REGISTRATION DOCUMENT

Dated 25 March 2022

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

G3 FINANCE PLC

a public limited liability company registered in terms of the laws of Malta
with company registration number C 94829

Guaranteed* by
G3 Holdings Limited (C 94828)

**Prospective investors are to refer to the Guarantee contained in Annex II of the Securities Note forming part of the Prospectus 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, as well as the Collateral granted by the G3 Group.*

THIS REGISTRATION DOCUMENT 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 ISSUER THAT IS THE SUBJECT OF THIS REGISTRATION DOCUMENT. IN PROVIDING THIS AUTHORISATION, THE MFSA DOES NOT GIVE ANY CERTIFICATION REGARDING THE POTENTIAL RISKS IN INVESTING IN ANY INSTRUMENT ISSUED BY THE COMPANY. FURTHERMORE, SUCH AUTHORISATION SHOULD NOT BE DEEMED OR BE CONSTRUED AS A REPRESENTATION OR WARRANTY AS TO THE SAFETY OF INVESTING IN SUCH INSTRUMENTS.

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 ISSUED BY THE COMPANY.

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 ADVISER.

Legal Counsel

GVZH ADVOCATES

Sponsor, Manager & Registrar

RIZZO FARRUGIA YOUR INVESTMENT CONSULTANTS

Approved by the Directors

Daniel Grima

Jonathan Grima

in their capacity as Directors and for and on behalf of John Grima, Alexander Grima, Albert Grech, Juanita Bencini and Michael Lewis Macelli.

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1. Important Information

THIS REGISTRATION DOCUMENT CONTAINS INFORMATION ON G3 FINANCE PLC IN ITS CAPACITY AS ISSUER AND ON G3 HOLDINGS LIMITED IN ITS CAPACITY AS GUARANTOR, IN ACCORDANCE WITH THE REQUIREMENTS OF THE CAPITAL MARKETS RULES ISSUED BY THE MFSA, THE COMPANIES ACT AND THE PROSPECTUS REGULATION.

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 REGISTRATION DOCUMENT 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 ADVISERS.

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.

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 SECURITIES ISSUED BY THE COMPANY 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 ADVISERS.

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 APPLYING FOR ANY SUCH SECURITIES AND ANY APPLICABLE EXCHANGE CONTROL REQUIREMENTS AND TAXES IN THE COUNTRIES OF THEIR NATIONALITY, RESIDENCE OR DOMICILE.

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 TWELVE (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 REGISTRATION DOCUMENT ARE, EXCEPT WHERE OTHERWISE STATED, BASED ON THE LAW AND PRACTICE CURRENTLY IN FORCE IN MALTA AND ARE SUBJECT TO CHANGES THEREIN.

ALL THE ADVISERS TO THE ISSUER NAMED IN SUB-SECTION 5.4 OF THIS REGISTRATION DOCUMENT HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER 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.

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 ANY SECURITIES OF THE ISSUER.

THE VALUE OF INVESTMENTS CAN GO UP OR DOWN AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER ALL THE INFORMATION CONTAINED IN THE PROSPECTUS AS A WHOLE AND SHOULD CONSULT THEIR OWN PROFESSIONAL ADVISERS.

2. Definitions

In this Registration Document 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:

Act or **Companies Act**	the Companies Act (Chapter 386 of the laws of Malta);
Authorised Intermediaries	all the licensed stockbrokers and financial intermediaries listed in Annex I of the Securities Note forming part of the Prospectus;
Bonds	a maximum of €12.5 million secured bonds due in 2032 of a nominal value of €100 per bond, issued at par by the Issuer and redeemable on the Redemption Date at their nominal value, bearing interest at the rate of 4.5% per annum, as detailed in the Securities Note forming part of the Prospectus. The Bonds are guaranteed by the Guarantor;
Bond Issue	the issue of the Bonds;
Bond Obligations	the punctual performance by the Issuer of all of its obligations under the Bonds upon issuance, including the repayment of principal and payment of interest thereon;
Bondholder	a holder of Bonds to be issued by the Issuer in terms of the Prospectus;
CAGR	compound annual growth rate;
Capital Markets Rules	the capital markets rules issued by the Malta Financial Services Authority, as may be amended and/or supplemented from time to time;
Collateral	the following security rights granted by the Issuer, G3 Properties Limited and G3 Hospitality Limited, as applicable, in favour of the Security Trustee, for the benefit of Bondholders: • a first ranking special hypothec over the Security Property in favour of the Security Trustee in its capacity as trustee of the G3 Security Trust, pursuant to the terms of the Security Trust Deed and the Deed of Hypothec; and • a pledge over the proceeds from the Insurance Policy in favour of the Security Trustee in its capacity as trustee of the G3 Security Trust, pursuant to the terms of the Security Trust Deed;
Company or **Issuer**	G3 Finance plc, a public limited liability company registered under the laws of Malta bearing company registration number C 94829 and having its registered address at 'The Pergola', Adenau Street, Mellieha MLH 2014, Malta;
Deed of Hypothec	a deed to be entered into by and between the Security Trustee, G3 Properties Limited and G3 Hospitality Limited, whereby G3 Properties Limited shall constitute in favour of the Security Trustee that part of the Collateral over the Security Property which according to law requires the execution of a notarial deed;
Directors or **Board**	the directors of the Company whose names are set out in sub-section 5.1 of this Registration Document;
EBITDA	earnings before interest, tax, depreciation and amortisation;
Euro or **€**	the lawful currency of the Republic of Malta;
Exchange or **Malta Stock Exchange** or **MSE**	Malta Stock Exchange plc, as originally constituted in terms of the Financial Markets Act (Chapter 345 of the laws of Malta) with company registration number C 42525 and having its registered office at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta;

Financial Analysis Summary	the financial analysis summary dated 25 March 2022 compiled by the Sponsor in line with the applicable requirements of the MFSA Listing Policies, a copy of which is set out in Annex III of the Securities Note forming part of the Prospectus;
G3 Group or **Group**	collectively, G3 Holdings Limited, as the parent company, and its direct subsidiary companies, which, as at the date of the Prospectus, comprise the Issuer, G3 Hospitality Limited and G3 Properties Limited, which are principally involved in the hotels and hospitality industry in Malta;
G3 Holdings Limited or **Guarantor**	G3 Holdings Limited, a private limited liability company registered under the laws of Malta bearing company registration number C 94828 and having its registered address at 'The Pergola', Adenau Street, Mellieha MLH 2014, Malta;
G3 Hospitality Limited	G3 Hospitality Limited, a private limited liability company registered under the laws of Malta bearing company registration number C 26935 and having its registered address at 'The Pergola', Adenau Street, Mellieha MLH 2014, Malta, formerly Sunsites Limited;
G3 Properties Limited	G3 Properties Limited, a private limited liability company registered under the laws of Malta bearing company registration number C 9518 and having its registered address at 'The Pergola', Adenau Street, Mellieha MLH 2014, Malta, formerly Jays Limited;
G3 Security Trust	the trust established in virtue of the Security Trust Deed, which deed is available for inspection at the registered address of the Issuer as set out in section 18 of this Registration Document;
Guarantee	the joint and several guarantee dated 25 March 2022 granted by the Guarantor as security for the punctual performance of the Issuer's Bond Obligations under the Bond Issue. A copy of the Guarantee and a description of the nature, scope and terms of the Guarantee are appended to the Securities Note forming part of the Prospectus as Annex II;
Insurance Policy	the insurance policy providing for the full replacement value of the Security Property;
Loan Agreement	the loan agreement to be entered into on or around 21 March 2022 by and between the Issuer (as lender) and G3 Hospitality Limited (as borrower) pursuant to and in accordance with the terms and conditions of which the net proceeds from the Bond Issue, amounting to approximately €12.1 million, will be advanced by title of loan from the Issuer to G3 Hospitality Limited;
Memorandum and Articles of Association or **M&A**	the memorandum and articles of association of the Issuer in force at the time of publication of the Prospectus. The terms "**Memorandum**", "**Articles**" and "**Articles of Association**" shall be construed accordingly;
MFSA	the Malta Financial Services Authority, established in terms of the Malta Financial Services Authority Act (Chapter 330 of the laws of Malta) in its capacity as the competent authority in terms of the Financial Markets Act, authorised to approve prospectuses and admissibility to listing and to monitor and supervise local regulated markets and participants thereof falling within the regulatory and supervisory remit of the MFSA;
MFSA Listing Policies	the MFSA listing policies issued by the MFSA, as may be amended from time to time;
MSE Bye-Laws	the MSE bye-laws issued by the authority of the board of directors of Malta Stock Exchange plc, as may be amended from time to time;
Official List	the list prepared and published by the Malta Stock Exchange as its official list in accordance with the MSE Bye-Laws;

Pergola Hotel & Spa	the Pergola Hotel & Spa located at Adenau Street, Mellieha MLH 2014, Malta, as described in sub-section 6.3 of this Registration Document;
Prospectus	collectively, the Summary, this Registration Document and the Securities Note published by the Issuer, all dated 25 March 2022, as such documents may be amended, updated, replaced and/or supplemented from time to time;
Prospectus Regulation	Commission Regulation (EU) 2017/1129 of 14 June 2017 of the European Parliament and of the Council on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, as may be amended and/or supplemented from time to time;
Redemption Date	6 April 2032;
Registration Document	this registration document in its entirety published by the Issuer dated 25 March 2022, forming part of the Prospectus;
Security Property	the Solana Hotel & Spa (as described below) currently owned by G3 Properties Limited, specifically the immovable property situated at Gorg Borg Olivier Street, Mellieha MLH 1025, Malta, as better described in the property valuation report annexed to this Registration Document and marked as Annex I. Title to the Solana Hotel & Spa will be transferred from G3 Properties Limited to G3 Hospitality Limited upon the completion of the merger of G3 Properties Limited into G3 Hospitality Limited as contemplated in sub-section 6.3 of this Registration Document;
Security Trust Deed or **Trust Deed**	the security trust deed to be entered into by and between the Security Trustee, G3 Properties Limited, G3 Hospitality Limited and the Issuer on or around 6 April 2022, in virtue of which the Security Trustee is appointed to hold and administer the Collateral for the benefit of the Bondholders;
Security Trustee and/or **Trustee**	GVZH Trustees Limited, a private limited liability company duly registered and validly existing under the laws of Malta, with company registration number C 23095 and having its registered address at 52, St. Christopher Street, Valletta VLT 1462, Malta, which is duly authorised and qualified to act as a trustee or co-trustee in terms of article 43(3) of the Trusts and Trustees Act (Chapter 331 of the laws of Malta), in its capacity as trustee of the G3 Security Trust pursuant to the terms of the Security Trust Deed;
Securities Note	the securities note published by the Issuer dated 25 March 2022, forming part of the Prospectus;
Solana Hotel & Spa	the Solana Hotel & Spa located at Gorg Borg Olivier Street, Mellieha MLH 1025, Malta, as described in sub-section 6.3 of this Registration Document;
Sponsor, Manager and/or **Registrar**	Rizzo, Farrugia & Co. (Stockbrokers) Ltd, a private limited liability company registered under the laws of Malta having its registered address at Airways House, Fourth Floor, High Street, Sliema SLM 1551, Malta and bearing company registration number C 13102. Rizzo, Farrugia & Co. (Stockbrokers) Ltd is authorised to conduct investment services by the Malta Financial Services Authority in terms of the Investment Services Act (Chapter 370 of the laws of Malta) and is a member of the MSE; and
Summary	the summary published by the Issuer dated 25 March 2022, forming part of the Prospectus.

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 Registration Document.

3. Risk Factors

PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER WITH THEIR OWN INDEPENDENT PROFESSIONAL ADVISERS THE FOLLOWING RISK FACTORS AND OTHER INVESTMENT CONSIDERATIONS, AS WELL AS ALL THE OTHER INFORMATION CONTAINED IN THE PROSPECTUS, BEFORE MAKING ANY INVESTMENT DECISION WITH RESPECT TO THE ISSUER.

SOME OF THESE RISKS ARE SUBJECT TO CONTINGENCIES WHICH MAY OR MAY NOT OCCUR AND NEITHER THE ISSUER NOR THE GUARANTOR IS IN A POSITION TO EXPRESS ANY VIEWS ON THE LIKELIHOOD OF ANY SUCH CONTINGENCIES OCCURRING.

WHILE THE SEQUENCE IN WHICH THE RISKS BELOW ARE LISTED IS INTENDED TO BE INDICATIVE OF THE ORDER OF PRIORITY AND OF THE EXTENT OF THEIR CONSEQUENCES, PROSPECTIVE INVESTORS ARE HEREBY CAUTIONED THAT THE OCCURRENCE OF ANY ONE OR MORE OF THE RISKS SET OUT BELOW COULD HAVE A MATERIAL ADVERSE EFFECT ON THE G3 GROUP'S BUSINESS, RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

IF ANY OF THE RISKS DESCRIBED BELOW WERE TO MATERIALISE, THEY COULD HAVE A SERIOUS EFFECT ON THE ISSUER'S AND/OR GUARANTOR'S FINANCIAL RESULTS AND TRADING PROSPECTS AND ON THE ABILITY OF THE ISSUER TO FULFIL ITS OBLIGATIONS UNDER THE SECURITIES TO BE ISSUED IN TERMS OF THE PROSPECTUS AND OF THE GUARANTOR TO HONOUR ITS OBLIGATIONS UNDER THE GUARANTEE. THE RISKS AND UNCERTAINTIES DISCUSSED BELOW ARE THOSE IDENTIFIED AS SUCH BY THE DIRECTORS OF THE ISSUER AS AT THE DATE OF THE PROSPECTUS, BUT THESE RISKS AND UNCERTAINTIES MAY NOT BE THE ONLY ONES THAT THE ISSUER AND THE GUARANTOR MAY FACE. ADDITIONAL RISKS AND UNCERTAINTIES, INCLUDING THOSE WHICH THE ISSUER'S DIRECTORS ARE NOT CURRENTLY AWARE OF, MAY WELL RESULT IN A MATERIAL IMPACT ON THE FINANCIAL CONDITION AND OPERATIONAL PERFORMANCE OF THE ISSUER AND/OR THE GUARANTOR.

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

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

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

3.1 Forward-looking statements

The Prospectus and the documents incorporated therein by reference or annexed thereto contain forward-looking statements that include, among others, statements concerning the Issuer's and Guarantor's strategies and plans relating to the attainment of their respective objectives, capital requirements and other statements of expectations, beliefs, future plans and strategies, anticipated developments and other matters that are not historical facts and which may, accordingly, involve predictions of future circumstances.

Prospective investors can generally identify forward-looking statements by the use of terminology such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "believe", or similar phrases. Such forward-looking statements are inherently subject to a number of risks, uncertainties and assumptions, a few of which are beyond the Issuer's and Guarantor's control. Important factors that could cause actual results to differ materially from the expectations of the Issuer's directors include those risks identified under the heading "Risk Factors" and elsewhere in the Prospectus.

If any of the risks described below were to materialise, they could have a material adverse effect on the Issuer's and Guarantor's financial results and trading prospects and the ability of the Issuer to fulfil its Bond Obligations under the securities to be issued in terms of the Prospectus and of the Guarantor to honour its obligations under the Guarantee.

Accordingly, the Issuer and Guarantor caution prospective investors that these forward-looking statements are subject to risks and uncertainties that could cause actual events or results to differ materially from those expressed or implied by such statements, that such statements do not bind the Issuer and Guarantor with respect to future results and no assurance is given that the projected future results or expectations covered by such forward-looking statements will be achieved.

Prospective investors are advised to read the Prospectus in its entirety and, in particular, all the risk factors set out in the Prospectus for a further discussion of the factors that could affect the Issuer's and Guarantor's future performance. In the light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in the Prospectus may not occur. All forward-looking statements contained in the Prospectus are made only as at the date hereof. The Issuer and its Directors expressly disclaim any obligations to update or revise any forward-looking statements contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.

3.2 Risks relating to the Issuer

(a) Issuer's exposure to and dependence on the G3 Group and its business

The Issuer is a subsidiary of the Guarantor, forming part of G3 Group, and has been set up primarily as a finance and investment company with one of its principal purposes being that of financing or re-financing the funding requirements of the business of the G3 Group. As a finance company, the assets of the Issuer will comprise loans issued to G3 Group companies. In this respect, the Issuer is dependent on the business prospects of G3 Group companies, particularly G3 Hospitality Limited which owns the Pergola Hotel & Spa and operates the Pergola Hotel & Spa and the Solana Hotel & Spa, and G3 Properties Limited which currently owns the Solana Hotel & Spa. Consequently, the operating results and cash flows of G3 Group companies have a direct effect on the Issuer's financial position and performance. As such, the risks intrinsic in the business and operations of the G3 Group shall have a direct effect on the financial position of the Issuer.

The business activities of the G3 Group are subject to general market and economic conditions, both locally and overseas. These conditions include, *inter alia*, consumer demand, financial market volatility, inflation, fluctuations in interest rates, exchange rates, direct and indirect taxation, unemployment, credit markets, government spending and other general market and economic conditions.

In the event that general market and economic conditions were to experience a downturn, these weakened conditions may have an adverse impact on the financial position and operational performance of the G3 Group's business activities, potentially having a negative effect on the Issuer's financial position, cash flows, operational performance and its ability to fulfil its obligations in respect of the repayment of principal and interest under the Bonds punctually when due.

The G3 Group is also subject to the timely completion of prospective developments and other budgetary constraints relative to its business. These include factors such as the level of investment across the local property market, inflation and fluctuations in interest rates, exchange rates, property prices and other economic and social factors affecting demand for real estate generally. In the event that general economic conditions and property market conditions experience a downturn which is not contemplated in the Group's planning during the completion of its prospective real estate development projects, particularly the extension of the Solana Hotel & Spa, this shall have an adverse impact on the financial condition of the Group and the ability of the Issuer and the Guarantor to meet their respective obligations under the Bonds.

(b) The Issuer's dependence on payments due by related G3 Group companies

In view of the Issuer's recent incorporation, it has a limited trading history. As stated above, being a finance company the risks intrinsic in the business and operations of G3 Group companies have a direct effect on the ability of the Issuer to meet its Bond Obligations. Accordingly, the risks of the Issuer are indirectly those of the G3 Group and, in turn, all risks relating to the G3 Group are the risks relevant to the Issuer.

Specifically, in so far as the Bonds are concerned, the Issuer is dependent, including for the purpose of servicing interest payments on the Bonds and the repayment of the principal amount on the Redemption Date, on the receipt of interest payments and loan repayments from G3 Group companies. The interest payments and loan repayments to be affected by G3 Group companies are subject to certain risks.

More specifically, the ability of G3 Group companies to effect payments to the Issuer will depend on the cash flows and earnings of such G3 Group companies, which may be restricted: (i) by changes in applicable laws and regulations; (ii) by the terms of agreements to which they are or may become party; or (iii) by other factors beyond the control of the Issuer. The occurrence of any such factor could, in turn, 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.

3.3 Risks relating to the G3 Group (including the Guarantor) and its business

(a) COVID-19 pandemic and possible similar future outbreaks

Different regions in the world have, from time to time, experienced outbreaks of various viruses. The global pandemic of the infectious disease of COVID-19 is still active and ensuing restrictions remain in force. Over recent months, the pandemic has caused state of emergencies being declared in various countries, travel restrictions being imposed, quarantines being established, and various institutions and companies being closed. The ongoing COVID-19 pandemic and any possible future outbreaks of viruses may have a significant adverse effect on the Issuer and the Group.

A spread of such diseases amongst the employees of the Group, as well as any quarantines affecting the employees of the Group or the Group's facilities, may reduce the possibility of the Group's personnel to carry out their work effectively and thereby affect the Group's operations. Moreover, the current pandemic and any possible future outbreaks of viruses may have an adverse effect on the Group's suppliers and/or transportation companies, resulting in a deficit of inputs necessary for the Group to carry out its operations.

Further to the above, the Group may be adversely affected by the wider macroeconomic effect of the ongoing COVID-19 pandemic and any possible future outbreaks. While the final effects of the COVID-19 pandemic are, at this stage, difficult to assess, it is possible that it will have substantial negative effect on the economies which impact the Group operations. These effects may also take place in case of any possible future outbreaks. Any negative effect on the economy may decrease incomes of the end-customers of the Group and the demand for the Group's hospitality offerings. Such effects may also result in the insolvency of the Group's business partners, which could affect the operations of the Group, as well as its financial standing.

Any of the factors set out above could have an adverse effect on the Group's profits and financial position.

(b) The hotel industry could be adversely affected by natural disasters, terrorist activity and war

Natural disasters, the spread of contagious disease (as specifically contemplated above), industrial action, travel-related accidents, terrorist activity and war, and the targeting of hotels and popular tourist destinations in particular, have, in the past, had a significant negative impact on the hotel industry globally and such events could have a similarly negative impact on the industry in the future.

Events such as COVID-19 and the immediately aforementioned could directly or indirectly affect travel patterns and reduce the number of business and leisure travellers and reduce the demand for hotel accommodation at the Group's hotels. In addition, concerns about air travel safety could substantially decrease the overall amount of air travel. Such a decrease could have an adverse impact on occupancy levels and/or room rates at the hotels owned and operated by the Group.

