors. Sporadic localised pandemic-related lockdowns together with emerging labour shortages add to the disruptions.

Surging energy prices, most notably for natural gas and electricity, are also expected to dampen the growth momentum in the short term. After falling sharply in 2020, energy prices have increased at a tumultuous pace over the second half of 2021 and are now above pre-pandemic levels. High wholesale energy prices are making their way to retail prices for households and producers, though at a varying degree and pace across countries, with potential knock on effects on consumption and business investment.

Despite these headwinds, the EU is projected to keep expanding over the remainder of the year, achieving a growth rate of 5.0% for 2021 as a whole, 0.2 pps higher when compared to previous expectations.

In 2022, the propelling forces of the re-opening are set to fade out, while supply bottlenecks loosen and energy prices decline. Growth is expected to be supported by an improving labour market, still high savings, favourable financing conditions and the full deployment of the Recovery and Resilience Facility (RRF). Economic activity in the EU is thus projected to expand by a solid 4.3% in 2022, before decelerating to 2.5% in 2023. Importantly, although the pace of growth is projected to remain uneven across countries and sectors, the EU is set to return onto its path of economic convergence. By early 2023, moreover, real GDP is expected to converge to the steady growth path that the economy was set to follow before the pandemic.

Although the impact of the pandemic on economic activity has weakened considerably, COVID-19 has not yet been defeated and the recovery is heavily dependent on its evolution, both within and outside the EU. The recent surge of cases in many countries may lead to the re-introduction of restrictions with impact on economic activity. In the EU, this risk is particularly relevant in countries with relatively low vaccination rates.

Besides the risks around the evolution of the pandemic, economic risks also relate to the potential protracted impact of the current supply constraints and bottlenecks.

3.2 Malta Economic Update⁶

In November annual growth in business activity receded somewhat from recent historical highs, but remained strong from a historical perspective as aggregate economic activity continued to recover from the record low level of 2020.

European Commission data show that sentiment eased in November but remained well above its level a year earlier and its historical average. The recent decrease in sentiment was driven by weaker sentiment across all sectors, bar the services sector. Following recent developments, and in contrast to October, sentiment turned mildly negative in industry and in the retail sector.

In October, industrial production contracted on an annual basis for the third consecutive month and fell at a faster pace when compared with September. Meanwhile, the volume of retail trade rose at a slower pace. The number of registered unemployed fell during the month. The unemployment rate was marginally above September's, yet still well below last year's rate.

Commercial permits increased in October relative to their year-ago levels, while residential permits fell. In November, the number of final deeds of sale rose on an annual basis, as did the number of promise-of-sale agreements.

The annual inflation rate based on the Harmonised Index of Consumer Prices (HICP) stood at 1.4% in October, up from 0.7% in the previous month. Inflation based on the Retail Price Index (RPI) rose to 2.3% in October, from 2.2% a month earlier. The difference between these two measures of inflation is primarily due to technical factors related to the revision of HICP weights in 2021. In November, both the annual HICP and RPI inflation rates rose to 2.4%.

Maltese residents' deposits expanded at an annual rate of 10.3% in October, following an increase of 10.0% in the previous month, while annual growth in credit to Maltese residents reached 8.6%, up from 7.1% a month earlier. In October, the cash-based Consolidated Fund recorded a wider deficit when compared with a year earlier, as government expenditure increased while government revenue was broadly unchanged.

3.3 Comparative Analysis

The purpose of the table below compares the proposed debt issuance of the Group to other debt instruments. For consistency purposes we opted to maintain the same peers as per last year's Financial Analysis Summary. More importantly, we have included different issuers with similar maturity to the Issuer. One must note that given the material differences in profiles and industries, the risks associated with the Group's business and that of other issuers is therefore different.