The local incoming tourism industry is impacted by economic conditions in the countries from which Malta's tourism is sourced, by economic and political conditions in competing destinations, by the availability of air travel capacity and connections to the Maltese Islands and by the continued growth in global tourism that impacts overall hotel occupancy across all European destinations. Adverse movements in the overall balance of these factors could negatively affect the Group's performance and the achievement of its projected results.

Furthermore, actual or threatened war, terrorist activity, political unrest, civil strife and other geopolitical uncertainty may also reduce overall demand for business and leisure travel to Malta. The occurrence of any of these events, or increasing concerns about these events, could have a material adverse impact on the business, financial condition, results of operations and prospects of the G3 Group.

(c) Substitute touristic products

Customers' preference may shift towards alternative hospitality solutions, like online private accommodation aggregators, which trend has been on the increase over recent years. If the G3 Group does not anticipate and respond quickly enough to capitalise on such changing trends, its operating results could be adversely affected. At a local level, the consistent growth in tourist arrivals registered over recent years up to and including 2019 has fuelled significant investment in hotel development and private accommodation which contributed to a rise in the local bed supply. This, coupled with the high number of unlicensed beds that exists in Malta offered through several digital platforms, constitutes a risk. The compounded rise of tourist beds on offer can lead to an oversupply in the number of beds and can contribute to a decline in occupancies and/or room rates. If this were to happen, this will hit accommodation revenues and yields, reduce profits and negatively affect the level of return on investment registered over recent years.

(d) Competition

The hospitality business is competitive in nature and the number of players in this industry in Malta is substantial, with competitors possibly having longer operating histories, greater name recognition, larger customer bases and greater financial, technical, marketing and other resources than the G3 Group. The G3 Group may face competition from existing competitors and/or from new market entrants. Additionally, new competitors may enter the market and control larger operations and additionally may be able to provide services at lower rates. If the G3 Group is not able to compete successfully, the Group's earnings could be adversely affected.

Whilst the G3 Group already operates in a highly competitive market, this level of competition may increase as indicated above, which may limit the future ability of the Group to maintain its market share and revenue level. Some of these competitors may be able to respond more quickly, engage in more extensive promotional activities, offer more attractive pricing and terms to their customers and adopt more aggressive pricing policies. There can be no assurance that the G3 Group will be able maintain or increase its market share and to compete effectively with current or future competitors or that the competitive pressures will not consequently have a material adverse effect on Group's business, financial condition, operational performance and, accordingly, on the Issuer's and Guarantor's ability to fulfil their respective obligations under the Bonds.

(e) Short-term liquidity pressures

Over recent years, specifically during 2018 – 2020, the Group carried out capital investments in excess of €10 million, primarily driven by the extension and refurbishment of the Solana Hotel & Spa and the refurbishment of the Pergola Hotel & Spa, which investments were financed, in large part, through the Group's net operating cash flows, resulting in the Group experiencing liquidity pressures over recent years. Said liquidity gaps became more pronounced in 2020 due to the slowdown in business linked to the COVID-19 pandemic, which, coupled with the factors mentioned above, created liquidity issues in the operations of the Group over the past years.

The Group's exposure to liquidity risk arises from its obligations to meet financial liabilities, which principally comprise borrowings, capital creditors and trade and other payables.

The short-term performance and liquidity generation of the Group is subject to the gradual recovery of the hospitality industry from the pandemic. The implementation of travel restrictions in the shorter term could restrict inbound tourism once again, which could impact the performance of the Group and prolong liquidity pressures. In the event that the Group's reduced liquidity position were to protract itself beyond the expected short-term following the issue of the Bonds, the Group's results of operations and financial condition could be adversely affected.

(f) Material risks relating to real estate development may affect the economic performance and value of the G3 Group's prospective projects

There are a number of factors that commonly affect the real estate development industry, many of which are beyond the G3 Group's control and which could adversely affect the economic performance and value of the G3 Group's prospective development projects, specifically the extension of the Solana Hotel & Spa. Such factors include *inter alia*:

a) changes in the general economic conditions in Malta;
b) changes in local market conditions, such as an oversupply of similar properties;
c) possible structural and environmental problems; and
d) acts of nature, such as earthquakes and floods, that may damage any of the properties or delay development thereof.

Any of the factors described above could have a material adverse effect on the G3 Group's business, its financial condition and prospects and, accordingly, on the repayment of the Bonds and interest thereon by the Issuer and/or Guarantor, as applicable.

(g) The G3 Group depends on third parties in connection with its business, giving rise to counterparty risks

The G3 Group shall continue to rely upon third-party service providers such as architects, building contractors and suppliers for the completion of its prospective development projects, which in the medium to long term include the extension of the Solana Hotel & Spa. As such, the Group will be engaging the services of third-party contractors for the purpose of said development project, including the finishing thereof in a timely manner and within agreed cost parameters. This gives rise to counter-party risks in those instances where such third parties do not perform in line with the Group's expectations and in accordance with their contractual obligations. If these risks were to materialise, the resulting development delays in completion could have an adverse impact on the G3 Group's business and its financial condition, results of operations and prospects, that could have a material adverse impact on the Issuer's ability to meet its Bond Obligations.

(h) The G3 Group may be exposed to cost overruns and delays in completing and financing development projects.

Renovating, refurbishing or otherwise improving existing properties to maintain the desired standards, and developing new and commercially viable properties, is key to the G3 Group's business and growth strategy. The development and/or improvement of the Group's hotels in the future presents a number of risks, including: market disruption or oversupply, which may result in the Group being unable to achieve appropriate room rates at the prices it anticipates, potentially requiring changes in the Group's pricing strategy that could result in significant losses or charges; and construction delays, cost overruns, lender financial defaults or "acts of God" such as earthquakes, hurricanes, floods or fires, which could increase overall project costs or result in project cancellations.

Delays in the time scheduled for completion of Group projects may also cause significant delays in the tempo of the revenues forecasted by the G3 Group to be generated from such projects, which can have a significant adverse impact on the G3 Group's financial condition and cash flows. Similarly, if the Group's development projects were to incur significant cost overruns that were not anticipated, the G3 Group may have difficulties in sourcing the funding required for meeting such cost overruns and, therefore, may risk not completing the projects, which could have a material adverse impact on the cash flows generated from sales of hotel rooms and a material adverse impact on the financial condition of G3 Hospitality Limited; ultimately therefore, the ability of the Issuer to meet its Bond Obligations.

More specifically, no assurance can be given that sufficient financing for its current and future investments will be available on commercially reasonable terms or within the timeframes required by the G3 Group, also taking into account the need, from time to time, for the Group's properties to undergo renovation, refurbishment or other improvements as stated above. Failure to obtain, or delays in obtaining, the capital required to complete current or future developments on commercially reasonable terms, including increases in borrowing costs or decreases in loan funding, may limit the G3 Group's growth and materially and adversely affect its business, financial condition, results of operations and prospects.

(i) Property valuations may not reflect actual market values

There can be no assurance that the valuations of Group properties and property-related assets referred to in the Prospectus will reflect actual market values that could be achieved upon a sale, even where any such sale were to occur shortly after the valuation date. Actual values may be materially different from any future values that may be expressed or implied by forward-looking statements set out in the relative valuation or anticipated on the basis of historical trends, as reality may not match the assumptions made.

(j) The G3 Group may be exposed to risks relative to its insurance policies

Although the G3 Group maintains insurance at levels determined to be appropriate in the light of the cost of cover and the risk profiles of the business in which the Group operates, including, specifically, the Insurance Policy providing for the full replacement value of the Security Property, there can be no assurance that its insurance coverage will be sufficient, or that insurance proceeds will be paid on a timely basis to the G3 Group. In addition, the G3 Group may not be able to recover the full amount from the insurer. No assurance can be given that the G3 Group's current insurance coverage, including, specifically, the Insurance Policy providing for the full replacement value of the Security Property, would be sufficient to cover all potential losses, regardless of the cause, nor can any assurance be given that an appropriate coverage would always be available at acceptable commercial rates. As a result, any loss or disruption to any of the G3 Group's operations may have a material adverse effect on the G3 Group's business, results of operations and financial condition.

4. Persons Responsible and Statement of Approval

This Registration Document includes information prepared in compliance with the Capital Markets Rules issued by the MFSA for the purpose of providing Bondholders with information with regard to the Issuer and the Guarantor. Each and all of the Directors of the Issuer whose names appear in sub-section 5.1 of this Registration Document accept responsibility for all the information contained in the Prospectus.

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

The Registration Document has been approved by the Malta Financial Services Authority as the competent authority in Malta for the purposes of the Prospectus Regulation. The Malta Financial Services Authority has only approved the Registration Document as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation and such approval should not be considered as an endorsement of the Company or the Group (as the subjects of the Registration Document).

5. Identity of Directors, Senior Management, Advisers, Security Trustee and Auditors

5.1 Directors of the Issuer

As at the date of this Registration Document, the Board of Directors of the Issuer is constituted by the following persons:

John Grima ID: 319955M	39, Dar tal-Pjazza, Parish Square, Mellieha, Malta	Executive Director and Chairman
Daniel Grima ID: 538390M	91, Triq l-Izbark tal-Francizi, Mellieha, Malta	Executive Director
Jonathan Grima ID: 557182M	Spring Blossom, Flat 2, Triq l-Etna, Mellieha, Malta	Executive Director
Alexander Grima ID: 166279M	509A, Triq ta' Fuq il-Widien, Santa Maria Estate, Mellieha, Malta	Non-executive Director
Albert Grech ID: 113649M	'Jesca', Upper Gardens, St. Julians, Malta	Non-executive Director
Juanita Bencini ID: 548161M	111, Triq San Giljan, San Gwann, Malta	Independent, non-executive Director
Michael Lewis Macelli ID: 127865M	4, Madonnina, Triq Ant. Schembri, San Gwann, Malta	Independent, non-executive Director

John Grima, Daniel Grima and Jonathan Grima occupy senior executive positions within the G3 Group. The other four (4) Directors, being Alexander Grima, Albert Grech, Juanita Bencini and Michael Lewis Macelli serve on the Board of the Issuer in a non-executive capacity. Juanita Bencini and Michael Lewis Macelli are considered as independent Directors since they are free of any significant business, family or other relationship with the Issuer, its controlling shareholders or the management of either, that could create a conflict of interest such as to impair their judgement. In assessing Juanita Bencini's and Michael Lewis Macelli's independence, due notice has been taken of rule 5.119 of the Capital Markets Rules.

The business address of the Directors is 'The Pergola', Adenau Street, Mellieha MLH 2014, Malta.

Dr Luca Vella (ID 32783G) of 28, Triq V. Boron, Naxxar NXR 2280, Malta is the company secretary of the Issuer.

The following are the respective *curriculum vitae* of the Directors:

Name: **John Grima;** Executive Director and Chairman

John is the founder and chairman of the G3 Group. John has always had a strong passion and a sense of civic pride towards his hometown, the village of Mellieha, and began his business career by purchasing the Mellieha village pharmacy. John has been actively involved in the hotel and catering business since the early 1980's, by purchasing four apartments in the middle of the Adenau Steps, Mellieha. Gradually, over the years, John purchased the adjoining properties which nowadays form the footprint of the current Pergola Hotel & Spa. John continued his pursuit to grow within the hospitality industry by eventually acquiring a large footprint in George Borg Olivier Street, which footprint has today been transformed into the Solana Hotel & Spa, a hotel which is located in the heart of Mellieha. Since the 1980's John's main responsibility has always been the operations and business development of the G3 Group in the hospitality industry, and also gradually venturing into the property development business. John today remains actively involved in the G3 Group's affairs and the operations of its business.

Name: **Daniel Grima;** Executive Director

Daniel pursued his studies in Computing at STC Higher Education and graduated in 2009 with a diploma in computer studies. Daniel pursued his studies whilst still working on a part-time basis within the G3 Group by undertaking several roles, most notably focusing on sales and manning the front desks of the Pergola Hotel & Spa and the Solana Hotel & Spa, respectively. Upon graduating, Daniel temporarily left the family business and shifted his focus onto the IT sector for a period of 5 years. During this period of Daniel's career, he maintained his focus on the hospitality sector by applying the skills he acquired during his studies by implementing IT infrastructures in relation to the hospitality industry both locally and abroad. In 2017, after having gained the required experience in working outside of the family business, Daniel joined the Group once again and assumed the role of operations director. In 2018, Daniel took over the role of managing director of the G3 Group and in such capacity he is currently responsible for the management of the Pergola Hotel & Spa, the Solana Hotel & Spa, three a la carte restaurants, a Gastro Bar and two leisure centres, with the support of the G3 Group's senior management team.

Name: **Jonathan Grima;** Executive Director

Jonathan studied and graduated from the Institute of Tourism Studies in Malta in 2002. Jonathan has always shown and expressed a keen interest in the food and beverage sector within the hospitality industry and began helping out in the family business by undertaking numerous food and beverage roles within the Group from a very young age. As part of his studies, Jonathan spent a year abroad working in a branded property in 2001. Given Jonathan's passion towards the food and beverage segment of the Group, upon his return to Malta Jonathan assumed the role of head chef for the Group, a role he occupied for a period spanning over 8 years. In 2018 Jonathan moved into a new role, which he currently holds, being that of Group food and beverage director, which role entails the coordination of all of the Group's food and beverage efforts and events from both an operational and an innovation perspective, heading a team of over 50 individuals.

Name: **Alexander Grima;** Non-executive Director

Alexander obtained a Bachelor of Accountancy Hons B.Accty (Hons) from the University of Malta in 2002 and, subsequently, a Masters in Business Administration (MBA) from Henley Management College in 2009. Drawing upon his passion for software solutions, since 2005 Alex leads a young and dynamic organisation through the locally registered company Progressive Consulting & Information Systems Limited (C 38911) offering business software solutions to support the growth of small, medium and large-sized organisations, specifically via the development of tailored accounting, point of sale and hotel management systems, amongst others.

Name: **Albert Grech;** Non-executive Director

Albert graduated as a Doctor of Laws from the University of Malta in 1971 and has been in private practice since. Albert brings a wealth of experience to the Group due to his knowledge in a variety of legal areas. Throughout his career Albert has practiced in corporate and commercial law matters, mergers and acquisitions, corporate governance, competition and antitrust regulations, franchising, agency, distributorship and corporate financing. Furthermore, throughout his tenure as a seasoned lawyer, Albert has handled a number of material corporate litigation cases. Albert acts for a wide range of companies, both local and international, and also acts as non-executive director on the boards of two private companies, besides providing company secretarial services.

Name: **Juanita Bencini;** Independent, non-executive Director

Juanita is a certified public accountant with a Masters Degree in financial services. She has previously held the role of partner at KPMG Malta, where for 17 years she headed the Risk Consulting Advisory practice and was also Head of Risk Advisory Services of the sub-region of which the Malta practice formed part. Prior to joining KPMG, Juanita worked as an accountant in the industry and subsequently held the position of Head of Finance at the Malta Stock Exchange. Today Juanita holds senior and board level positions on various companies. Her areas of expertise include risk management, regulation, compliance arrangements, corporate governance and Anti-Money Laundering. Juanita is a past President of the Institute of Financial Services Practitioners ('IFSP'), Chair of the IFSP's Anti-Money Laundering Committee and a visiting lecturer at the University of Malta.

Name: **Michael Lewis Macelli;** Independent, non-executive Director

Michael graduated from the University of Malta with an Honours degree in Accountancy and started his career within the audit profession in Milan, Florence and Malta. In 1995 he joined Vodafone Malta, where he occupied the position of Chief Financial Officer up until 2014. During this period, Michael was responsible for both the core finance activities and also led a number of other critical support functions including supply chain management, business intelligence, property management, risk management, corporate security and business continuity management. Michael has also held senior positions as Finance Director or Chief Operations Officer within a number of other companies. He served as a director on the board of Vodafone Malta and is currently a non-executive director of Vodafone Holdings Limited (C 37021), Vodafone Insurance Limited (C 37030), Argus Insurance Company (Europe) Limited (OC 1216), PMS (Holdings) Ltd (C 4146) and serves as Chairman of the Vodafone Malta Foundation (LPF 57).

5.2 Directors of the Guarantor

As at the date of this Registration Document, the Board of directors of G3 Holdings Limited is constituted by the following persons:

John Grima ID: 319955M	39, Dar tal-Pjazza, Parish Square, Mellieha, Malta	Executive Director and Chairman
Daniel Grima ID: 538390M	91, Triq l-Izbark tal-Francizi, Mellieha, Malta	Executive Director
Jonathan Grima ID: 557182M	Spring Blossom, Flat 2, Triq l-Etna, Mellieha, Malta	Executive Director
Alexander Grima ID: 166279M	509A, Triq ta' Fuq il-Widien, Santa Maria Estate, Mellieha, Malta	Non-executive Director

The business address of the directors of the Guarantor is 'The Pergola', Adenau Street, Mellieha MLH 2014, Malta.

The company secretary of the Guarantor is John Grima.

The ***curriculum vitae*** of the directors and company secretary of the Guarantor are set out in sub-section 5.1 of this Registration Document.

5.3 Senior management

The following are the respective *curriculum vitae* of the key members of the Group's management team:

Name: **Matthew Fenech;** Financial Controller

Matthew is an ACCA qualified certified public accountant and also holds a Master of Science in professional accounting, after having graduated from the University of London. Matthew has acquired a wealth of experience both the within the financial industry and the Group itself. In this regard, Matthew began his career with the Group in 2003 within the food and beverage department. In 2005, Matthew moved to the finance department of the Group until 2010. Matthew subsequently moved away from the Group and gained experience in finance roles with different companies, including major hotel chains in Malta. Matthew returned to the Group in September 2019 to assume the role of financial controller, in which capacity his main duties include, *inter alia*, the management of accounting records, evaluating and managing risks that the Group may face, compliance with regulations, analysing financial data, monitoring of expenditure and forecasting revenue, coordinating audit processes and implementing the Group's finance strategy.

Name: **Malcolm Grima;** Sales and Marketing Manager

Malcolm pursued his studies at St. Aloysius College, Malta, before completing his studies in sales and marketing. Now with over twenty years' experience in the industry, Malcolm worked his way up through junior roles. Malcolm now heads the majority of the commercial aspects of the Group, a role which he has undertaken since 2007. His main duties include overseeing the reservations team, working in tandem with the various members of the sales team to achieve the Group's targets, dealing with local and foreign travel agents, overlooking the Group's marketing activities and driving forward any new ideas and trends.

Name: **Pierre Agius;** Rooms Division Manager

After having obtained an advanced level certification in Italian, French and English, Pierre pursued his studies further and obtained numerous certifications in relation to the hospitality industry in which the Group operates. Furthermore, in 2013 Pierre was listed among the 30 under 30's in the industry's rising stars in the yearly issue of 'Hotel Management' magazine. The room divisions section of the Group which Pierre heads is composed of six main areas, specifically; housekeeping, maintenance, front office, guest relations, wellness and security. Pierre's main role as manager is to plan and execute the operational, financial, promotional, reputational and well-being aspects of all of these areas, by ensuring that the organization's goals are met and, more often than not, bettered.

Name: **Jean Paul Cauchi;** Head Chef

At the young age of 16 years, and coming from an agricultural background, Jean Paul joined a leading fine dining restaurant in the north of the Island as a kitchen helper. This allowed Jean Paul to gain exposure to a fast-paced environment and the possibility to learn from some of the most talented chefs on the Island. With this experience in hand, Jean Paul attended catering school and achieved a certificate in baking. His main duties with the Group include directing the food preparation process and any other related activities in order to ensure that each member of staff is prepared for a busy serving period. Jean Paul takes pride in constructing menus with new or existing culinary creations, whilst ensuring the variety and quality of the servings.

Name: **Bruno Cassar;** Human Resources Manager

Bruno is a human resources professional with over twenty years' experience in human resources management, including talent acquisition and management, workforce planning and learning and development. While he has worked predominantly in the financial services industry with an international bank, Bruno's human resources employment stints ranged across other industries, including hospitality, automotive, retail and manufacturing. Before specialising in human resources, Bruno worked in corporate and personal banking with a major Maltese bank and an international bank. Bruno recently joined the G3 Group to provide support in the consolidation of the human resources function so as to harness the full potential of the Group's staff complement. In 1988, Bruno graduated B.A. Business Management (Hons) from the University of Malta and in 1990 he became an Associate of the UK Chartered Institute of Bankers. In 1998, Bruno obtained his MBA from the University of Malta and in 2003 he graduated MSc in Training & Human Resources Management from Leicester University, United Kingdom.

Name: **Egon Johannes M. Basharat;** Front Office Manager

Egon has been employed within the G3 Group for over five years, currently covering the Front Office Manager role. Having studied in various countries, and on the strength of multiple international work experiences within Europe, Egon has developed a strong passion for the hospitality industry, boasting fluent skills with various western European languages and strong interpersonal skills.

The Directors believe that the Group's present management organisational structures are adequate for the current activities of the Issuer and the G3 Group generally. The Directors will maintain these structures under continuous review to ensure that they meet the changing demands of the G3 Group's business and to strengthen the checks and balances necessary for optimum corporate governance and maximum operational efficiency.

5.4 Advisers to the Issuer

As at the date of the Prospectus none of the advisers named below have any beneficial interest in the share capital of the Issuer, the Guarantor, G3 Hospitality Limited or G3 Properties Limited. Additionally, save for the terms of engagement relative to their respective services provided in connection with the preparation of the Prospectus, no material transactions have been entered into by the Issuer, the Guarantor, G3 Hospitality Limited or G3 Properties Limited with any of the advisers referred to below. The organisations listed below have advised and assisted the Directors in the drafting and compilation of the Prospectus and the Security Trust Deed, as applicable.

Legal counsel:

Name: GVZH Advocates
Address: 192, Old Bakery Street, Valletta VLT 1455, Malta

Sponsor, Manager & Registrar:

Name: Rizzo, Farrugia & Co. (Stockbrokers) Ltd
Address: Airways House, Fourth Floor, High Street, Sliema SLM 1551, Malta

Financial advisers:

Name: PricewaterhouseCoopers
Address: 78, Mill Street, Qormi QRM 3101, Malta

Security Trustee:

Name: GVZH Trustees Limited
Address: 52, St. Christopher Street, Valletta VLT 1462, Malta

GVZH Trustees Limited is duly authorised and qualified to act as a trustee or co-trustee in terms of the Trusts and Trustees Act (Chapter 331 of the laws of Malta).

5.5 Auditors

Name: PricewaterhouseCoopers
Address: 78, Mill Street, Qormi QRM 3101, Malta

The annual statutory financial statements of the Issuer for the financial year ended 31 December 2020 were audited by PricewaterhouseCoopers of 78, Mill Street, Qormi QRM 3101, Malta. PricewaterhouseCoopers (accountancy board registration number AB/26/84/38) is a firm registered as a partnership of certified public accountants holding a practicing certificate to act as auditors in terms of the Accountancy Profession Act, 1979 (Chapter 281 of the laws of Malta).

Similarly, the annual statutory financial statements of the Guarantor for the financial year ended 31 December 2020 were audited by PricewaterhouseCoopers of 78, Mill Street, Qormi QRM 3101, Malta.

Sub-section 7.3.1 below includes historical financial information of G3 Hospitality Limited (formerly Sunsites Limited) and G3 Properties Limited (formerly Jays Limited) for the financial years 2018, 2019 and 2020. The said financial information for 2018 has been extracted from the audited financial statements for the year ended 31 December 2018 of G3 Hospitality Limited (formerly Sunsites Limited) and G3 Properties Limited (formerly Jays Limited), respectively, as audited by Parker Randall Turner. Parker Randall Turner (accountancy board registration number AB/26/84/65) is a firm registered as a partnership of certified public accountants holding a practicing certificate to act as auditors in terms of the Accountancy Profession Act, 1979 (Chapter 281 of the laws of Malta). Historical financial information of the mentioned companies for the financial years 2019 and 2020 has been extracted from the audited financial statements for the years ended 31 December 2019 and 2020 of G3 Hospitality Limited and G3 Properties Limited, respectively, as audited by PricewaterhouseCoopers.

6. Information about the Issuer, the Guarantor and the G3 Group

6.1 The Issuer

Full legal and commercial name of the Issuer:	G3 Finance plc
Registered address:	'The Pergola', Adenau Street, Mellieha MLH 2014, Malta
Place of registration and domicile:	Malta
Registration number:	C 94829
Date of registration:	11 February 2020
Legal Entity Identifier ("**LEI**")	485100UR3YCHCUPRSD15
Legal form:	The Issuer is lawfully existing and registered as a public limited liability company in terms of the Act
Telephone number:	+356 21523912
E-mail address:	info@g3.com.mt
Website:	www.g3.com.mt

The Issuer is, except for three ordinary shares which are held by John Grima, a wholly-owned subsidiary of the Guarantor, which latter entity is the parent company of the G3 Group.

The Issuer was incorporated on 11 February 2020 as a private limited liability company, registered and incorporated in terms of the Companies Act with company registration number C 94829. The Issuer subsequently changed its status from a private company to a public company with effect from 11 March 2022. The Issuer is domiciled in Malta, having its registered address at 'The Pergola', Adenau Street, Mellieha MLH 2014, Malta. The Issuer, which is set up and established to act principally as a finance company, has as at the date hereof an authorised and issued share capital of €252,000 divided into 252,000 ordinary shares of €1 each, all fully paid up. At present, the shares in the Issuer are subscribed to and held as indicated in sub-section 9.1 of this Registration Document.

The principal object of the Issuer is to act as a financing and investment company of any company or other body corporate or another entity duly formed or incorporated in its relevant jurisdiction, or of any number of such entities, and, in particular, but without prejudice to the generality of the foregoing, to carry on the business of financing or re-financing of the funding requirements of the business of its subsidiaries and/or associated companies. The issue of bonds falls within the objects of the Issuer.

The Issuer does not have any substantial assets and is principally intended to act as a financing company. The Issuer is, therefore, intended to serve as a vehicle through which the G3 Group will continue to finance its future projects, principally and in the near future the extension of the Solana Hotel & Spa, which project is further detailed in sub-section 6.3 of this Registration Document, as well as other projects that may be undertaken by G3 Group subsidiary companies including enabling the G3 Group to seize new opportunities arising in the market.

The Issuer is not intended to undertake any trading activities itself apart from the raising of capital and the advancing thereof to members of the G3 Group. Accordingly, the Issuer is economically dependent principally on the financial and operating performance of the businesses of the G3 Group entities, presently centred around the operation and management of the Pergola Hotel & Spa and the Solana Hotel & Spa through G3 Hospitality Limited (further details of said properties are set out in sub-section 6.3 of this Registration Document).

There are no recent events particular to the Issuer which are, to a material extent, relevant to the evaluation of the Issuer's solvency.

The Issuer operates exclusively in and from Malta.

6.2 The Guarantor

Full legal and commercial name of the Guarantor:	G3 Holdings Limited
Registered address:	'The Pergola', Adenau Street, Mellieha MLH 2014, Malta
Place of registration and domicile:	Malta
Registration number:	C 94828
Date of registration:	11 February 2020
Legal Entity Identifier ("**LEI**")	485100NW2C4XPCBIGQ59
Legal form:	G3 Holdings Limited is lawfully existing and registered as a private limited liability company in terms of the Act
Telephone number:	+356 21523912
E-mail address:	info@g3.com.mt
Website:	www.g3.com.mt

The Guarantor, which is the parent company of the G3 Group, was incorporated as a private limited liability company on 11 February 2020, registered in terms of the Companies Act with company registration number C 94828 and is domiciled in Malta, having its registered address at 'The Pergola', Adenau Street, Mellieha MLH 2014, Malta. The Guarantor, as at the date of the Prospectus, has an authorised and issued share capital of €1,200 divided into 1,200 ordinary shares of €1 each, all fully paid up. At present, the shares in the Guarantor are subscribed to and held in the amounts as indicated in sub-section 9.2 of this Registration Document.

The principal object of the Guarantor is to act as a holding company and invest and hold shares, participations and debentures in any other company, partnership or business. In terms of its memorandum of association, the Guarantor is entitled to secure and guarantee the repayment of any debt, liability or obligation of any third party.

The Guarantor operates exclusively in and from Malta.

6.3 Historical development of the G3 Group and overview of the Group's business and prospects

John Grima, the founder, controlling beneficial owner and chairman of the G3 Group, ventured into the hospitality business in 1982 by starting off the Group's operations with four apartments in Mellieha called the Pergola Apartments. Following the continued success operating in this industry year-on-year, John Grima proceeded to purchase land along Adenau Street, Triq Snajjin and Triq Dun Frangisk Sciberras in Mellieha, enabling him to increase the Group's operations to encompass 54 apartments in the area. Since then, hotel rooms were added in the late 1990's along the adjacent Triq l-Gherien. Furthermore, an administrative block was subsequently added along Triq Dun Frangisk Sciberras at the turn of the century. In virtue of these acquisitions and development projects, the Group's property portfolio expanded to the Pergola Hotel & Spa as it stands today, specifically a 4-star apart-hotel comprising 43 apartments and 62 hotel rooms.

The Group's present business was originally operated through two distinct entities both ultimately controlled by John Grima - Jays Limited which was incorporated in March 1988 and which changed its name to G3 Properties Limited on 11 March 2020, and, at a later stage, Sunsites Limited which was incorporated in September 2000 and changed its name to G3 Hospitality Limited on 11 March 2020. The G3 Group in its current form, as illustrated in sub-section 6.4 below, is the outcome of a re-structuring exercise concluded on 10 March 2022 which resulted in the ownership of each of G3 Hospitality Limited and G3 Properties Limited vesting entirely in the Guarantor, together with the incorporation of the Issuer in 2020, itself also effectively a wholly-owned subsidiary of the Guarantor. John Grima remains the ultimate beneficial owner of the Group, as documented in section 9 below.

As at the date of this Registration Document, G3 Hospitality Limited owns the Pergola Hotel & Spa and operates both the Pergola Hotel & Spa and the Solana Hotel & Spa. G3 Properties Limited currently owns the Solana Hotel & Spa. It is anticipated that, following the Bond Issue, G3 Properties Limited will be merged into G3 Hospitality Limited, as a result of which G3 Properties Limited will cease to exist in terms of law. Title to the Solana Hotel & Spa will be transferred from G3 Properties Limited to G3 Hospitality

Limited upon said merger, such that with effect from such date G3 Hospitality Limited will own and operate both the Pergola Hotel & Spa and the Solana Hotel & Spa.

The G3 Group is looking to further increase its property portfolio and, following the Bond Issue, it will be able to proceed with the acquisition of further parcels of land in the vicinity of the Pergola Hotel & Spa and the Solana Hotel & Spa, respectively, consequent to which the Group is planning to extend the recently refurbished Solana Hotel & Spa, which proposed project is set out in further detail below in this sub-section 6.3. Throughout the Group's long-standing history to date, it has financed its acquisitions by bank finance and retained profits, which have gradually grown as the Group's operations increased as a result of the availability of more rooms.

Pergola Hotel & Spa

Built on high ground in the village of Mellieha, the 4-star Pergola Hotel & Spa combines village and sea views and allows its guest to be in close proximity to restaurants, shops and historical locations to explore un-spoilt greenery and the Island's biggest sandy beach, Ghadira Bay. The Pergola Hotel & Spa is also strategically located minutes away from Cirkewwa, thereby allowing its patrons easy access to the Gozo ferry.

The Pergola Hotel & Spa, which is owned and operated by G3 Hospitality Limited, currently comprises 105 rooms (up from 93 rooms following the conversion of a number of self-catering apartments), including standard twin rooms, self-catering studios, as well as one and two-bedroom apartments that provide flexible spaces for a diverse range of guests. The Pergola Hotel & Spa also boasts outdoor terraces and a newly built top-floor infinity pool, which was completed in 2017, which allows guests to enjoy the spectacular views of the Mellieha Church and open sea views. The Pergola Hotel & Spa has an indoor heated pool, fitness centre and jacuzzi, as well as a spa, offering wellness and beauty treatments for residents and non-residents. In addition, the property also features two separate function rooms that cater for a maximum of 120 persons, which are regularly used for conferences and banqueting events. The Pergola Hotel & Spa offers flexible outdoor spaces that can also be used for events and special occasions. The hotel has four food and beverage outlets, comprising the Cave Bar (also serving as the hotel's pool bar), Da Ciccio Cucina, Bonaventura restaurant and Haus of P.

The G3 Group redeveloped the Pergola Hotel & Spa to add a further 12 rooms, thereby bringing the total number of rooms up to 105. This redevelopment took place during 2020 and the hotel resumed operating in Q3 of 2020.

On 16 July 2019, G3 Hospitality Limited entered into a promise of sale agreement relative to the acquisition of a plot of land situated at 122,124,126 in Triq Dun Frangisk Sciberras, Mellieha, Malta in close proximity to the Pergola Hotel & Spa for a total consideration of €1.45 million, with the intention of including said land in the future redevelopment of the Pergola Hotel & Spa. Accordingly, part of the funds raised from the Bond Issue will be used to fund the acquisition of said land in Triq Dun Frangisk Sciberras, Mellieha, as set out in sub-section 5.1 of the Securities Note.

Solana Hotel & Spa

Following the Group's success with the operation of the Pergola Hotel & Spa, in 2002 the Group ventured into acquiring a second hotel, the 4-Star Solana Hotel & Spa, which is located in the main street of Mellieha, in Triq Gorg Borg Olivier, which hotel had 40 rooms at the time. The Group used the same approach as with the Pergola Hotel & Spa and acquired tracts of land along Triq Gorg Borg Olivier, Triq Sammy Bartolo and Triq Dun Frangisk Sciberras to bring the total number of rooms at the Solana Hotel & Spa over the years up to 101 rooms. Furthermore, in 2018 the Group also extended and extensively refurbished the Solana Hotel & Spa and transformed it into an upscale, modern 4-star hotel with 183 rooms, a newly designed lobby, a new catering outlet and a top-floor infinity pool boasting breath-taking views of Mellieha and the surrounding areas. This upgrade, which was completed in June 2018, resulted in the full capacity of all 183 rooms of the Solana Hotel & Spa being taken up by August 2018.

In an area that tends to offer an all-inclusive experience, the property sets a new standard of hospitality for this location. The Solana Hotel & Spa's position within the village of Mellieha gives guests the unique possibility of enjoying a combination of traditional Maltese village surroundings, excellent dining options and easy access to the Island's largest sandy beach and the Gozo ferry, both of which are in close proximity of the property.

Guests can enjoy the property's newly built spa, the wellness and beauty treatments as well as an indoor heated pool, jacuzzi, sauna, fitness room and roof-top hydro massage pool, along with several sun terraces that overlook spectacular sea-views. Also included within the Solana Hotel & Spa are two of the busiest a-la-carte restaurants in Mellieha, the award-winning 'Tosca' restaurant and the 'Prickly Pear' restaurant, besides another two food and beverage outlets – the 'Bellini' restaurant, the 'Lobby Bar' – as well as the roof-top bar, 'Top Deck', which operates during the summer months to serve poolside guests.

Upon the completion of the merger of G3 Properties Limited into G3 Hospitality Limited as contemplated above, the Solana Hotel & Spa (currently owned by G3 Properties Limited) will be owned by G3 Hospitality Limited and it shall continue to be operated by G3 Hospitality Limited. The Solana Hotel & Spa constitutes the Security Property for the purpose of the Bonds, as described in sub-section 6.5 below.

The Group, acting through G3 Hospitality Limited, entered into a promise of sale agreement on 5 March 2020 to purchase a plot of land located at Triq Dun Frangisk Sciberras, Mellieha, Malta directly adjoining the Solana Hotel & Spa for a consideration of €1.9 million. Following the successful completion of this acquisition, the land in question will be developed, and subsequently operated, by G3 Hospitality Limited as an extension to the existing Solana Hotel & Spa, which will increase the number of rooms at said hotel to 238 rooms (an additional 55 rooms), along with increasing the facilities of the hotel, namely the addition of another infinity pool, an increase in parking spaces and the extension to the hotel's lobby and main restaurant. This extension project is planned to take place during 2023 and the Group is projecting the new extension to the Solana Hotel & Spa to be operational from year 2024. The consideration due for the completion of the acquisition of said plot of land will be settled by G3 Hospitality Limited from part of the funds raised from the Bond Issue, as set out in sub-section 5.1 of the Securities Note.

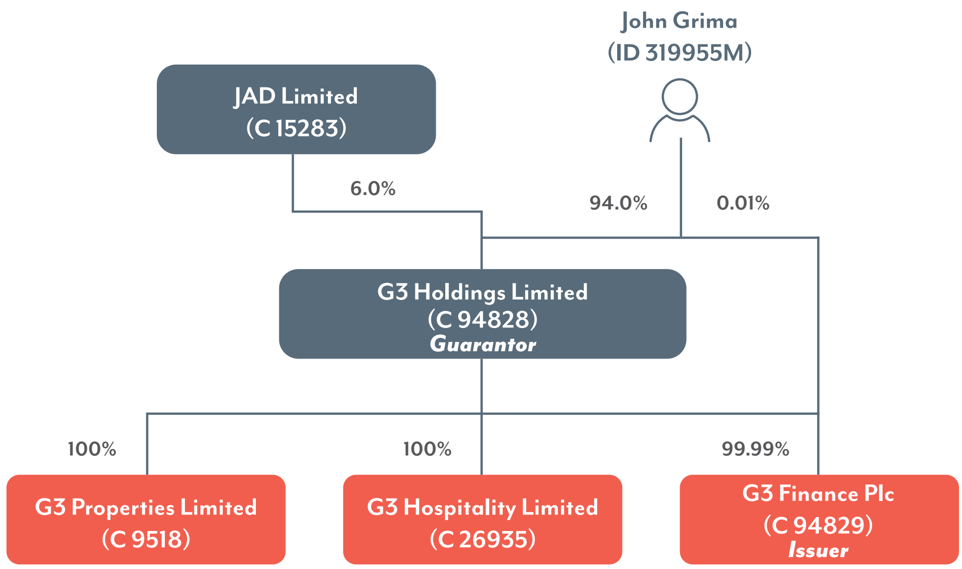
Square Gastro Bar

In October 2020, the Group, acting through G3 Hospitality Limited, reached an agreement for the option to purchase Square Bar in Mellieha and ancillary properties. Specifically on 30 October 2020, G3 Hospitality Limited entered into a promise of sale agreement securing the option to purchase: (i) a bar named 'Square Bar', located in the picturesque parish square (Misrah il-Parocca) of Mellieha; (ii) an ancillary store named 'Madonnina', located in Triq il-Madonna ta' l-Ghar, including its underlying property; and (iii) a maisonette named 'Josine' and its overlying roof and airspace, located in the Pjazza tal-Mellieha. Through the operation (and option to purchase) the 'Square Bar', the Group has extended further its food and beverage offering.

The afore-mentioned agreement remains valid till 31 December 2024, at which point the Group reserves the right to acquire the properties for a total consideration of €1.45 million. In the interim, the Group is bound to affect a number of payments of rent in instalments, which payments will be deducted from the final purchase price set out above in the eventuality that the Group opts to acquire the properties on 31 December 2024.

6.4 Organisational structure

The organisational structure of the G3 Group is illustrated in the diagram below as at the date of this Registration Document:



As part of a corporate restructuring exercise aimed at streamlining operations, G3 Hospitality Limited and G3 Properties Limited are to be amalgamated by virtue of a merger by acquisition in terms of the provisions of article 358 of the Companies Act. Upon the proposed merger by acquisition taking effect, G3 Hospitality Limited, as the acquiring company, shall succeed to all the assets, rights, liabilities and obligations of G3 Properties Limited, which, in turn, shall cease to exist.

6.5 Collateral granted in favour of the Security Trustee

Security for the fulfilment of the Issuer's Bond Obligations in terms of the Bond Issue is to be granted in favour of the Security Trustee for the benefit of Bondholders, by way, *inter alia*, of the granting of the Collateral as described in further detail in sub-section 5.5 of the Securities Note. The security shall be constituted in favour of the Security Trustee for the benefit of all Bondholders from time to time registered in the Central Securities Depository of the Malta Stock Exchange. The Collateral will be vested in the Security Trustee for the benefit of the Bondholders in proportion to their respective holding of Bonds.

7. Trend information and financial performance

7.1 Trend information of the Issuer and Guarantor

The Issuer was registered and incorporated on 11 February 2020. The audit report thereto for the financial year ended 31 December 2020 was filed with the Malta Business Registry and the MFSA and shall be deemed to be incorporated by reference in, and form part of, this Prospectus.

In view of the Issuer's purpose of acting, principally, as a financing company to the G3 Group, its business is focused on the raising of capital for the financing of capital projects and the on-lending of such capital to G3 Group companies, the collection of interest from G3 Group entities and the settlement, in turn, of interest payable on capital raised from third parties, in the circumstances via the issue of listed bonds.

The Issuer is dependent on the business prospects of the G3 Group and, therefore, the trend information relating to the G3 Group has a material effect on its financial position and prospects.

The Guarantor was registered and incorporated on 11 February 2020 and the audit report thereto for the financial year ended 31 December 2020 was filed with the Malta Business Registry and the MFSA and shall be deemed to be incorporated by reference in, and form part of, this Prospectus.

There has been no material adverse change in the prospects or in the financial or trading position of the Issuer since the date of its incorporation.

However, the operating companies of the Group, namely G3 Hospitality Limited and G3 Properties Limited, have been in existence and operating within the hospitality industry long before the Issuer and the Guarantor were set up last year. The financial performance of G3 Hospitality Limited and G3 Properties Limited is set out in further detail in sub-section 7.3 below.