Security	Nom Value	Yield to Maturity	Interest coverage (EBITDA)	Total Assets	Total Equity	Total Liabilities / Total Assets	Net Debt / Net Debt and Total Equity	Net Debt / EBITDA	Current Ratio	Return on Common Equity	Net Margin	Revenue Growth (YoY)
	€000's	(%)	(times)	(€'mil-lions)	(€'mil-lions)	(%)	(%)	(times)	(times)	(%)	(%)	(%)
6% Pendergardens Developments plc Secured € 2022 Series II	26,781	4.56%	1.6x	60.6	29.5	51.3%	36.4%	5.2x	2.2x	0.0x	0.0x	(4)x
4.25% GAP Group plc Secured € 2023	19,394	3.35%	2.2x	103.9	15.1	85.4%	81.1%	7.2x	7.2x	31.2%	17.2%	-15.9%
5.8% International Hotel Investments plc 2023	10,000	4.09%	(.2)x	1,544.1	773.2	49.9%	42.1%	(149.9)x	0.9x	-9.1%	-82.3%	-65.7%
6% AX Investments Plc € 2024	40,000	4.51%	0.8x	348.7	217.4	37.6%	25.5%	28.3x	0.8x	-3.5%	-27.5%	-44.7%
6% International Hotel Investments plc € 2024	35,000	5.48%	(.2)x	1,544.1	773.2	49.9%	42.1%	(149.9)x	0.9x	-9.1%	-82.3%	-65.7%
5.3% Mariner Finance plc Unsecured € 2024	35,000	1.41%	3.6x	100.4	50.3	49.9%	48.1%	5.8x	0.6x	6.6%	20.2%	-4.7%
5% Hai Mann Vella Group plc Secured € 2024	30,000	3.50%	2.4x	122.4	47.3	61.3%	52.9%	10.8x	1.2x	3.1%	6.1%	4.8%
5.1% 1923 Investments plc Unsecured € 2024	36,000	4.35%	4.8x	135.5	45.6	66.4%	52.1%	3.8x	1.2x	7.5%	2.3%	11.0%
4.25% Best Deal Properties Holding plc Secured € 2024	16,000	2.82%	14.7x	27.5	4.1	85.0%	82.4%	13.1x	3.7x	20.3%	7.0%	1140.2%
5.75% International Hotel Investments plc Unsecured € 2025	45,000	4.87%	(.2)x	1,544.1	773.2	49.9%	42.1%	(149.9)x	0.9x	-9.1%	-82.3%	-65.7%
5.1% 6PM Holdings plc Unsecured € 2025	13,000	4.32%	(.7)x	0.5	(19.3)	-5156.2%	38.8%	12.2x	(.1)x	0.6%	-3.1%	-48.3%
4.5% Hili Properties plc Unsecured € 2025	37,000	3.76%	1.6x	149.6	62.7	58.1%	54.9%	14.6x	0.5x	6.8%	52.9%	-11.5%
4.35% Hudson Malta plc Unsecured € 2026	12,000	4.09%	4.9x	43.4	5.5	87.3%	81.6%	8.3x	1.3x	-14.8%	-2.9%	-29.6%
4.25% Corinthia Finance plc Unsecured € 2026	40,000	3.61%	2.7x	1,784.7	908.9	49.1%	40.3%	8.7x	1.0x	2.2%	6.5%	3.9%
4% International Hotel Investments plc Secured € 2026	55,000	3.40%	(.2)x	1,544.1	773.2	49.9%	42.1%	(149.9)x	0.9x	-9.1%	-82.3%	-65.7%
3.25% AX Group plc Unsec Bds 2026 Series I	15,000	3.19%	0.8x	348.7	217.4	37.6%	25.5%	28.3x	0.8x	-3.5%	-27.5%	-44.7%
4% Hili Finance Company plc Unsecured € 2027	50,000	4.00%	4.7x	624.2	106.8	82.9%	78.5%	5.8x	1.0x	14.1%	3.2%	-1.5%
4.35% SD Finance plc Unsecured € 2027	65,000	4.33%	6.8x	324.4	137.6	57.6%	43.3%	4.1x	1.4x	9.0%	20.5%	5.7%
4% Eden Finance plc Unsecured € 2027	40,000	3.67%	(.5)x	190.5	108.5	43.1%	31.8%	(51.4)x	0.9x	-4.3%	-39.2%	-73.1%
4% Stivala Group Finance plc Secured € 2027	45,000	3.70%	2.6x	354.1	231.4	34.6%	26.5%	11.5x	5.0x	11.7%	229.8%	-46.9%
3.85% Hili Finance Company plc Unsecured € 2028	40,000	3.85%	4.7x	624.2	106.8	82.9%	78.5%	5.8x	1.0x	14.1%	3.2%	-1.5%
3.65% Stivala Group Finance plc Secured € 2029	15,000	3.21%	2.6x	354.1	231.4	34.6%	26.5%	11.5x	5.0x	11.7%	229.8%	-46.9%
3.8% Hili Finance Company plc Unsecured € 2029	80,000	3.65%	4.7x	624.2	106.8x	82.9%	78.5%	5.8x	1.0x	14.1%	3.2%	-1.5%
3.75% AX Group plc Unsec Bds 2029 Series II	10,000	2.90%	0.8x	348.7	217.4	37.6%	25.5%	28.3x	0.8x	-3.5%	-27.5%	-44.7%