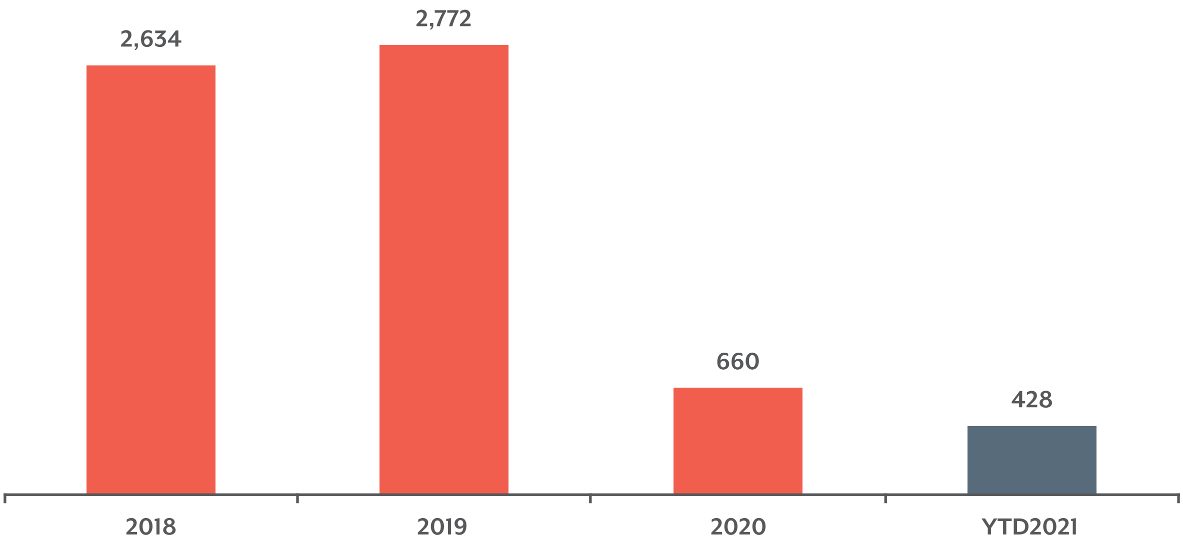
7.2 Trend information of the G3 Group

7.2.1 Overview of inbound tourism for the period 2018 to 2021

Inbound tourists

Total inbound tourists demonstrated strong performance prior the impact of the COVID-19 pandemic. Total inbound tourists (excluding overnight cruise passengers) amounted to 2.8 million in 2019, increasing by 5.2% from the prior year (2018: 2.6 million). The implementation of various travel restrictions worldwide has restricted inbound tourists to *circa* 660,000 in 2020, which includes two months of operations before the impact of the pandemic. Up to August 2021 inbound tourists were estimated at *circa* 428,000, reflecting a gradual recovery in the industry in the year-to-date.

TOTAL INBOUND VISITORS (2018 TO YTD 2021)

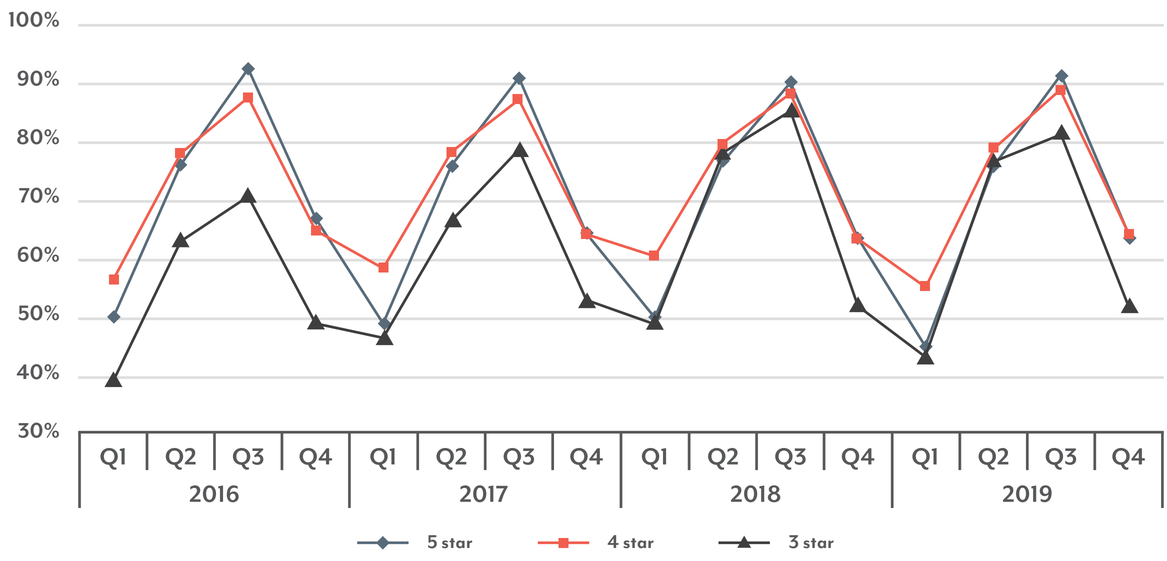


Source: NSO NR018/2021 for 2018-20 and NR180/2021 for YTD 2021 (August 2021)

Occupancy in the hospitality industry

Over the past years prior the pandemic, the occupancy for 4-star hotels averaged at around 72% per annum. On the other hand, the average occupancy rates for 3-star and 5-star hotels averaged at around 66% and 70% respectively. Despite that throughout the year occupancy fluctuates due to the impact of seasonality, reaching a peak during the third quarter of the year, occupancy rates during the shoulder months have been improving year-on-year prior the pandemic.

QUARTERLY OCCUPANCY RATES (2016 TO 2019)



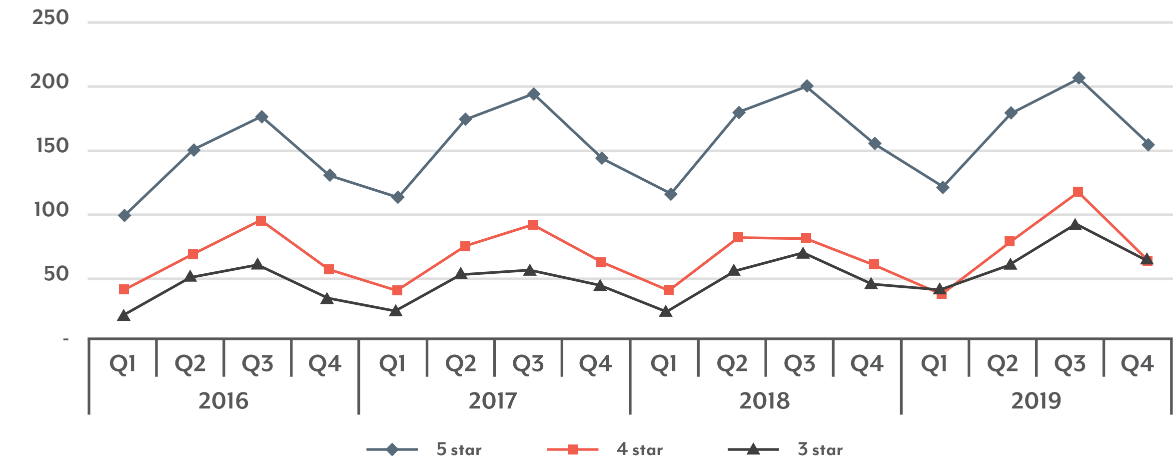
Sources: MHRA 2017-2019 Reports and Jun-Dec 2020 report

Average room rate ('ARR')

Over the years leading up to 2019, the average room rate (based on total revenue and total room nights) was on an increasing trend for the hospitality industry. Room rate growth was more pronounced for 5-star and 3-star hotels. On the other hand, the average room rate of 4-star hotels has shown a more modest growth due to more intense competition and significantly increasing supply of beds which put downward pressure on room rates charged.

Average room rate is calculated as total room revenue divided by total occupied rooms.

AVERAGE DAILY RATES (2016 TO 2019)

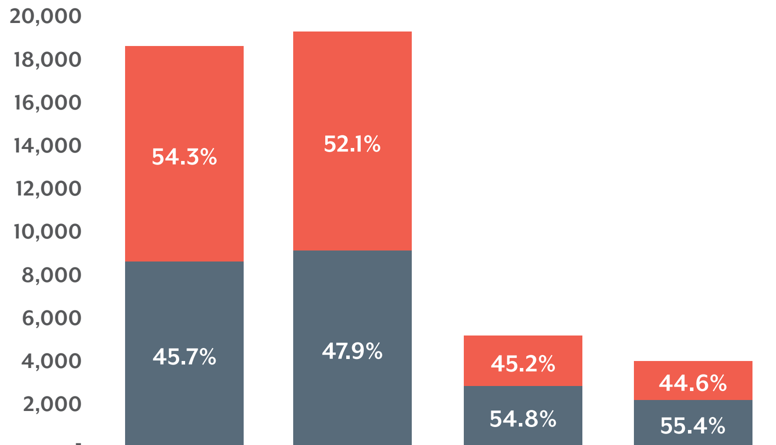


Sources: MHRA 2017-2019 Reports and Jun-Dec 2020 report

The rise of private accommodation

In line with global trends, Airbnb and private accommodations listed in Malta are on the rise. Total Airbnb listings reached 8,761 by May 2019, ranging from individual rooms to whole units. It is estimated that Airbnb units alone hosted 210,000 guests, approximately 10% of all inbound tourists. Over the past years there has been a growing trend towards private accommodation by inbound tourists which is expected to persist going forward. As such, competition within the industry, especially to 5-star and 4-star hotels, is expected to become more pronounced. YTD 2021 refers to the period January to August 2021 (NSO NR018/2021 and NR180/2021).

BED - NIGHTS SPENT IN COLLECTIVE AND PRIVATE ACCOMODATION ESTABLISHMENTS IN MALTA 2018-2021



	2018	2019	2020	YTD 2021
Bed-night in collective accomodation	10,082	10,069	2,362	1,832
Bed-night in private accomodation	8,488	9,270	2,865	2,277

Source: NSO NR018/2021 for 2018-20 and NR180/2021 for YTD 2021 (August 2021)

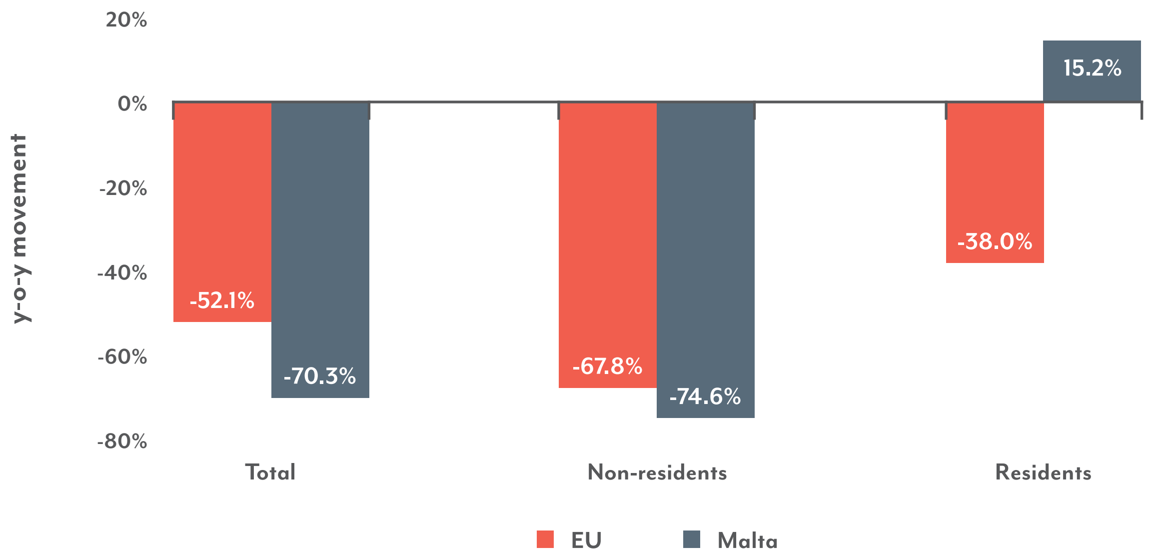
7.2.2 Hospitality market trends in the post-pandemic era

Impact of COVID-19 on tourist nights during 2020

The implementation of various travel restrictions worldwide has restricted inbound tourists to *circa* 660,000 in 2020, which includes two months of operations before the impact of the pandemic. Up to August 2021 inbound tourists were estimated at *circa* 428,000, reflecting a gradual recovery in the industry in the year-to-date.

The decline in tourist nights in collective accommodation in Malta decreased from 9.9 million in 2019 to 2.9 million in 2020, a drop of *circa* 70.3%. This compares to an average drop of *circa* 52.1% in the European Union. The decline in tourist nights reflects a net impact of: (i) a decrease in non-resident tourist nights driven by the significantly low amount of inbound tourists; netted off against (ii) an increase in domestic resident room nights. The latter was attained due to considerably low prices charged per night and the vouchers initiative implemented by Government which spurred local demand.

MOVEMENT IN TOURIST NIGHTS BY TOURIST TYPE (FY19 TO FY20)



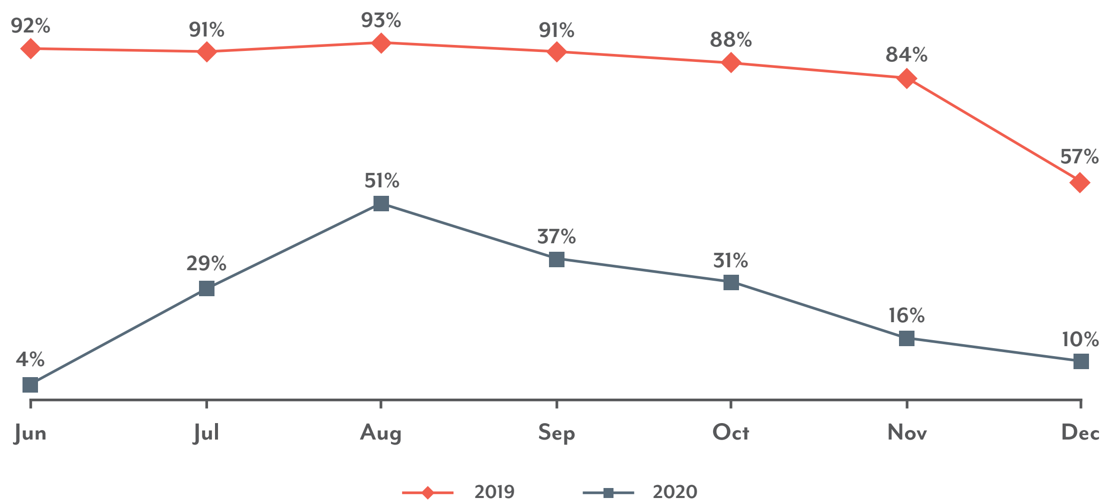
Source: Eurostat 2020

The hospitality industry has always been a significant contributor towards the Maltese economy, however, as expected, its influence on the local economy was dampened due to the impact of the pandemic. In this respect, the tourism industry's contribution towards Malta's GDP contracted to 5.4% in 2020 from 15.9% in 2019. On a similar note, exports from the tourism industry declined from 9.9% down to 2.8%.

Occupancy in the hospitality industry

In view of minimal levels of inbound tourism in 2020, hotel occupancy rates were significantly below historical averages. Throughout the period June to December 2020, the average occupancy rate was estimated at around 25.4%, compared to an average occupancy rate of 85.1% over the same period in 2019. The occupancy rates for 2020 clearly reflect the gradual recovery in occupancy as travel restrictions were lifted between June and August 2020. The eventual decline in occupancy rates in the months thereafter was primarily driven by the resurgence of the pandemic's 'second wave' worldwide, including Malta.

OCCUPANCY 4-STAR HOTELS

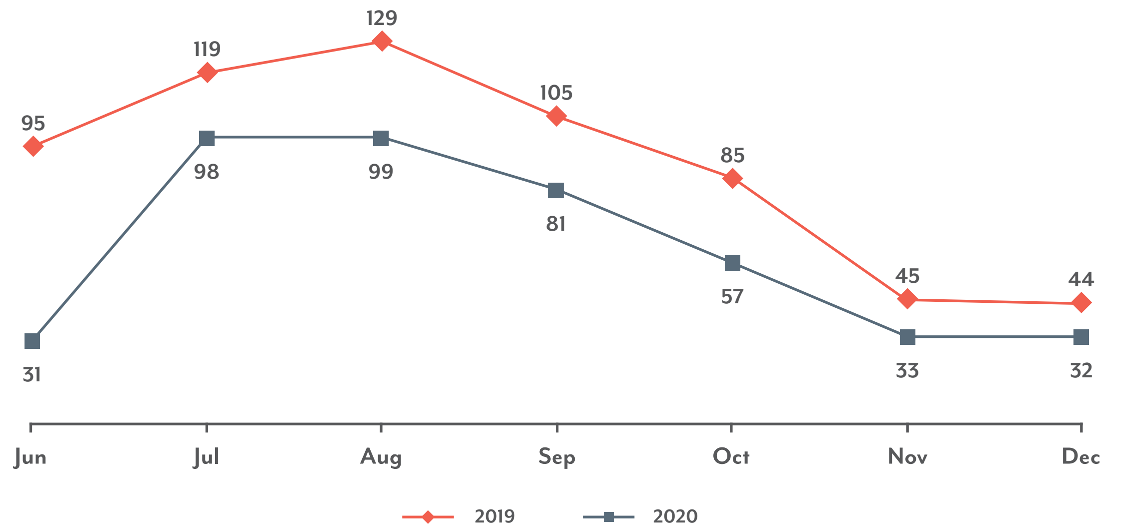


Source: MHRA Jun-Dec 2020 report

Average room rate

Following a similar trend, the pandemic has brought about a considerable decline in ARRs charged by 4-star hotels over the period June to December 2020 (*circa* 30.7% decrease over the period). The deteriorated level of inbound tourists and the prevalent high level of price competition in the market with the aim of gaining a market advantage and attract as much guests as possible are the primary factors contributing to such a downturn.

AVERAGE ROOM RATE OF 4-STAR HOTELS

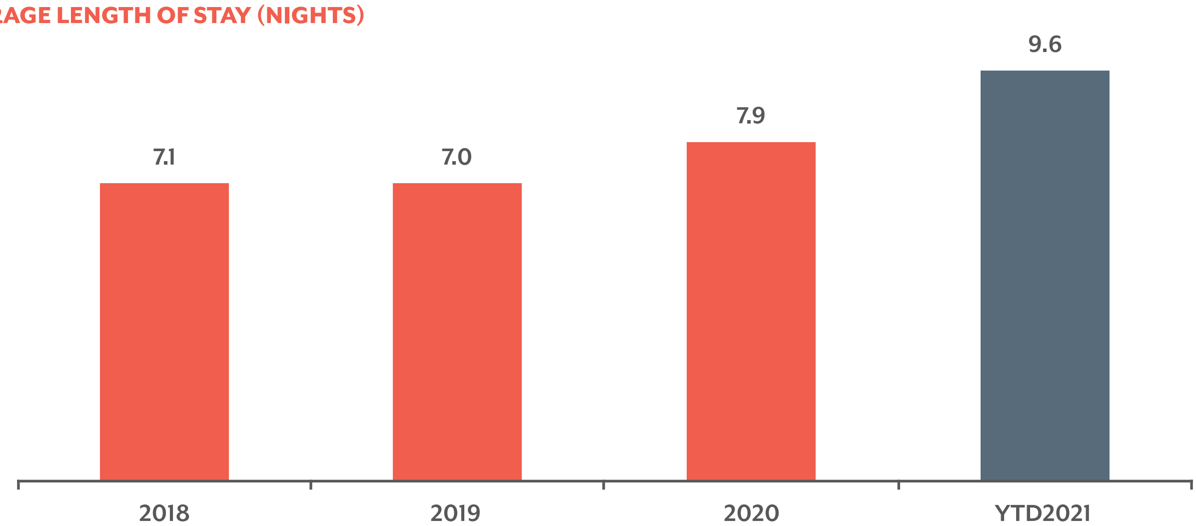


Source: MHRA Jun-Dec 2020 report

Average length of stay

On average the inbound tourists' stay in Malta has averaged at around 7 nights prior the pandemic (throughout 2018 and 2019). However, a notable trend which has been noted in 2020 and to a larger extent up to August 2021, is that the average length of stay by inbound tourists in Malta has increased to 7.9 nights in 2020 and up to 9.6 nights up to August 2021. It is evident that following an extended interruption in leisure travel, inbound tourists were looking for a longer stay during 2021. One would expect that this trend will normalise as the impact of the COVID-19 pandemic subsides.

AVERAGE LENGTH OF STAY (NIGHTS)



Source: NSO NR018/2021 for 2018-20 and NR180/2021 for YTD 2021 (August 2021)

7.2.3 Tourism in Malta going forward

The recovery from the COVID-19 pandemic

According to the Malta Tourism Authority ('MTA'), pre-COVID tourist bed nights are expected to be reached by 2025. However, the majority of market players in the hospitality industry believe this could be reached as early as 2023, at the back of positive performance achieved in the summer months of 2021. Having said that, the increased preference for private accommodation, as set out in further detail below, will remain a constant factor which could prolong the recovery further.

In addition, the recovery of the hospitality industry is dependent on various factors, including rebuilding Malta's flight connectivity routes, which have been cut down ever since travel restrictions were put in place. While the island's connectivity has increased over the past months, there will be significant competition with a number of Mediterranean islands for further connections as overall tourism recovers. The MTA's strategy will be to diversify the island's offering to tap into as many target markets as possible.

On this note, the Central Bank of Malta expects tourism exports to be more positive than originally anticipated, and being one of the contributors to Malta's exports growing at a steady rate over the coming years, such that 2019 GDP levels are reached once again by the end of 2023 (Source: News release dated 17 December 2021 by the Central Bank of Malta, Outlook for the Maltese Economy 2021-2023).

Expected increase in the supply of hotel accommodation

Malta has been experiencing a boom in the construction of new hotels over the past years, with a number of major projects still in the pipeline. Amongst these, the Maritim Antonine Hotel & Spa recently announced that it has expanded its service offering by a further 59 rooms as from Q3 2021 which led to higher competition during 2021. In addition, there are plans for the existing Mellieha Bay Hotel to be demolished and replaced with a 5-star resort, which once completed, will constitute further competition to the Group's hotel properties which are both situated in Mellieha.

Impact of Airbnb and private accommodation

The growing trend towards Airbnb and similar forms of private accommodation has grown further in the pandemic as tourists sought to limit contact with third parties. This trend is expected to persist going forward, thereby creating additional competition to hotel operators. However, the extent to which private accommodation will continue to grow is subjective and dependent on prevailing market conditions, inbound tourists' preferences and overall service offering.

7.3 Key financial review

7.3.1 Historical financial information of the Group

The historical financial information pertaining to the Issuer and the Guarantor, given that both are newly incorporated companies in 2020, is marginal. There has not been any significant change in the financial or trading position of the Issuer or the Guarantor which has occurred since their respective dates of incorporation.

The operating companies of the Group, G3 Hospitality Limited and G3 Properties Limited, have however been in existence long before the Issuer and the Guarantor were set up last year. For this reason, this sub-section sets out the combined financial statements of G3 Hospitality Limited and G3 Properties Limited for the financial years ending 31 December 2018, 2019 and 2020. These combined financial statements, therefore, effectively portray the financial performance and financial position of the Group during this period.

Financial performance

The table below summarises the combined financial performance of G3 Hospitality Limited and G3 Properties Limited for the financial years ending 31 December 2018, 31 December 2019 and 31 December 2020. The audited financial statements of G3 Hospitality Limited and G3 Properties Limited for the financial years ended 31 December 2018, 31 December 2019 and 31 December 2020 were filed with the Malta Business Registry.

G3 Group Combined Income Statement for the year ended Amounts in €000's	Dec 2018 Audited	Dec 2019 Audited	Dec 2020 Audited
Revenue			
Revenue from hotel accommodation	4,084	5,855	2,309
Revenue from restaurants	1,944	3,003	1,489
Other income	229	340	154
Total Revenue	**6,256**	**9,198**	**3,952**
Direct operating costs and SGA expenses	(4692)	(6488)	(4548)
Other operating income	43	75	426
Normalised EBITDA	**1,608**	**2,785**	**(170)**
Depreciation	(790)	(1,041)	(1,076)
Normalised EBIT	**817**	**1,745**	**(1,246)**
Interest expenses	(254)	(398)	(352)
Normalised Profit/(Loss) before tax	**563**	**1,346**	**(1,598)**
COVID wage supplement	-	-	918
Provision for impairment losses	196	19	3.948
Profit/(Loss) before tax	**367**	**1,327**	**(676)**
Taxation	(204)	(134)	-
Profit/(Loss) after tax	**163**	**1,193**	**(676)**

KPIs			
Revenue, y-o-y growth	10.1%	47.0%	-57.0%
Normalised EBITDA margin	25.7%	30.3%	-4.3%
Profit before tax margin	2.6%	13.0%	-17.1%

EBITDA reflects the Group's Earnings before Interest, Tax, Depreciation and Amortisation

EBIT reflects the Group's Earnings before Interest and Tax

The Group's Normalised profitability is presented before non-recurring COVID supplements and provisions for impairment losses

In the period under review, profit after tax reached €1.2 million in 2019, up from €0.2 million in 2018 reflecting a full year of operation and the improved revenue generation of the Solana Hotel & Spa following its extension and refurbishment completed in June 2018 (with the Solana hotel closed between mid-November 2017 and April 2018).

Revenue from hotel accommodation increased from €4.1 million in 2018 to €5.9 million in 2019, equivalent to a year-on-year growth of 43.4%. On a similar note, revenue from food and beverage outlets also increased between 2018 and 2019, from €1.9 million to €3.0 million in 2019 (+57.9%). The major driver of such growth is the increase in capacity at the Solana Hotel & Spa following the abovementioned works and the overall increase in footfall generated.

Normalised EBITDA increased from €1.6 million in 2018 to €2.8 million in 2019, reflecting increased cost efficiencies following the extension of the Solana Hotel & Spa. As a result, there has been a marked increase in the Group's normalised EBITDA margin from 25.7% in 2018 to 30.3% in 2019.

Depreciation increased from €0.8 million in 2018 to €1.1 million in 2019, reflecting the additional capital expenditure relating to the expansion and refurbishment of the Solana Hotel & Spa.

Finance costs comprise both interest on existing bank financing and finance costs on the Group's leased assets. The Group's interest expense increased in 2019 reflecting the additional financing drawdown to finance the investment in the Solana Hotel & Spa.

The normalisation adjustment in 2018 reflects non-recurring provisions for impairment losses amounting to €0.2 million. This provision was recognised on investments and amounts receivable from related parties which have a high probability of not being recovered over the foreseeable future. Similar adjustments recognised over the following years are marginal.

The impact of the COVID-19 pandemic

The Group's performance for 2020 was characterised by the impact of the pandemic. Prevailing international and domestic restrictions put in place to restrict the transmission of COVID-19 disrupted operations worldwide, particularly the hospitality industry. As a result, the Group incurred a loss of €0.7 million during the year.

Total accommodation income was limited to €2.3 million as a result of restricted inbound tourism owing to various restrictions in place and overall hesitancy in leisure travels. Similarly, revenue from the Group's catering establishments dropped by half due to prevailing restrictions and overall lower footfall.

As a result, Normalised EBITDA during 2020 was close to breaking even, with a negative normalised EBITDA of €0.2 million during the year. However, this excludes €0.9 million worth of COVID-19 wage supplements received from Government of Malta's scheme to alleviate pressure on companies significantly affected by the pandemic.

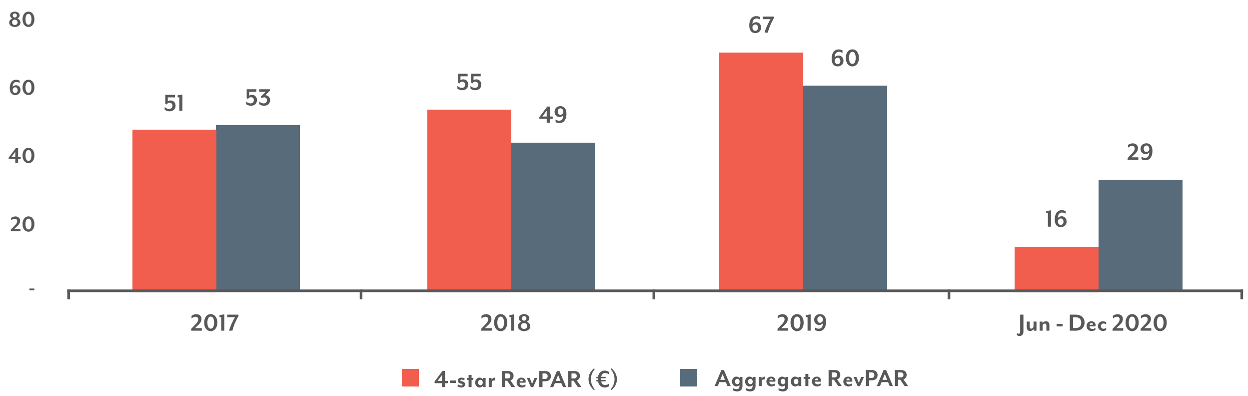
Overview of the Group's Revenue per Available Room over the period

The table below sets out the Revenue Per Available Room ("**RevPAR**") generated by the hotels operated by the Group across 2017 and 2020 (for the period June to December 2020) and benchmarks these rates to average in 2018 and 2019 as published by the Malta Hotels and Restaurants Association ('MHRA'). Market data for 2020 refers to H2 2020 MHRA report, which makes reference to performance of the hospitality industry over the period June to December 2020, i.e. focusing on the period after which a number of travel restrictions were lifted and inbound tourism started to pick up pace gradually.

The analysis shows that prior the pandemic, the Group generated Revenue Per Available Room (RevPAR) largely in line with the market, despite the fact that the Group's hotels were impacted by a number of temporary closures over the past years owing to a number of refurbishment works taking place.

For the seven-month period June to December 2020, the Group's RevPAR significantly exceeded the market average, driven by considerably higher occupancy rates compared to the market average over the period and comparable ARR charged to guests. The Group's overall performance was supported by management's decision to close off the Pergola Hotel & Spa in the shoulder months and redirect any guests to the Solana Hotel & Spa, thereby consolidating operations.

REVPAR: G3 GROUP AND THE MARKET



**RevPAR is calculated as Annual ARR multiplied by Annual occupancy rates*
Sources: MHRA 2017-2019 Reports, Jun-Dec 2020 reports and Management accounts

Financial position

The table below summarises the combined financial position of G3 Hospitality Limited and G3 Properties Limited as at 31 December 2018, 31 December 2019 and 31 December 2020.

G3 Group **Combined Statement of Financial Position as at 31 December** **Amounts in €000's**	**2018** **Audited**	**2019** **Audited**	**2020** **Audited**
Non-current assets			
Investments	1	1	1
Property, plant and equipment	30,664	31,086	32,665
Payment on account of purchase of property	619	773	1,047
Amounts receivable from related parties	1,039	1,389	400
Trade and other receivables	339	195	-
Total non-current assets	**32,662**	**33,444**	**34,114**
Current assets			
Inventories	134	170	113
Trade and other receivables	1,504	1,104	773
Amounts receivable on ERDF Grant	244	244	-
Cash balances	75	157	70
Total current assets	**1,956**	**1,675**	**956**
Total assets	**34,618**	**35,118**	**35,070**
Equity and liabilities			
Equity			
Share capital	1,503	1,503	847
Revaluation and Fair value reserves	13,455	12,074	12,074
Retained earnings	4,203	5,396	4,720
Total equity	**19,161**	**18,973**	**17,641**
Non-current liabilities			
Borrowings	5,400	5,029	6,102
Deferred tax	1,974	3,447	3,447
Capital creditors	1,710	674	665
Finance lease liability	352	281	198
Total non-current liabilities	**9,437**	**9,431**	**10,412**
Current liabilities			
Trade and other payables	4,798	5,283	5,837
Deferred ERDF Grant	216	188	143
Amounts payable to related parties	423	483	427
Bank overdraft	584	762	611
Total current liabilities	**6,020**	**6,715**	**7,017**
Total liabilities	**15,457**	**16,145**	**17,429**
Total equity and liabilities	**34,618**	**35,118**	**35,070**

The Group's total assets as at 31 December 2020 amounted to €35.1 million, of which €32.7 million related to the combined value of the Group's hotels, after accounting for depreciation on the hotels' plant & machinery and furniture & fittings. In terms of a property valuation carried out in February 20222, the combined value of the hotels as at 31 December 2020 compares to the estimated fair value of the two hotels as included in the property valuation reports of €31.0 million, comprising a value of €18.25 million for the Solana Hotel & Spa (which equates to €100,000 per hotel room) and €12.75 million for the Pergola Hotel & Spa (which equates to €120,000 per hotel room).

Payment on account of purchase of property primarily represents a payment of €0.6 million originally made by G3 Hospitality Limited on behalf of Mr John Grima (the ultimate beneficial owner of the Group) for the acquisition of part of the Solana Hotel & Spa given that at the date of acquisition, title of ownership of the property was in Mr Grima's name. G3 Hospitality Limited and Mr John Grima entered into a contract whereby title of ownership of said site will pass on to G3 Hospitality Limited in 2022. The balance of €0.4million relate to deposits paid on account of two promise of sale agreements to which G3 Hospitality Limited is party to for the acquisition of pieces of land next to the Solana Hotel & Spa and the Pergola Hotel & Spa.

The Group's total liabilities increased from €15.5 million in 2018 to €17.4 million in 2020, with increases noted both in trade and other payables (+€1.0 million) and borrowings (+€0.7 million). This increase in borrowings is primarily linked to the financing of the capital expenditure of *circa* €10.6 million in the period, which primarily related to the Group's investment in the refurbishment and extension of the Solana Hotel & Spa concluded in 2018 and refurbishment of the Pergola Hotel & Spa concluded in the first semester of 2020. The Group's capital expenditure was partly financed through new bank facilities of €2.6 million drawn down in 2018, with the balance financed primarily through operating cash flows. This has created a strain on the Group's operating cash flows in recent months, which is evidenced by the significant increase in trade and other payables. In addition, *circa* €1.5 million were drawn down during 2020 to support short-term funding requirements caused by the pandemic, which facilities were drawn down under already-sanctioned facilities by BOV prior the pandemic and the BOV MDB COVID Assist scheme (funding assistance in collaboration with the Malta Development Bank COVID-19 Guarantee Scheme). A portion of the proceeds from the Bond Issue will be deployed towards the refinancing of working capital, including trade and other payables which is expected to significantly improve the Group's short-term liquidity position.

During 2018, the Group was approved financial assistance in respect of the European Regional Development Fund SME Growth Scheme in supply of equipment and machinery as part of the works undertaken at the Solana Hotel & Spa. Therefore, the grant awarded to G3 Hospitality Limited is amortised over the useful life of the underlying plant and equipment acquired, with an unamortised balance of €0.1 million as at 31 December 2020.

The Group had total borrowings of €6.7 million as at 31 December 2020, including bank loans of €6.1 million and a bank overdraft facility of €0.6 million. The majority of the Group's bank loans will be refinanced through part of the proceeds of the Bond Issue. The Group's gearing ratio, calculated as total net borrowings as a percentage of total funding (total equity and net borrowings), as at 31 December 2020 stands at 27.4%.

The Group's total equity as at 31 December 2020 amounts to €17.6 million, which includes a revaluation reserve of €12.1 million arsing on the revaluation of the Group's hotels. The Group's policy is to carry out valuations on a regular basis unless it is considered appropriate to carry out a revaluation of the hotels at an earlier date on account of developments in the hospitality industry and the wider market.

Cash Flow Generation

G3 Group Combined Statement of Cash Flows for the year ended 31 December Amounts in €000's	2018 Audited	2019 Audited	2020 Audited	2018 - 2020 Total
Cash flows from operating activities				
Normalised EBITDA	1,608	2,785	(170)	4,223
Adjustments:				
Government wage supplements	-	-	918	918
Released government grant	(28)	(28)	(45)	(102)
(Gain)/ Loss on disposal of motor vehicles	(11)	1	-	(10)
EBITDA	**1,569**	**2,758**	**703**	**5,029**
Movements in working capital:				
(Increase)/ Decrease in inventories	(55)	(36)	57	34
(Increase)/ Decrease in receivables	(416)	(87)	1567	1,065
Increase/ (Decrease) in payables	2,765	(345)	(281)	2,139
Cash flows generated from operating activities	**3,862**	**2,291**	**2,046**	**8,199**
Interest paid	(213)	(362)	(317)	(892)
Taxation paid	(7)	(189)	-	(196)
Net cash flows generated from operating activities	**3,642**	**1,740**	**1,729**	**7,111**
Cash flows from investing activities				
Capital expenditure	(6,355)	(1,607)	(2,655)	(10,617)
Proceeds from disposal of fixed assets	90	144	-	234
Net cash flows used in investing activities	**(6,265)**	**(1,463)**	**(2,655)**	**(10,383)**
Cash flows from financing activities				
Movements in institutional grants	244	-	-	244
Loan drawdowns net of capital loan repayments	2,262	300	1,073	3,034
Movements in finance lease	232	(72)	(83)	78
Net cash flows generated from/ (used in) financing activities	**2,738**	**(371)**	**990**	**3,357**
Net movements in cash and cash equivalents	**115**	**(95)**	**64**	**84**
Net opening cash and cash equivalents	(625)	(510)	(605)	(625)
Net closing cash and cash equivalents	**(510)**	**(605)**	**(541)**	**(541)**
Comprising of:				
Bank overdraft	(660)	(584)	(735)	
Cash and cash equivalents	150	(20)	194	
Total	**(510)**	**(605)**	**(541)**	

The Group's cash flows over the three-year period are characterised by capital investments amounting to €10.6 million, primarily reflecting the refurbishment and extension works of the Solana Hotel & Spa concluded in June 2018 (€7.5 million) and refurbishment of the Pergola Hotel & Spa concluded in June 2020 (€2.0 million).

Despite such a significant cash outlay, amounts drawn down from bank facilities (net of capital loan repayments), amounted only to €3.0 million over the same period. The remaining funding gap of €7.4 million was essentially financed through the Group's net operating cash flows which over the period amounted to €8.2 million. As referred to above, this has created significant liquidity issues in the operations of the Group over the past years.

During 2020 the Group generated EBITDA of €0.7 million, including €0.9 million of which are attributable to amounts received under the Wage Supplement Scheme as implemented by Government as a measure to assist those companies significantly impacted by the pandemic. The year was characterised by high inflows from receivables amounting to €1.6 million driven by lower revenue generated during the year resulting in a decline in the Group's receivable balances from third-party booking agents.

In addition, the Group was sanctioned a facility of €2.0 million under the BOV MDB COVID Assist scheme during the year, of which €1.1 million were drawn down during the year.

7.3.2 Interim financial information of the Group

The table below summarises the combined financial performance of G3 Hospitality Limited and G3 Properties Limited for the interim period ending 30 September 2020 and 30 September 2021.

G3 Group Income Statement for period ending 30 September Amounts in €000's	2020 Unaudited	2021 Unaudited
Revenue		
Revenue from hotel accommodation	1,893	3,007
Revenue from restaurants	1,146	1777
Other income	106	168
Total revenue	**3,145**	**4,947**
Direct operating and SGA expenses	(3,737)	(3,929)
Other operating income	78	41
Normalised EBITDA	**(514)**	**1,060**
Depreciation	(807)	(798)
Normalised EBIT	**(1,321)**	**262**
Interest expenses	(272)	(269)
Normalised Profit/(Loss) before tax	**(1,593)**	**(7)**
COVID wage supplement	964	787.
Profit/(Loss) before tax	**(629)**	**780**

KPIs		
Revenue, y-o-y growth	n/a	57.3%
Normalised EBITDA margin	-16.3%	21.4%
Profit before tax margin	-20.0%	15.8%

For the period ending 30 September 2021, the Group generated total revenue amounting to €5.0 million from its main operations, an increase of 57.3% compared to the prior year. The general easement of travel restrictions worldwide and increased inbound tourism characterising 2021 was the major driver for the improved performance. The recovery in accommodation income was more pronounced when compared to the other revenue streams due to the overall recovery in tourism and the fact that the hotels were not closed off for extended periods as opposed to the prior year.

Higher occupancy rates over the nine-month period in 2021 resulted in the Group returning to profitability at a Normalised EBITDA level, with the Normalised EBITDA margin increasing to 21.34%, reflecting the Group's improved performance albeit still below normal level of operations. In this respect, the Group received *circa* €0.8 million in COVID-related supplements based on the fiscal measures available.

The table below summarises the combined financial position of G3 Hospitality Limited and G3 Properties Limited for the financial year ending as at 31 December 2020 and the interim period ending as at 30 September 2021.

G3 Group Combined Statement of Financial Position as at Amounts in €000's	31-Dec-20 Audited	30-Sept-21 Unaudited
Non-current assets		
Investments	1	1
Property, plant and equipment	32,665	32,365
Amounts receivable from related parties	400	591
Payment on account of purchase of property	1,047	1,177
Total non-current assets	**34,114**	**34,135**
Current assets		
Inventories	113	163
Trade and other receivables	773	1,091
Cash balances	70	509
Total current assets	**956**	**1,763**
Total assets	**35,070**	**35,898**
Equity and liabilities		
Equity		
Share capital	847	850
Revaluation and Fair value reserves	12,074	12,074
Retained earnings	**4,720**	**5,667**
Total equity	**17,641**	**18,591**
Non-current liabilities		
Borrowings	6,102	7,113
Deferred tax	3,447	3,256
Capital creditors	665	517
Finance lease liability	198	222
Total non-current liabilities	**10,412**	**11,108**
Current liabilities		
Trade and other payables	5,238	4,946
Current tax	598	502
Deferred ERDF Grant	143	123
Amounts payable to related parties	427	629
Bank overdraft	611	-
Total current liabilities	**7,017**	**6,199**
Total liabilities	**17,429**	**17,307**
Total equity and liabilities	**35,070**	**35,898**

The G3 Group's asset base amounted to €35.9 million as at 30 September 2021, increasing marginally from the total assets value as at 31 December 2020 of €35.1 million, mainly reflecting the impact of: (i) increase in receivables by €0.3 million in line with the recovery in the Group's operations; and (ii) increase in the G3 Group's cash position by €0.4 million.

The Group's total equity as at 30 September 2021 amounted to €18.6 million, improving from €1.6 million as at 30 December 2020. The movement in total equity reflects the Group's profits generated for the interim period, resulting in an increase in Retained Earnings.

Total liabilities as at 30 September 2021 amounted to €6.2 million, equivalent to a decrease of €100 thousand from total liabilities as at 31 December 2020 of €17.4 million, reflecting the net impact of: (i) an increase in the Group's borrowings amounting to €1.0 million; (ii) settlement of the Group's overdraft position amounting to €0.6 million; and (iii) a decrease in trade and other payables of €300 thousand.