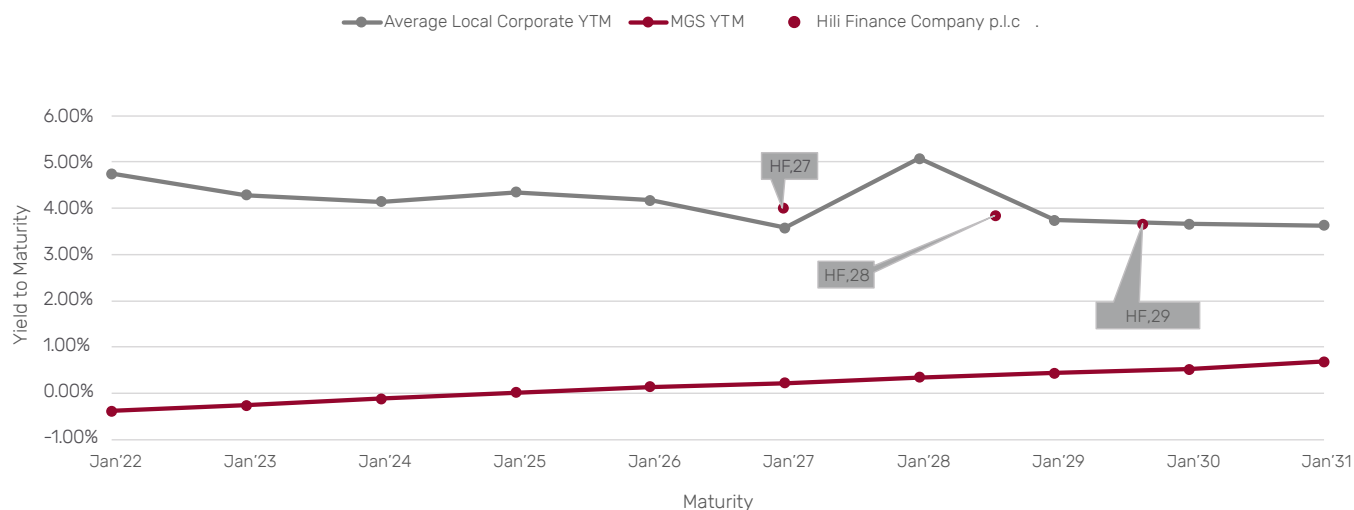
****Average**

Source: Latest available audited financial statements

* Last closing price as at 28/12/2021

**Average figures do not capture the financial analysis of the Issuer

Yield Curve Analysis



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

As at 29 December 2021, the average spread over the Malta Government Stock (MGS) for corporates with maturity range of 5 to 8 years was 333 basis points. The 3.85% Hili Finance Company plc Unsecured 2028 is currently trading at a YTM of 3.85%, translating into a spread of 350 basis points over the corresponding MGSs. This means that this bond is trading at a premium of 17 basis points in comparison to the market.

As at 31 December 2021, the average spread over the Malta Government Stock (MGS) for corporates with maturity range of 6 to 8 years was 300 basis points. The 3.8% Hili Finance Company plc Unsecured 2029 is currently trading at a YTM of 3.65%, translating into a spread of 321 basis points over the corresponding MGSs. This means that this bond is trading at a premium of 10 basis points in comparison to the market.

As at 29 December 2021, the average spread over the Malta Government Stocks (MGS) for comparable issuers with maturity range of 4-7 years was 377 basis points. The proposed 4% Hili Finance Company plc 2027 bond is being priced with a 4% coupon issued at par, meaning a spread of 386 basis points over the equivalent MGS, and therefore at a premium to the average on the market of 9 basis points.

It is pertinent to note that the above analysis is based on a maturity-matching basis and that the Issuer's industry is significantly different to the corporates identified and as such its risks also differ to that of other issuers.