G3 Group Combined Statement of Cash Flows for the year ended 31 December Amounts in €000's	2020 Unaudited	2021 Unaudited
Cash flows from operating activities		
Normalised EBITDA	(431)	(1,063)
Adjustments:		
Government wage supplements	964	787
Released government grant	(39)	(20)
EBITDA	**494**	**1,830**
Movements in working capital:		
(Increase)/ Decrease in inventories	16	(50)
(Increase)/ Decrease in receivables	(1,615)	(864)
Increase/ (Decrease) in payables	3,217	(76)
Cash flows generated from operating activities	**2,112**	**840**
Interest paid	(272)	(269)
Taxation paid	0	(97)
Net cash flows generated from operating activities	**1,841**	**474**
Cash flows from investing activities		
Capital expenditure	(2,403)	(496)
Net cash flows used in investing activities	**(2,403)**	**(496)**
Cash flows from financing activities		
Loan drawdowns net of capital loan repayments	723	1,100
Movements in finance lease	(61)	(64)
Net cash flows generated from/ (used in) financing activities	**661**	**1,036**
Net movements in cash and cash equivalents	**99**	**1,014**
Net opening cash and cash equivalents	(605)	(505)
Net closing cash and cash equivalents	**(505)**	**509**

As at 30 September 2021, the Group held a net cash balance of €0.5 million, an increase of €1.0 million over the period. This movement primarily reflects the Group's net loan drawdowns during the nine-month period under the BOV MDB COVID Assist scheme (€1.1 million). The Group's cash flows generated from operating activities were substantially netted off against payment on capital expenditure of the hotels.

G3 Finance plc

The table below summarises the financial performance of G3 Finance plc for the interim period ending 30 September 2020 and 30 September 2021.

G3 Finance plc Income Statement for period ending 30 September Amounts in €000's	2020 Unaudited	2021 Unaudited
Administrative expenses	(82)	(2)
Loss for the year	**(82)**	**(2)**

Since its incorporation in 2020, the company did not undertake any operations, thus the expenses incurred over the past years amounting to €84 thousand relate to its incorporation and ancillary professional fees.

G3 Finance plc **Statement of Financial Position as at** **Amounts in €000's**	**31-Dec-2020** **Unaudited**	**30-Sept-2021** **Unaudited**
Amounts receivable from related parties	2	2
Total assets	**2**	**2**
Equity		
Share capital	2	2
Accumulated losses	(82)	(84)
Total equity	**(80)**	**(82)**
Amounts due to related parties	(82)	(84)
Total liabilities	**82**	**84**
Total equity and liabilities	**2**	**2**

The Issuer's equity position amounted to negative €82 thousand as at 30 September 2021, reflecting the company's issued share capital over the period, net of losses incurred over the past two years. Amounts due to related parties reflect expenses incurred by the company over the past years which were paid by G3 Hospitality Ltd on the Issuer's behalf.

G3 Holdings Limited

The table below summarises the financial performance of G3 Holdings Limited for the interim period ending 30 September 2020 and 30 September 2021.

G3 Finance plc **Income Statement for period ending 30 September** **Amounts in €000's**	**2020** **Unaudited**	**2021** **Unaudited**
Administrative expenses	(1)	(2)
Loss for the year	**(1)**	**(2)**

Since its incorporation in 2020, the company did not undertake any operations, thus the expenses incurred over the past years amounting to €3 thousand relate to its incorporation and ancillary professional fees.

G3 Finance plc **Statement of Financial Position as at** **Amounts in €000's**	**31-Dec-2020** **Unaudited**	**30-Sept-2021** **Unaudited**
Non-current assets		
Investment in subsidiary	2	3
Total non-current assets	**2**	**2**
Current assets		
Amounts receivable from shareholders	1	1
Total current assets	**1**	**1**
Total assets	**3**	**3**
Equity		
Share capital	1	1
Accumulated losses	(2)	(4)
Total equity	**(1)**	**(2)**
Amounts due to related parties	4	6
Total liabilities	**4**	**6**
Total equity and liabilities	**3**	**3**

G3 Holdings Ltd's equity position amounted to negative €2 thousand as at 30 September 2021, reflecting the company's issued share capital over the period, net of losses incurred over the past two years. Amounts due to related parties reflect expenses incurred by the company over the past years which were paid by G3 Hospitality Ltd on the Guarantor's behalf.

7.3.3 Capitalisation and indebtedness

G3 Group Combined statement of capitalisation as at Amounts in €000's	31-Dec-18 Audited	30-Dec-19 Audited	31-Dec-20 Audited	30-Sep-21 Unaudited	31-Dec-21 Unaudited
Total current debt					
Secured bank borrowings	474	916	937	945	1,205
Total non-current debt					
Secured bank borrowings	4,926	4,113	5,165	6,612	5,899
Shareholder equity					
Share capital	1,503	1,503	847	850	850
Retained earnings	4,203	5,396	4,720	5,667	6,154
Revaluation and other reserves	13,455	12,074	12,073	12,074	12,074
Total shareholder equity	**19,161**	**18,973**	**17,641**	**18,591**	**19,078**
Total capitalisation	**24,561**	**24,002**	**23,743**	**26,148**	**26,182**

Throughout the past three years, the Group has maintained a heavily equity-financed capital structure with the Group's equity making up approx. 75% of the G3 Group's capitalisation. As at 31 December 2021 the Group's total equity amounted to €19.1 million, comprising share capital of €0.9 million, retained earnings of €6.2 million and revaluation and other reserves of €12.1 million recognised on fair value gains of the Group's hotels over the years.

The Group's borrowings comprise bank facilities drawn down from local credit institutions secured by the Group's hotels. During 2020, the Group drew down facilities amounting to €1.5 million, of which €1.1 million were drawn down under the BOV MDB COVID Assist scheme, to support the refurbishment of the Pergola Hotel & Spa and the short-term funding requirements caused by the pandemic. A further €1.4 million were drawn down during 2021 under the BOV MDB COVID Assist scheme. As referred to in section 5.1 of the Securities Note, part of the Bond's proceeds will be used to settle existing bank facilities.

G3 Group Combined statement of indebtedness as at Amounts in €000's	31-Dec-18 Audited	30-Dec-19 Audited	31-Dec-20 Audited	30-Sep-21 Unaudited	31-Dec-21 Unaudited
Cash and cash equivalents	75	157	70	509	278
Bank overdraft	(584)	(762)	(611)	-	(18)
Liquidity	**(510)**	**(605)**	**(541)**	**509**	**260**
Current portion of non-current financial debt	474	916	937	945	1,205
Current portion of finance leases	72	83	89	44	83
Current financial indebtedness	**546**	**999**	**1,026**	**989**	**1,288**
Net current financial indebtedness	**1,055**	**1,603**	**1,566**	**481**	**1,028**
Non-current financial debt	4,926	4,113	5,165	6,612	5,899
Non-current portion of finance leases	280	198	109	178	115
Non-current financial indebtedness	**5,206**	**4,311**	**5,274**	**6,790**	**6,014**
Total financial indebtedness	**6,262**	**5,914**	**6,840**	**7,271**	**7,042**

The Group's total financial indebtedness as at 31 December 2021 stood at €7.0 million, the majority of which pertains to the Group's bank borrowings amounting to €7.1 million, which includes the €1.1 million drawn down during 2020 and a further €1.4 million during 2021, both under the BOV MDB COVID Assist scheme. Other financing requirements consist of finance leases which amount to *circa* €0.2 million. The Group recovered from its net overdraft position between 2018 and 2020, to a net cash position of €0.3 million as at 31 December 2021.

8. Management and Administration

8.1 The Issuer

8.1.1 The Board of Directors

The Board of Directors of the Issuer is responsible for the general governance of the Company and for setting its strategic aims, for its proper administration and management and for the general supervision of its affairs.

The Memorandum of Association of the Issuer provides that the business and affairs of the Issuer shall be managed and administered by a Board of Directors to be composed of not less than four (4) and not more than eight (8) Directors, who are appointed by the shareholders by means of an ordinary resolution in general meeting. Accordingly, the Guarantor, the parent company of the G3 Group, is empowered to appoint the Directors of the Issuer, thereby putting it in a position to appoint an absolute majority of the Directors and, accordingly, have control over the management and operations of the Issuer.

As at the date of the Prospectus, the Board of the Issuer is composed of the seven individuals listed in sub-section 5.1 of this Registration Document, who are responsible for the overall direction and management of the Company. The Board currently consists of three executive Directors, who are entrusted with the Company's day-to-day management, and four non-executive Directors, two of whom are also independent of the Issuer, whose main functions are to monitor the operations of the executive Directors and their performance, as well as to review any proposals tabled by the executive Directors. In line with generally accepted principles of sound corporate governance, at least two of the Directors shall be persons independent of the G3 Group. No Directors have been removed since the Issuer's inception.

None of the Directors have, in the last five (5) years:

a) been the subject of any convictions in relation to fraudulent offences or fraudulent conduct;
b) been associated with bankruptcies, receiverships or liquidations (other than voluntary) in respect of entities in respect of which they were members of administrative, management or supervisory bodies, partners with unlimited liability (in the case of a limited partnership with a share capital), founders or members of senior management, or themselves been made bankrupt or associated with any liquidation or insolvency caused by action of creditors;
c) been the subject of any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies); or
d) been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company.

The Directors believe that the Issuer's current organisational structure is adequate for its present activities. The Directors will maintain this structure under continuous review to ensure that it meets the changing demands of the business and to strengthen the checks and balances necessary for better corporate governance.

8.1.2 Directors' service contracts

None of the executive Directors of the Issuer have a service contract with the Issuer.

8.1.3 Loans to Directors

There are no loans outstanding by the Issuer to any of its Directors, nor any guarantees issued for their benefit by the Issuer.

8.1.4 Removal of Directors

In terms of the Issuer's Articles of Association, the first Directors of the Issuer shall serve until the end of the first annual general meeting during which new directors shall be appointed. Thereafter, all other directors shall hold office from the general meeting at which they are elected until the end of the next annual general meeting. All Directors shall retire from office once at least in each three (3) years but retiring directors shall be eligible for re-election. The Directors currently in office are expected to remain in office at least until the next annual general meeting of the Issuer.

A Director may, unless he/she resigns, be removed by an ordinary resolution of the shareholders as provided by article 140 of the Act.

8.1.5 Powers of Directors

By virtue of the provisions of the Articles of Association of the Issuer, the Directors are empowered to transact all business and do all such things which are not by the Articles expressly reserved for the shareholders in general meeting.

Specifically, the Directors are vested with the management of the Issuer and their powers of management and administration emanate directly from the Memorandum and Articles of Association and the law. The Directors are empowered to act on behalf of the Issuer and, in this respect, have the authority to enter into contracts, sue and be sued in representation of the Issuer.

Directors may not vote on any contract, arrangement or investment in which they have a personal material interest, whether direct or indirect.

In terms of the Memorandum and Articles of Association of the Issuer, the Board of Directors may exercise all the powers of the Issuer to borrow money and to hypothecate or charge its undertaking, property and uncalled capital, or any part thereof, and to issue debentures, debenture stock and other securities whether outright or as security for any debt, liability or obligations of the Issuer or of any third party as it thinks fit, subject to the limit established in the Articles of Association and the overriding authority of the shareholders in general meeting to change, amend, restrict and/or otherwise modify such limit and the Directors' borrowing powers.

There are no provisions in the Issuer's Memorandum and Articles of Association regulating the retirement or non-retirement of Directors over an age limit.

8.1.6 Aggregate emoluments of Directors

In terms of the Memorandum and Articles of Association of the Issuer, the aggregate emoluments of all Directors in any one financial year, and any increases thereto, shall be such amount as may, from time to time, be determined by the shareholders in general meeting.

The remuneration of Directors is a fixed amount per annum and does not include any variable component relating to profit sharing, share options or pension benefits. For the financial year ending on 31 December 2022 it is expected that the Issuer will pay an aggregate of €43,000 to its Directors.

8.1.7 Non-executive Directors

The non-executive Directors' main functions are to monitor the operations of the executive Directors and their performance, as well as to review any investment opportunities that are proposed by the executive Directors.

8.1.8 Employees

The Issuer does not have any employees of its own and is, therefore, reliant on the resources which are made available to it by other Group entities. As at the date of this Registration Document, the Group has a total of 118 employees.

8.2 The Guarantor

8.2.1 The board of directors

The Memorandum of Association of G3 Holdings Limited provides that the business and affairs of the company shall be managed and administered by a board of directors to be composed of not less than two (2) and not more than four (4) directors. As at the date of the Prospectus, the board of directors of the Guarantor is composed of the four (4) individuals listed in sub-section 5.2 of this Registration Document who are responsible for the overall direction and management of the company. Directors of the Guarantor are appointed and removed by means of an ordinary resolution in general meeting.

8.2.2 Directors' service contracts

None of the directors of the Guarantor have a service contract with the company.

8.2.3 Aggregate emoluments of directors

For the current financial year ending 2022, no director emoluments are due by the Guarantor.

8.2.4 Loans to directors

There are no loans outstanding by the Guarantor to any of its directors, nor any guarantees issued for their benefit by the Guarantor.

8.2.5 Powers of directors

By virtue of the articles of association of the Guarantor, the board of directors is empowered to exercise all the rights of said company, except those rights as are expressly reserved for decision by the shareholders in general meeting.

8.2.6 Removal of Directors

Directors of the Guarantor may, unless they resign, be removed by ordinary resolution of the shareholders as provided in article 140 of the Act.

8.3 Conflict of interest

In addition to being Directors of the Issuer, John Grima and his three (3) sons Daniel Grima, Jonathan Grima and Alexander Grima are also directors of the Guarantor and of G3 Hospitality Limited. Furthermore, John Grima, Jonathan Grima and Alexander Grima are directors of G3 Properties Limited.

Additionally, John Grima holds an indirect controlling interest in the share capital of the Issuer and is the ultimate beneficial owner of the G3 Group in the proportions set-out in sub-section 9.2 of this Registration Document.

In view of the foregoing, such directors are susceptible to conflicts between the potentially diverging interests of the Issuer, the Guarantor and any of such other G3 Group companies in transactions entered into, or proposed to be entered into, between them. The independent, non-executive Directors of the Issuer have the task of ensuring that any potential conflicts of interest that may arise at any moment pursuant to these different roles held by the above-mentioned directors are handled in the best interest of the Issuer and according to law. The independent, non-executive Directors will also be tasked to ensure that transactions vetted by the Board of Directors are determined on an arms-length basis. As regards related party transactions generally, the Audit Committee operates within the remit of the applicable terms of Chapter 5 of the Capital Markets Rules regulating the role of the audit committee with respect to related party transactions.

No private interests or duties unrelated to the Issuer, the Guarantor or the G3 Group, as the case may be, have been disclosed by the general management team which may or are likely to place any of them in conflict with any interests in, or duties towards, the Issuer or the Guarantor, as the case may be.

Senior management do not hold any shares in the Issuer or the Guarantor.

In addition, in view of the lender-borrower relationship which is to arise between the Issuer and companies forming part of the G3 Group, particularly G3 Hospitality Limited, there may be situations that could give rise to conflicts between the potentially diverging interests of members of the Group. In such situations, the Directors shall act in accordance with the majority decision of those Directors who would not have a conflict in the circumstance and after taking account of the recommendations of the Audit Committee and of the advice of outside legal counsel, if necessary.

To the extent known or potentially known to the Issuer and the Guarantor as at the date of this Registration Document, other than the information contained and disclosed herein, there are no other conflicts of interest between any duties of the Directors and of executive officers of the Issuer, and/or the directors of the Guarantor, as the case may be, and their respective private interests and/or their duties which require disclosure in terms of the Prospectus Regulation.

8.4 Working capital

As at the date of this Registration Document, the directors of the Issuer and of the Guarantor are of the opinion that working capital available to the Issuer and the Guarantor, respectively, is sufficient for the attainment of their objects and the carrying out of their respective business for the next twelve (12) months of operations. The proceeds from the Bond Issue have been taken into account when providing said clean working capital statement; said clean working capital statement would still apply if the proceeds from the Bond Issue were not so included in the calculation of working capital.

9. Major shareholders and related party transactions

9.1 Major shareholders of the Issuer

The Issuer has an authorised and issued share capital of €252,000 divided into 252,000 ordinary shares of €1 each, which are subscribed to and allotted as fully paid-up shares as follows:

Name of shareholder	*Number of shares held*
G3 Holdings Limited	251,997 ordinary shares of €1 each
John Grima	3 ordinary shares of €1 each

The Issuer is, therefore, effectively a wholly-owned subsidiary of the Guarantor which holds an absolute majority of the ordinary shares in issue in the share capital of the Issuer.

To the best of the Issuer's knowledge there are no arrangements in place as at the date of the Prospectus the operation of which may, at a subsequent date, result in a change in control of the Issuer.

9.2 Major shareholders of the Guarantor

Name of shareholder	*Number of shares held*
John Grima	1,128 ordinary shares of €1 each
JAD Limited (C 15283)	72 ordinary shares of €1 each

John Grima directly owns *circa* 87% of the issued share capital of JAD Limited, with the remaining *circa* 13% held by his wife and his three sons Daniel Grima, Jonathan Grima and Alexander Grima, respectively.

To the best of the Guarantor's knowledge, there are no arrangements in place as at the date of the Prospectus the operation of which may, at a subsequent date, result in a change in control of the Guarantor.

9.3 Related party transactions

The Issuer adopts measures in line with the Code of Principles of Good Corporate Governance forming part of the Capital Markets Rules (the "**Code**") with a view to ensuring that the relationship with its major shareholders is retained at arm's length, including adherence to rules on related party transactions set out in Chapter 5 of the Capital Market Rules. Said rules require the vetting and approval of any related party transaction by the Audit Committee, which is constituted in its entirety by non-executive Directors, two of whom are independent, and of which one, in the person of Juanita Bencini, acts as Chair. The Audit Committee has the task of ensuring that any potential abuse is managed, controlled and resolved in the best interests of the Issuer. The composition of the Board, including the presence of two independent, non-executive Directors, effectively minimises the possibility of any abuse of control by any major shareholder.

More specifically, G3 Group entities shall regularly enter into trading transactions with fellow subsidiaries within the Group in their normal course of business. Trading transactions between these companies include items which are normally encountered in a group context and include rental charges, management fees, recharging of expenses and financing charges. These transactions will be subject to the regular scrutiny of the Audit Committee of the Issuer, which will be provided with all relative material contracts for review, to ensure that they are made on an arm's length basis and that there is no abuse of power by the Issuer in the context of related party transactions. In this regard, the Audit Committee of the Issuer will meet as and when necessary for the purpose of discussing any transactions or circumstances which may potentially give rise to such conflict or abuse.

Save for the Loan Agreement, which is detailed in section 14 of this Registration Document, as from the date of incorporation of the Issuer to the date of this Registration Document, the Issuer has not entered into any transactions which in terms of the Capital Markets Rules would constitute related party transactions.

9.4 Commissions

There were no commissions, discounts, brokerages or other special terms granted during the two years immediately preceding the publication of the Prospectus in connection with the issue or sale of any capital of the Issuer or the Guarantor or any other Group company.

10. Corporate Governance

10.1 The Issuer

Prior to the date of the Prospectus, the Issuer was not regulated by the Capital Markets Rules and, accordingly, was not required to comply with the Code. As a consequence of the present Bond Issue, in accordance with the terms of the Capital Markets Rules, the Issuer is required to comply with the provisions of the Code. The Issuer declares its full support of the Code and undertakes to fully comply with the Code to the extent that this is considered complementary to the size, nature and operations of the Issuer, and is confident that the application thereof shall result in positive effects accruing to the Issuer.

The Board of Directors sets the strategy and direction of the Issuer and retains direct responsibility for appraising and monitoring the Issuer's financial statements and annual report. The functions of the Board are exercised in a manner designed to ensure that it can effectively supervise the operations of the Issuer so as to protect the interests of Bondholders, amongst other stakeholders. The Board is also responsible for making relevant public announcements and for the Issuer's compliance with its continuing listing obligations.

As required by the Act and the Capital Markets Rules, the Issuer's financial statements are to be subject to annual audit by the Issuer's external auditors. Moreover, the non-executive Directors will have direct access to the external auditors of the Issuer who attend at Board meetings at which the Company's financial statements are approved. Directors are entitled to seek independent professional advice at any time on any aspect of their duties and responsibilities, at the Issuer's expense.

Going forward, in view of the reporting structure adopted by the Code, the Issuer shall, on an annual basis in its annual report, detail the level of the Issuer's compliance with the principles of the Code, explaining the reasons for non-compliance, if any.

As at the date hereof, the Board considers the Issuer to be in compliance with the Code save for the following exceptions:

Principle 7:

Under the present circumstances, the Board does not consider it necessary to appoint a committee to carry out a performance evaluation of its role, as the Board's performance is evaluated on an on-going basis by, and is subject to the constant scrutiny of, the Company's shareholders and the rules by which the Issuer is regulated as a listed company.

Principle 8:

The Board of Directors considers that the size and operation of the Issuer does not warrant the setting up of nomination and remuneration committees. Given that the Issuer does not have any employees other than the Directors and the company secretary, it is not considered necessary for the Issuer to maintain a remuneration committee. Also, the Issuer will not be incorporating a nomination committee. Appointments to the Board of Directors are determined by the shareholders of the Issuer in accordance with the Company's Memorandum and Articles of Association. The Issuer considers that the members of the Board possess the level of skill, knowledge and experience expected in terms of the Code.

10.2 The Guarantor

The Guarantor is a private company and, accordingly, is not subject to the provisions of the Capital Market Rules, nor is it required to endeavour to adhere to the provisions of the Code.

11. Audit Committee of the Issuer

The Audit Committee's objective is to assist the Board in fulfilling its supervisory and monitoring responsibilities according to terms of reference that reflect the requirements of the Capital Market Rules, as well as current good corporate governance best practices.

The Audit Committee oversees the conduct of the internal and external audit and acts to facilitate communication between the Board, management, the external auditors and the internal audit team. The internal and external auditors are invited to attend Audit Committee meetings, as appropriate and necessary. The Audit Committee reports directly to the Board of Directors.

The terms of reference of the Audit Committee include support to the Board of Directors of the Issuer in its responsibilities in dealing with issues of risk, control and governance, and associated assurance. The Board has set formal terms of establishment and the terms of reference of the Audit Committee which set out its composition, role and function, the parameters of its remit, as well as the basis for the processes that it is required to comply with. The Board reserved the right to change the Committee's terms of reference from time to time.

The primary purpose of the Audit Committee is to assist the Directors in conducting their role effectively so that the Issuer's decision-making capability and the accuracy of its reporting and financial results are maintained at a high level at all times. The main responsibilities of the Audit Committee include, but are not limited to, the following:

a) monitoring the financial reporting process and submitting recommendations or proposals to ensure its integrity;
b) monitoring of the effectiveness of the Issuer's internal quality control and risk management system and, where applicable, its internal audit regarding the financial reporting of the Issuer;
c) making recommendations to the Board in relation to the appointment of the external auditor and to approve the remuneration and terms of engagement of the external auditor, following appointment by the shareholders during the Issuer's annual general meeting;
d) reviewing and monitoring the external auditor's independence;
e) evaluating the arm's length nature of any proposed transactions to be entered into by the Issuer and a related party, to ensure that the execution of such transaction is at arm's length, conducted on a sound commercial basis and in the best interests of the Issuer; and
f) assessing any potential conflicts of interest between the duties of the Directors and their respective private interests or duties unrelated to the Issuer, to ensure that any potential abuse is managed, controlled and resolved in the best interests of the Issuer and according to law.

The Audit Committee has, pursuant to the relative terms of reference, been granted express powers to be given access to the financial position of the Issuer and all other entities comprising the G3 Group on a quarterly basis. To this effect, the Issuer and all other entities comprising the G3 Group are to submit to the Audit Committee quarterly management accounts, as well as at least quarterly comparisons of actuals against projections.

The Audit Committee is constituted in its majority by independent, non-executive Directors, each satisfying the independence criteria set out in the Capital Markets Rules. The Audit Committee is presently composed of Alexander Grima, Juanita Bencini and Michael Lewis Macelli, all three (3) members being non-executive Directors. The Audit Committee is chaired by Juanita Bencini, whilst Alexander Grima and Michael Lewis Macelli act as members. In compliance with the Capital Markets Rules, the members of the Audit Committee who are designated as independent and competent in auditing and/or accounting are Juanita Bencini and Michael Lewis Macelli. The Issuer considers that the members of the Audit Committee have the necessary experience, independence and standing to hold office as members thereof. The CVs of the said Directors may be found in sub-section 5.1 above.

12. Historical financial information

The historical financial information relating to the Issuer for the period ended 31 December 2020 has been audited by PricewaterhouseCoopers and, together with the respective auditor's report thereon, is available for inspection as set out in section 18 below and is incorporated by reference, and may be accessed on the Issuer's website www.g3.com.mt. There have been no significant adverse changes to the financial or trading position of the Issuer since the end of the financial period to which the last audited financial statements relate.

The historical financial information relating to the Guarantor for the financial year ended 31 December 2020 as audited by PricewaterhouseCoopers, and the respective auditor's report thereon, is set out in the financial statements of the Guarantor, which are available for inspection as set out in section 18 below and are incorporated by reference, and may be accessed on the Issuer's website www.g3.com.mt. There have been no significant adverse changes to the financial or trading position of the Guarantor since the end of the financial period to which the last audited financial statements relate.

Historical financial information of G3 Hospitality Limited and G3 Properties Limited, respectively, for 2021 has been extracted from unaudited management accounts of each of said entities for the period ended 30 September 2021.

Furthermore, the Issuer and the Guarantor hereby confirm that there has been no material change or recent development which could adversely affect potential investors' assessments in respect of the Bonds, other than the information contained and disclosed in the Prospectus.

Sub-section 7.3.1 above includes historical financial information of G3 Hospitality Limited (formerly Sunsites Limited) and G3 Properties Limited (formerly Jays Limited) for the financial years 2018, 2019 and 2020. The said financial information for the financial year 2018 has been extracted from the audited financial statements for the year ended 31 December 2018 of G3 Hospitality Limited (formerly Sunsites Limited) and G3 Properties Limited (formerly Jays Limited), respectively, as audited by Parker Randall Turner. Parker Randall Turner is a firm registered as a partnership of certified public accountants holding a practicing certificate to act as auditors in terms of the Accountancy Profession Act, 1979 (Chapter 281 of the laws of Malta). Historical financial information of the mentioned companies for the financial years 2019 and 2020 has been extracted from the audited financial statements for the years ended 31 December 2019 and 2020 of G3 Hospitality Limited and G3 Properties Limited, respectively, as audited by PricewaterhouseCoopers.

The historical financial information relating to G3 Hospitality Limited (formerly Sunsites Limited) and G3 Properties Limited (formerly Jays Limited) for the aforementioned financial period ended 31 December 2018 as audited by Parker Randall Turner and the financial periods ended 31 December 2019 and 2020 as audited by PricewaterhouseCoopers is set out in the financial statements of said entities, which are available for inspection as set out in section 18 below.

Save for the matters described in this Registration Document, there have been no significant changes to the financial or trading positions of G3 Hospitality Limited and G3 Properties Limited since the end of the financial period to which the last audited financial statements relate.

Key References	Page Number in Annual Report			Page number in Condensed Unaudited consolidated interim Statements
Information incorporated by reference in the Prospectus	Financial year ended 31 Dec 2018	Financial year ended 31 Dec 2019	Financial year ended 31 Dec 2020	Nine-Month period ended 30 Sep 2021
G3 Hospitality				
Statements of Financial Position	5	11-12	12-13	1-2
Statements of Profit or Loss	4	13	14	3
Statements of Changes in equity	6	14	15	4
Statements of Cash Flows	7	15	16	5
Notes to the Financial Statements	8-29	16-33	17-34	N/A
Independent Auditors' Reports	30-33	6-10	7-11	N/A
G3 Properties				
Statements of Financial Position	4	4-5	4-5	1-2
Statements of Profit or Loss	3	6	6	3
Statements of Changes in equity	N/A	N/A	N/A	4
Statements of Cash Flows	N/A	N/A	N/A	5
Notes to the Financial Statements	5-16	7-18	7-17	N/A
Independent Auditors' Reports	17-19	1-3	1-3	N/A
G3 Holdings				
Statements of Financial Position	N/A	N/A	4	1
Statements of Profit or Loss	N/A	N/A	5	2
Statements of Changes in equity	N/A	N/A	N/A	3
Statements of Cash Flows	N/A	N/A	N/A	N/A
Notes to the Financial Statements	N/A	N/A	6-11	N/A
Independent Auditors' Reports	N/A	N/A	1-3	N/A
G3 Finance				
Statements of Financial Position	N/A	N/A	4	1
Statements of Profit or Loss	N/A	N/A	5	2
Statements of Changes in equity	N/A	N/A	N/A	3
Statements of Cash Flows	N/A	N/A	N/A	N/A
Notes to the Financial Statements	N/A	N/A	6-11	N/A
Independent Auditors' Reports	N/A	N/A	1-3	N/A

13. Litigation and arbitration proceedings

There have been no governmental, legal or arbitration proceedings involving the Issuer and/or the Guarantor (including any such proceedings which are pending or threatened of which the Issuer and/or the Guarantor are aware) during the period covering 12 months prior to the date of the Prospectus which may have, or have had, in the recent past significant effects on the financial position or profitability of the Issuer and/or the Guarantor and/or the Group, taken as a whole.

14. Material contracts

The Issuer (as lender) shall enter into a conditional Loan Agreement to be dated on or around 21 March 2022 with G3 Hospitality Limited (as borrower) with a maturity of ten years pursuant to which the Issuer shall advance to G3 Hospitality Limited by title of loan the net proceeds of the Bond Issue in an amount of approximately €12.1 million, and in terms of which Loan Agreement interest on the loan amount is payable annually in arrears on or around 20 March of each year at the rate of 6.5% *per annum*. G3 Hospitality Limited bound itself to repay the loan in full on or around 20 March 2032. The terms and conditions of the Loan Agreement are subject to and conditional upon the Guarantee and the Collateral being duly perfected and the Bonds being admitted to the Official List of the MSE.

Save for the Loan Agreement described above and the Security Trust Deed (details of which are set out in sub-section 5.5 of the Securities Note), the Issuer has not entered into any material contracts which are not in the ordinary course of its business which could result in the Issuer being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to security holders in respect of the Bonds, as such securities are issued pursuant to, and described in, the Securities Note.

15. Additional information

15.1 Share capital of the Issuer

The Issuer has, as at the date of this Registration Document, an authorised and issued share capital of €252,000 divided into 252,000 ordinary shares of €1 each, all fully paid up. The Guarantor holds 251,997 ordinary shares of €1 each and John Grima holds three (3) ordinary shares of €1 each.

There are no classes of shares and each share confers the right to one (1) vote at general meetings of the Company. All ordinary shares rank *pari passu* in all respects.

In terms of the Issuer's Memorandum and Articles of Association, no issue of shares in the Issuer shall take place where such issue would dilute a substantial interest of the shareholders of the Issuer without prior approval of the shareholders in general meeting.

The shares of the Issuer are not listed on the MSE. Application has not been filed for the shares of the Issuer to be quoted on the Official List of the MSE. There is no capital of the Issuer which has been issued to the public during the two years immediately preceding the publication of the Prospectus.

It is not expected that further shares in the Issuer shall be issued during the current financial year, whether fully or partly paid up, in consideration for cash or otherwise.

There is no capital of the Issuer which is currently under option, nor is there any agreement by virtue of which any part of the capital of the Issuer is to be put under option.

15.2 Memorandum and Articles of Association of the Issuer

Objects

The Memorandum and Articles of Association of the Issuer are registered with the Malta Business Registry. The principal object of the Issuer is to act as a financing and investment company of any company or other body corporate or another entity duly formed or incorporated in its relevant jurisdiction, or of any number of such entities, and, in particular, but without prejudice to the generality of the foregoing, to carry on the business of financing or re-financing of the funding requirements of the business of its subsidiaries and/or associated companies. The issue of bonds falls within the objects of the Issuer. Clause 4 of the Memorandum of Association contains the full list of objects of the Issuer.

The Memorandum and Articles of Association of the Issuer otherwise regulate matters customarily dealt with therein, including matters such as voting rights and restrictions thereof, and the appointment and powers of Directors.

A copy of the Memorandum and Articles of Association of the Issuer may be inspected during the lifetime of the Prospectus at the registered address of the Issuer as set out in section 18 of this Registration Document and at the Malta Business Registry during the lifetime of the Company.

Voting rights and restrictions

The holders of shares in the Issuer are entitled to vote at meetings of the shareholders of the Issuer on the basis of one vote for each share held.

15.3 Share capital of the Guarantor

The Guarantor has, as at the date of this Registration Document, an authorised and issued share capital of €1,200 divided into 1,200 ordinary shares of €1 each, all fully paid up, and held by John Grima and JAD Limited, a company incorporated in terms of the laws of Malta, bearing company registration number C 15283 and having its registered address at 'The Pergola', Adenau Street, Mellieha MLH 2014, Malta, in the amounts outlined in sub-section 9.2 of this Registration Document.

The authorised share capital of the Guarantor may be increased by a resolution of the shareholders in general meeting. Shares can be issued when and under those conditions decided by extraordinary resolution of the shareholders in general meeting.

Each ordinary share in the company confers the right to one vote at general meetings of the Guarantor. All ordinary shares rank pari passu in all respects.

There is no capital of the Guarantor which is currently under option, nor is there any agreement by virtue of which any part of the capital of the Guarantor is to be put under option. There are no arrangements, known to the Guarantor, which may at a subsequent date, result in a change in control of the Guarantor.

15.4 Memorandum and articles of association of the Guarantor

Objects

The memorandum and articles of association of the Guarantor are registered with the Malta Business Registry. The principal object of the Guarantor is to act as a holding company and invest and hold shares, participations and debentures in any other company, partnership or business. In terms of its memorandum of association, the Guarantor is entitled to secure and guarantee the repayment of any debt, liability or obligation of any third party.

The memorandum and articles of association of the Guarantor otherwise regulate matters customarily dealt with therein, including matters such as voting rights and restrictions thereof, and the appointment and powers of directors.

A copy of the memorandum and articles of association of the Guarantor may be inspected during the lifetime of the Prospectus at the registered address of the Issuer as set out in section 18 of this Registration Document and at the Malta Business Registry during the lifetime of the company.

Voting rights and restrictions

The holders of shares in the Guarantor are entitled to vote at meetings of the shareholders of the Guarantor on the basis of one (1) vote for each share held.

16. Property Valuation Report

G3 Properties Limited commissioned dhi PERITI to provide the company with a property valuation report in relation to the Security Property owned by G3 Properties Limited, in line with the requirements of Chapter 7 of the Capital Markets Rules.

The following are the details of said independent valuer:

Name:	Denis H. Camilleri Eur. Ing, A & CE, B.Sc. (Eng)., B.A. (Arch.)., C.Eng., A.C.I.Arb., F.I.Struct.E., F.I.C.E.
Business address:	No. 56, 2nd Floor, Europa Centre, St. Anne Street, Floriana FRN 9011, Malta

The property valuation report is dated 9 February 2022.

A copy of said report dated 9 February 2022 compiled by Perit Denis H. Camilleri of dhi PERITI in respect of the Security Property owned by G3 Properties Limited, the aggregate present post-COVID-19 market value of which has been estimated at €18.25 million in its present state of repair and noting its trading for a number of years at consistent occupancy levels, is reproduced in Annex I to this Registration Document and is available for inspection as set out in section 18 of this Registration Document.

17. Third party information, statements by experts and declarations of any interest

Save for the architect's property valuation report set out in Annex I to this Registration Document and the Financial Analysis Summary set out in Annex III to the Securities Note, the Prospectus does not contain any statement or report attributed to any person as an expert.

The architect's property valuation report dated 9 February 2022 has been included in Annex I of this Registration Document in the form and context in which it appears with the authorisation of Perit Denis H. Camilleri of No. 56, 2nd Floor, Europa Centre, St. Anne Street, Floriana FRN 9011, Malta, who has given and has not withdrawn his consent to the inclusion of said report herein.

The Financial Analysis Summary dated 25 March 2022 has been included in Annex III of the Securities Note in the form and context in which it appears with the authorisation of Rizzo, Farrugia & Co. (Stockbrokers) Ltd of Airways House, Fourth Floor, High Street, Sliema SLM 1551, Malta, which has given and has not withdrawn its consent to the inclusion of said report herein.

Neither of the foregoing experts have any beneficial interest in the Issuer or the Guarantor. The Issuer confirms that the architect's property valuation report and the Financial Analysis Summary have 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.

18. Documents available for inspection

The following documents or certified copies thereof, where applicable, shall be available for inspection at the registered address of the Issuer at 'The Pergola', Adenau Street, Mellieha MLH 2014, Malta, during the term of the Bonds during office hours:

a. Memorandum and Articles of Association of both the Issuer and of the Guarantor;
b. Audited financial statements of the Issuer and of the Guarantor for the year ended 31 December 2020;
c. Audited financial statements of G3 Hospitality Limited (formerly Sunsites Limited) and G3 Properties Limited (formerly Jays Limited) for the years ended 31 December 2018, 2019 and 2020;
d. Interim unaudited financial statements of the Issuer and the Guarantor for the nine-month period 1 January to 30 September 2021;
e. Interim unaudited financial statements of G3 Hospitality Limited and G3 Properties Limited for the nine-month period 1 January to 30 September 2021;
f. Financial Analysis Summary dated 25 March 2022 and prepared by Rizzo, Farrugia & Co. (Stockbrokers) Ltd, as reproduced in Annex III of the Securities Note;
g. Architect's property valuation report dated 9 February 2022 prepared at the Company's request in respect of the Security Property, as reproduced in Annex I of this Registration Document;
h. Security Trust Deed;
i. Loan Agreement; and
j. Guarantee, as reproduced in Annex II of the Securities Note.

The documents listed in (a), (b) and (c) above are also available for inspection in electronic form on the Issuer's website www.g3.com.mt.

ANNEX I - VALUATION REPORT

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architects | civil engineers | valuers | sustainability consultants

Date: 9/02/2022

Client: G3 Properties LTD

SOLANA HOTEL, TRIQ GORG BORG OLIVIER / TRIQ DUN FRNGISK SCIBERRAS, MELLIEHA, MALTA.

MAIN REPORT

A: dhi Periti, no.56, 2nd Floor, Europa Centre, St.Anne Street, Floriana, FRN9011, Malta
T: +356 21233376 // +356 21221542 F: +356 21236444 E: info@dhiperiti.com // www.dhiperiti.com

SOLANA HOTEL & SPA, TRIQ GORG BORG OLIVIER / TRIQ DUN FRANGISK SCIBERRAS, MELLIEHA, MALTA.

Date: 9/02/2022f

The signee has visited the above-mentioned premises on the 25th October 2021 on the instructions of G3 Properties Ltd., for the purpose of preparing a valuation appraisal of the Solana Hotel & Spa (the "**Solana**" or "**Hotel**"). The valuation appraisal is being undertaken according to the *Kamra Tal-Periti Valuation Standards* as issued in 2012 for valuation of premises, which draws heavily on TEGOVA's European Valuation Standards (EVS) 2009. These standards are considered to be suitable replacements for the Royal Institute of Chartered Surveyors (RICS) standards referred to in Chapter 7 of the Capital Markets Rules published by the Listing Authority.

Note that no conflict of interest arises. The valuation report has been signed off by Perit Denis H. Camilleri, holder of warrant number 114 in accordance with Chapter 390 of the laws of Malta (Periti Act).

A cursory, not a full building structural survey has been undertaken, with buildings elements that are covered, exposed or inaccessible not inspected and assumed in a good state of repair.

Title documentation was not provided to us, however the Hotel has been noted as freehold. We recommend that reliance should not be placed on our interpretation thereof without prior verification by the respective legal advisors. Unless notified to the contrary, we assume that the property has a good and marketable title and is free from any pending litigation. We further assume that all documentation is satisfactorily drawn and that unless disclosed to us, there are no unusual or onerous restrictions, easements, covenants or other outgoings, which would adversely affect the value of the relevant interest(s).

A measured site survey was not undertaken, but areas are calculated by reference to identified boundaries of the property and the appropriate as-built drawings. All property measurements are carried out in accordance with the code of measuring practice as issued in the *Kamra tal-Periti* Valuation Standards 2012.

Note this valuation is being reported on the basis of 'Valuation Uncertainty' as defined in the European Valuation Standards 2016, and in line with the Kamra tal-Periti Valuation Standards Covid-19 Guidance Note (May 2020). While the estimated value is considered to be the best and most appropriate estimate based on the available information, it is the opinion of the undersigned that less certainty – and a higher degree of caution – should be attached to this valuation than normally would be the case.

Given the unknown future impact that COVID-19 might have on the real estate market, it is recommended that the valuation of the property is under frequent review.

This report will be for the use to G3 Properties Ltd., its owners and professional advisers and is for the sole purpose stated above. Liability cannot be accepted if it is relied upon by anyone else, whether for the stated purpose or any other.

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INTRODUCTION

This functioning hospitality premises with 183 rooms is situated on Triq Gorg Borg Olivier, Mellieha, and is within close vicinity to Ghadira Bay and the Gozo ferry. The Hotel has been operational since 2001 and since then the Hotel has doubled in size with the addition of an additional block constructed to the rear on Triq Dun Frangisk Sciberras in 2004.

The extension/upgrade project which had increased the number of rooms from 101 to 183 had commenced in November 2017 and was completed by June 2018. Full occupancy was then achieved as at August 2018. Besides the additional floors that were constructed, an additional basement level had been included. This now houses the Spa Centre, indoor pool, together with gym facilities and additional guest room facilities on the inner block.

This hospitality premises as laid out on a total land area of 1,748m^2, is split into 1,033m^2 for the front and 715m^2 for the rear block. These two blocks face on three streets, interconnected by a bridge at lower basement level, which is utilised as parking and stores accessed from Triq Sammy Bartolo. This reduces the need for a ramp therefore saving space. The main block on Triq Gorg Borg Olivier has a street frontage of 26.34m with an average depth of 40.18m. The block to the rear on Triq Dun Frangisk Sciberras has a frontage of 14m which widens to 19m to the rear, with an average depth of 44.21m.

PA CONSIDERATIONS

The Local Plan lists this locality as a Residential Area as per NWUS 3 on Triq Dun Frangisk Sciberras, and the Town Center as per NWCM 1 on Triq Gorg Borg Olivier. The building height is further specified at three floors plus 3crs basement on Triq Dun Frangisk Scibberras

According to the recent DC2015 PA document, the maximum heights for the above is quoted at 16.30m. It appears that a total of five floors inclusive of penthouse level + 1m screening wall may be constructed. Furthermore, for the hospitality hotel business, an additional two floors may be applicable. It appears that additional floors may be constructed.