PART 4 - GLOSSARY AND DEFINITIONS

Income Statement

Revenue	Total revenue generated by the Group/Company from its principal business activities during the financial year.
Costs	Costs are expenses incurred by the Group/Company in the production of its revenue.
EBITDA	EBITDA is an abbreviation for earnings before interest, tax, depreciation and amortisation. It reflects the Group's/Company's earnings purely from operations.
Operating Profit (EBIT)	EBIT is an abbreviation for earnings before interest and tax.
Depreciation and Amortisation	An accounting charge to compensate for the decrease in the monetary value of an asset over time and the eventual cost to replace the asset once fully depreciated.
Net Finance Costs	The interest accrued on debt obligations less any interest earned on cash bank balances and from intra-group companies on any loan advances.
Net Income	The profit made by the Group/Company during the financial year net of any income taxes incurred.

Profitability Ratios

Growth in Revenue (YoY)	This represents the growth in revenue when compared with previous financial year.
Gross Margin	Gross profit as a percentage of total revenue.
EBITDA Margin	EBITDA as a percentage of total revenue.
Operating (EBIT) Margin	Operating margin is the EBIT as a percentage of total revenue.
Net Margin	Net income expressed as a percentage of total revenue.
Return on Common Equity	Return on common equity (ROE) measures the rate of return on the shareholders' equity of the owners of issued share capital, computed by dividing the net income by the average common equity (average equity of two years financial performance).
Return on Assets	Return on assets (ROA) is computed by dividing net income by average total assets (average assets of two years financial performance).
Return on Capital Employed	Return on capital employed (ROCE) measures the relative profitability of a company after taking into account the amount of capital used during a relative financial performance.

Cash Flow Statement

Cash Flow from Operating Activities (CFO)	Cash generated from the principal revenue producing activities of the Group/Company less any interest incurred on debt.
Cash Flow from Investing Activities	Cash generated from the activities dealing with the acquisition and disposal of long-term assets and other investments of the Group/Company.
Cash Flow from Financing Activities	Cash generated from the activities that result in change in share capital and borrowings of the Group/Company.
Capex	Represents the capital expenditure incurred by the Group/Company in a financial year.
Free Cash Flows (FCF)	The amount of cash the Group/Company has after it has met its financial obligations. It is calculated by taking Cash Flow from Operating Activities less the Capex of the same financial year.

Balance Sheet

Total Assets	What the Group/Company owns which can be further classified into Non-Current Assets and Current Assets.
Non-Current Assets	Assets, full value of which will not be realised within the forthcoming accounting year
Current Assets	Assets which are realisable within one year from the statement of financial position date.
Inventory	Inventory is the term for the goods available for sale and raw materials used to produce goods available for sale.

Cash and Cash Equivalents	Cash and cash equivalents are Group/Company assets that are either cash or can be converted into cash immediately.
Total Equity	Total Equity is calculated as total assets less liabilities, representing the capital owned by the shareholders, retained earnings, and any reserves.
Total Liabilities	What the Group/Company owes which can be further classified into Non-Current Liabilities and Current Liabilities.
Non-Current Liabilities	Obligations which are due after more than one financial year.
Total Debt	All interest-bearing debt obligations inclusive of long and short-term debt.
Net Debt	Total debt of a Group/Company less any cash and cash equivalents.
Current Liabilities	Obligations which are due within one financial year.

Financial Strength Ratios

Current Ratio	The Current ratio (also known as the Liquidity Ratio) is a financial ratio that measures whether or not a company has enough resources to pay its debts over the next 12 months. It compares current assets to current liabilities.
Quick Ratio (Acid Test Ratio)	The quick ratio measures a Group's/Company's ability to meet its short-term obligations with its most liquid assets. It compares current assets (less inventory) to current liabilities.
Interest Coverage Ratio	The interest coverage ratio is calculated by dividing EBITDA of one period by cash interest paid of the same period.
Gearing Ratio	The gearing ratio indicates the relative proportion of shareholders' equity and debt used to finance total assets.
Gearing Ratio Level 1	Is calculated by dividing Net Debt by Total Equity.
Gearing Ratio Level 2	Is calculated by dividing Total Liabilities by Total Assets.
Net Debt / EBITDA	The Net Debt / EBITDA ratio measures the ability of the Group/Company to refinance its debt by looking at the EBITDA.

Other Definitions

Yield to Maturity (YTM)	YTM is the rate of return expected on a bond which is held till maturity. It is essentially the internal rate of return on a bond and it equates the present value of bond future cash flows to its current market price.
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