The local plan according to map 25 defines this location as a Residential Area, following Policy NWUS3. Location is classified as a residential area as per policy NWUS3. Policy NWUS3 includes for most uses on a local scale, as shop/offices are not to exceed 75m^2 in size. Acceptable light industrial use of floor area less than 50m^2 are to be of low impact not requiring 3-phase electrical supply, such as electronic repair servicing and maintenance and not employing more than 5 people, on Triq Frangisk Sciberras and a Town Center following policy NWCM 1, this allows for many uses on a local scale providing Class 1 (dwellings) are restricted to upper floors on Triq Gorg Borg Olivier.

The Planning history of this Hotel is noted below:

- Planning Application PA/06693/94 Full development permission *“To construct a shopping arcade, multi-purpose hall and basement parking.”* This application has been approved by the EPC/MEPA Board on 27 March 1996.

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- Planning Application PA/00623/97 Amended development permission *“To erect a shopping arcade, games room and a basement parking.”* This application has been approved by the EPC/MEPA Board on 10 July 1998.

- Planning Application PA/01082/99 Outline development permission *“for an action plan including traffic management for Triq il-Kbira, Triq G. Borg Olivier, Triq Marfa Mellieha.”* This application for development permission has been withdrawn at the request of the applicant on 09 April 1999.

- Planning Application PA/02205/00 Full development permission *“Change of use of existing commercial block to a hotel and additional rooms at roof level.”* This application has been approved by the EPC/MEPA Board on 28 February 2001.

- Planning Application PA/06477/01 Full development permission *“Extension of existing hotel and demolition of existing building.”* This application has been approved by the EPC/MEPA Board on 07 August 2002.

- Planning Enforcement EC/00464/02 *“Demolishing of an existing building and forming of road by depositing rubble in valley without permit.”* Enforcement Action Closed - Owner/Occupier removed the non-compliant development.

- Planning Application PA/01220/09 Full development permission “*To sanction the extension and alterations of an existing Hotel.*” This application has been approved by the EPC/MEPA Board on 10 May 2013.

- Planning Application PA/00974/14 Full development permission “*To increase hotel rooms.*” This application has been approved by the EPC/MEPA Board on 01 December 2014.

- Planning Application PA/06362/16 Full development permission “*Demolition of the third floor level of an existing hotel, alterations to the hotel and the construction of additional floors.*” This application has been approved by the EPC/MEPA Board on 13 September 2017.

- Planning Application PA/08863/18 Full development permission “*To sanction variations from approved alterations and extension to Solana Hotel with a total number of rooms of 177, in PA 6362/16.*” This application has been approved by the EPC/MEPA Board on 17 September 2019.

- The Hotel is currently operating with 183 rooms as noted previously. PA/08863/18 is for the sanctioning of these six rooms’ difference (183 less 177 rooms). They are all located in the rear block, with four in number at the lowest level overlooking the garden and the other two located at ground level facing the street. These additional rooms had been approved on the 17th September 2019 as noted above

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EXISTING DEVELOPMENT

Table No. 1 notes the floor areas as existing on all levels for this hospitality premises. The intermediate basement solely is utilised for parking, storage and housekeeping activities, due to this intermediate basement has direct access onto Triq Sammy Bartolo, with no rampways required to access this level. The lowest basement level is utilised as a Spa Centre, with the indoor pool and gym located here. At the rear block, the Hotel has further guest rooms. The upper basement then caters for the large breakfast area overlying the rear sunken garden.

TABLE 1 - SOLANA HOTEL FLOOR AREAS

LEVEL	BLOCK	USE	NUMBER	AREAS IN m^2			
				INTERNAL			EXTERNAL
				GROSS	NET	HEIGHT	
-3	A	SPA, GYM & POOL		845.22	498.49	2.92	236.90
		CONFERENCE HALL			68.69		
		RECEPTION & ADJOINING STORE			37.95		
		CIRCULATION			29.64		
	B	MEETING ROOM		446.08	71.18	2.92	
		STORES	2		54.15		
		W/Cs			27.28		
		CESSPIT & STORE			28.16		
		ROOMS	4		186.49		
		CIRCULATION			78.82		
-2	A	STORES	4	1,037.88	252.86	2.92	
		CIRCULATION			85.30		
	A & B	PARKING	26		1,173.32		29.87
	B	UN/LOADING	2	537.14	8.82		
		CIRCULATION			54.90		
-1	A	KITCHEN & ANCILLARYS		970.55	150.56	2.92	
		STORES	2		37.28		
		RESTAURANT & STORE			406.37		53.27
		W/Cs	2		13.54		
		LAUNDRY			12.50		
		COMPUTERS			29.14		
		CIRCULATION			154.22		
	B	ROOMS	9	432.09	362.17	2.67	111.14
		UN/LOADING			17.79		
		CIRCULATION			52.13		
0	A	RESTAURANT	1	888.41	132.11	2.92	
		LOBBY	1		198.15		77.74
		LOUNGE	1		60.27		
		W/Cs	2		18.15		
		STORES	1		11.92		
		BAR	1		19.55		
		RECEPTION	1		21.74		
		LUGGAGE ROOM	1		6.12		
		OFFICE & ADJOINING BATHROOM	1		28.57		
		ROOMS	7		351.90		52.12
		CIRCULATION			39.93		
	B	ROOMS	9	437.37	376.09	2.92	23.45
		CIRCULATION			61.28		

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1	A	ROOMS	20	869.50	759.59	2.92	88.67
		CIRCULATION			109.91		
	B	ROOMS	10	452.63	405.30	2.92	34.17
		CIRCULATION			47.33		
2	A	ROOMS	20	914.14	804.23	3.44	72.70
		CIRCULATION			109.91		
	B	ROOMS	10	452.77	410.55	2.87	34.17
		CIRCULATION			42.22		
3	A	ROOMS	20	861.53	696.54	2.62	86.50
		CIRCULATION			164.99		
	B	ROOMS	9	394.02	353.43	2.70	26.14
		CIRCULATION			40.59		60.86
4	A	ROOMS	20	845.78	680.78	2.62	64.63
		CIRCULATION			165.00		
	B	ROOMS	8	336.77	303.93	2.70	57.42
		CIRCULATION			32.84		
5	A	ROOMS	20	845.53	729.88	2.60	64.63
		CIRCULATION			115.65		
	B	ROOMS	8	313.21	280.54	2.96	55.16
		CIRCULATION			32.66		
6	A	POOL FOUNDATION		539.16	103.34	2.63	154.23
		RESERVOIR			15.39		
		MOTOR ROOM			8.31		
		ROOMS	6		324.42		157.76
		CIRCULATION			87.70		
	B	ROOMS	3	197.76	179.77	2.96	114.86
		CIRCULATION			18.00		
7	A	BAR	2	109.90	20.23	2.30	
		BAR TERRACE					251.23
		W/Cs	3		23.62		
		POOL DECK TERRACE					127.97
		POOL			110.35		
		SHOWERS	1		2.79		
		CIRCULATION			16.77		
TOTAL OWNED FOOTPRINT = 1,747.34m²			***TOTAL***	***12,727.42***	***12,414.08***	***TOTAL***	***2,035.58***

At basement level -3, block A consists of the Spa complete with Gym and pool facilities, a conference hall and a reception area with adjoining store. Block B has a meeting room, three stores (one is connected to the cesspit), a W/C block and four guest rooms overlooking the garden facing Block A.

At basement level -2, block A consists of stores, the plant room and maids' rooms. At this level, a bridge connects the two blocks. Block B is mainly utilised as parking and is accessed through large street-level doors onto Triq Sammy Bartolo removing the need of a ramp. Furthermore, one finds an area with two hoists connected to level -1 for refuse disposal.

At basement level -1, block A consists of a restaurant with the hotel kitchens and related stores, computer rooms and the hotel laundry. Block B is mainly utilised as guest rooms, of which there are nine in total and there is also access to the refuse disposal hoists.

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At ground floor level, block A consists of a restaurant facing onto Triq Gorg Borg Olivier, the main hotel reception complete with a bar, an office area and to the rear one finds seven guest rooms overlooking the garden and Block B. Block B is mainly utilised as guest rooms, of which there are nine in total and there is also access to Triq Dun Frangisk Sciberras.

The overlying floors (1 to 6) now cater for a variety of guest rooms varying in sizes. The exact number of rooms is noted in table 2 below.

Finally, on level 7 (note on block A only) there is a roof top pool area with two bars and toilet/showering facilities.

Noting the above, the room types are classified as follows.

TABLE 2: ROOM TYPES		
VIEW	BLOCK A No	BLOCK B No
STREET	38	32
GARDEN	75	38
TOTAL	***113***	***70***

All guest bedrooms have an ensuite bathroom. Most rooms are also external facing with their own terrace. These external standard rooms have a minimum floor area of 30m^2 increasing to 33.5m^2, with a terrace of minimum area of 6m^2. The superior external rooms have a minimum floor area of 38.5m^2 increasing to 54.5m^2, with a terrace of minimum area of 40m^2. The internal standard rooms have a floor area of 27m^2 with a 4m^2 terrace. A comfortable hotel guest room typically ranges from 25m^2 up to 35m^2, with the majority of the rooms within the Hotel falling within this range. Storey heights of the original rooms noted at 2.715m ceiling height, acceptable as just above the old norm at 2.7m. The new constructed floors were built with a storey height of 2.45m.

EXISTING STATE OF REPAIR

This is an approximate 18 year-old development for the oldest section, decreasing to 1 year for the more recent additional floors. During the recent extension of floors project, refurbishments were being undertaken over this period to all the original floor areas, with the upgrading of rooms undertaken recently, hence finishings to most rooms conform to a uniform standard of finish. As a result, the Hotel is found to be in a good condition for the storage areas and the guests' areas.

It is to be further noted that although upgrading had been undertaken to all of the existing premises, the original furniture to the existing rooms is still in place. Presently upgrading to gym equipment has been undertaken.

The building services in place are located at intermediate basement level. Hot water has been upgraded from the previous calorifiers and boilers at this intermediate basement level pumped to guest rooms to a more efficient heat pump technology. The A/C system in place is via VRV units, with the outdoor units placed in the various terraces as existing in the various levels of the two blocks. Fire alarm is in place, with a dry riser system and hand-held fire extinguishers in place. A reservoir is located underneath the lowest basement level. This is fed mainly by mains water, or bowser supply if necessary. A water softener supplies the kitchen areas with the required treated water. An electrical generator, located at roof level, feeds the whole electrical supply if necessary.

Vertical circulation is undertaken by three closed stairways, together with four passenger lifts and one service lift.

MALTA'S TOURISTIC DATA.[1][2]

Demand for Malta as a holiday destination, as measured by the number of annual tourist arrivals increased by 555,552 over a period of 10 years (2005 – 2015). By 2018, when a record of 2.75 million + tourists visited Malta, the United Kingdom's market share, although still the largest, had fallen to close to 24.6%, as compared to 75% in the 60's. Tourist arrivals were up by 14.3% in 2018 after increasing by 15.7% in 2017. The following notes the spiraling of the tourism increases over the period 2010 – 2019, then fizzling out in 2020 due to the Covid pandemic, still ongoing in up to mid-2021, but gaining ground at 50% of 2019 level thereafter.

Leisure tourism remains the main purpose of visit, with its share increasing from 83.7% in 2010 to 85.3% of total inbound tourists in 2017, largely reflecting the expansion in self-catering accommodation facilities and internet marketing. Only 15.7% now chose Malta as their destination solely for the traditional 'sun and sea' factor. The largest share of tourists, standing at 42.9% chose Malta for its culture and heritage. Moreover, important tourism niches such as, health, wellness, scuba diving and other sports segments were mentioned by a further 12.7% of the tourists surveyed as their main motivational factor in choosing Malta as their destination. Meanwhile, the share of the "other" tourist segment, which includes tourism for educational, religious and health-related purposes, stood at 6.8%, accounting for more than 154,000 visitors in 2017.

The number of annual tourists as at 2019, prior to the 2020 Covid debacle, was presently above the 2.5 million mark, up from just below 1.2 million in 2009 with the total number of annual bed nights above 16.5 million, up from 10 million in 2009. It is further noted that although numbers increased, the length of stay since 1995 has been decreasing. In 2001, on average, inbound tourists' spent 9.2 nights in Malta. However, since 2004, the average length of stay has been on a downward trend, standing at 7.1 nights in 2018. Post 2007 this was partly reflected by the advent of low cost carriers which led to more frequent airline connectivity of the islands, increasing Malta's viability as a short holiday destination.

Reflecting the rise in inbound tourists and total nights stayed in Malta, visitors' spending also surged markedly. In 2001, total tourist expenditure stood at €960.4 million. From 2010 onwards, expenditure grew at an average annual rate of 9.9%, reaching €1.9 billion in 2017. Given the decline in the average length of stay, the average expenditure per visiting tourist did not change much from 2001 onwards. On a per capita expenditure basis, tourists spent €838 per stay in 2001, rising only to €856 in 2017.

[1] MHRA Annual Reports
[2] Central Bank of Malta Annual Reports.

However, when taking into account the impact of shorter stays, the average expenditure per night increased from €91 in 2001 to €118 in 2017. However, over time, while wage bill and operational costs rose, hoteliers managed to increase their gross operating profit margin per available room.

TABLE 3- % OCCUPANCY LEVEL OF 3 & 4 – star Hotels 2010 – 2019.										
Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
MHRA – 3*	64.9	64.9	63.7	67.5	68.1	77.5	81.3	83.8	82.4	79.8
MHRA – 4*	73.6	74.7	73.9	75.6	79.3	82.0	82.1	80.3	83.2	81.9

Table No. 3 now identifies the occupancy rates as occurring in the hotel industry over the immediate past period 2010 – 2019.

In 2015 tourist numbers increased by 6.0% to reach nearly 1.8 million visitors, following growth of 6.8% in 2014. Although the annual growth rate of tourist arrivals moderated somewhat, total expenditure by visitors and nights spent rose at a faster pace when compared with 2014. Malta's buoyant performance also compares positively with other competing markets. According to the World Tourism Barometer, arrivals in Mediterranean European countries during 2015 grew by 4.8%, while the global tourism industry recorded growth of 4.4% in 2015.

The buoyant performance in the tourism sector observed since 2010 persisted during 2016. NSO data for 2016 show that tourist arrivals, nights stayed and expenditure surpassed the levels recorded in 2015. Compared with a year earlier, the number of inbound tourists grew significantly during 2016 as it rose at an annual rate of 10.2% compared with a 5.5% growth rate recorded in 2015. The total number of visitors rose to almost two million, 182,562 tourists more than a year earlier. The United Kingdom and Italy remained Malta's most important source markets, accounting for 28.5% and 16.0% of total visitors, respectively. Malta's performance compared positively with other competing markets. According to the World Tourism Barometer, arrivals in Mediterranean European countries grew by an annual rate of 1.4%, while the global tourism industry recorded a 3.9% expansion in 2016.

Visitors spent slightly less than fifteen million nights in Malta during 2016, a 5.7% increase on 2015. Nights stayed in private accommodation recorded the strongest increase as they grew by 724,529, or 13.5%. Nights spent in collective accommodation establishments rose by 85,273, or 1.0%. As private accommodation continued to gain in popularity, its share in the overall nights spent by tourists visiting Malta edged up further, reaching 40.6%.

In 2017, tourist expenditure rose further reaching €1.9 billion, a gain of 13.9% on 2016. Higher expenditure was registered in all expenditure categories, with the highest increase in absolute terms reported in the "other" category, which rose by 17.3%. Spending on non-package holidays increased by 19.8% and that on package holidays rose by a more modest 3.2%. Growth in this expenditure component was dampened by lower spending by UK visitors in Malta, partly affected by the depreciation of sterling. As tourist expenditure increased at a slower pace compared with arrivals, expenditure per capita fell. It decreased to €856 from €869 in 2016. This partly reflected a shorter length of stay, which fell to 7.3 nights from 7.6 nights in 2016.

The favourable developments during 2017 were also corroborated by the quarterly survey conducted by the Malta Hotels and Restaurants Association. This shows that occupancy rates for 2017, the hotel segments reported limited movement in occupancy compared last year, except for the 3 star category, which registered a 1.4% gain, a 0.6% gain in the 4 star category, with the 5 star category registering a 0.4% gain. On a positive note, the survey continued to report healthy growth in average daily room rates except in the 3 star categories at a loss of %, to a staggering 11.2% in the 4 star category & 10% in the 5 star category. The overall profitability continued to increase, with the four & five-star segment reporting the most significant growth at 11% & 10.4% respectively. On the other hand, the three-star cost base was reported to be down by -5.15%.

Malta's performance in 2017 compared positively with other countries. According to the World Tourism Barometer, arrivals in Southern and Mediterranean European countries grew by an annual rate of 12.6%, while the global tourism industry registered a 6.7% increase in 2017.

The positive performance in the tourism sector persisted in 2018. Tourist arrivals and expenditure continued to grow strongly, albeit at a slower pace compared with the preceding year, while nights stayed rose at a faster pace. Tourist arrivals were up by 14.3% after increasing by 15.7% in 2017. The total number of visitors exceeded 2.5 million.

The number of tourist nights spent in Malta reached 18.6 million in 2018, a rise of 12.5% on 2017. Nights spent in private accommodation accounted for around two-thirds of this increase. These were up by 19.7% on the preceding year. As private accommodation continued to gain popularity, its share in overall nights spent by tourists in Malta increased from 43.0% in 2017 to 45.7% in 2018.

Tourist expenditure rose at a slower pace during 2018. After a 13.9% increase in 2017, tourist spending was up by 8.0% in 2018, reaching €2,101.8 million. As tourist expenditure increased at a slower pace compared with arrivals, expenditure per capita fell further. It decreased to €809 in 2018 from €856 in 2017. This partly reflected a shorter length of stay, which fell to 7.1 nights from 7.3 nights in 2017.

The total average occupancy rate in collective accommodation establishments edged up further to 67.6% in 2018, from 65.6% a year earlier. 2-star & 3-star establishments and the "other" collective accommodation category reported the largest increases.

Malta's performance compared positively with other countries and gained market share. According to the World Tourism Barometer, arrivals in Southern and Mediterranean European countries grew by an annual rate of 7.0%, while the global tourism industry registered a 5.6% increase in 2018.

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The tourism sector continued to benefit from the introduction of new routes. According to Malta International Airport (MIA) data, seat capacity increased by 16.6% in comparison with 2017 compared with a year earlier.

Malta's performance compared positively with other countries and gained market share. According to the World Tourism Barometer, arrivals in Southern and Mediterranean European countries grew by an annual rate of 7.0%, while the global tourism industry registered a 5.6% increase in 2018.

The tourism sector continued to expand in 2019, although the expansion moderated following an extended period of very high growth. During 2019, tourist arrivals were up by 5.9% after increasing by 14.3% in 2018. The total number of visitors exceeded 2.7 million, 154,550 tourists more compared with a year earlier.

The leisure segment remained the major contributor to the sector's expansion. Over 2.4 million tourists visited Malta for leisure purposes during 2019, an increase of 156,519 or 6.8% on 2018. Those travelling for business purposes totalled 189,086, a rise of 8,807 or 4.9%. Meanwhile, 116,007 persons visited Malta for other purposes, a drop of 10,776 or 8.5% over 2018.

Malta's performance compared positively with other countries, gaining market share. According to the World Tourism Barometer, arrivals in Southern and Mediterranean European countries grew by an annual rate of 5.5%, while the global tourism industry registered a 3.8% increase in 2019.

To gauge the effect of the 2020 pandemic on Malta's tourism industry, the following is noted:

During 2020, the number of inbound tourists decreased by 76.1% over 2019 levels. The total number of visitors stood at 658,567 – 2.1 million tourists fewer when compared with a year earlier. In absolute terms, tourists visiting Malta for leisure purposes accounted for most of the decline.

The total average occupancy rate in collective accommodation establishments fell to 25.4% in 2020, from 65.7% a year earlier. Lower occupancy rates were registered across all accommodation categories, with the 5-star category reporting the largest decline. The total number of guest nights that tourists spent in Malta fell to 5.2 million in 2020, from 19.3 million a year earlier. Tourist expenditure over 2020 totalled €455M, an 80% decrease over 2019.

Following further Covid waves continuing into 2021, tourism started very slow, from January to June, with only a 1/10th of the tourists visiting during the 1st quarter, as compared to that of 2020. The occupancy rate in this quarter declined to 10.2%, from the 37.4% recorded in 2020, with the 4-star category losing out the most.

Heartening results then occurred over the August/September months, however it was highlighted that the number of tourist arrivals was still 50% below the 2019 numbers.

VALUATION METHODOLOGY AS BASED ON OPEN MARKET VALUE OF EXISTING USE

This report is being undertaken according to the *Kamra Tal-Periti Valuation Standards* as issued in 2012 on valuation of premises. The Hotel's valuation is based on the business trading analysis for the present accommodation business and on the comparative system for the developable residential land value via a residual approach. The reported values constitute an estimate of the "Market Value" of the property, as defined in the European Council Directive 2006/48/EC, that is, "*the estimated amount for which the property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion*."

The valuation takes into consideration the trading potential of the Hotel and excludes any value / goodwill which may be derived from management's personal skills, expertise and reputation. On the other hand the intangible element of goodwill can be included on the basis of worth that could be achieved by a reasonably efficient operator, thus being defined as a "value in use".

Hospitality properties are not frequently sold. Even when there is a sale of a hotel, there exist differences in the prices obtained which are the result of the variety of services offered, the location and its size, amongst others. The comparative sales approach relies heavily on a large number of recent sales to support a strong predictive value. Appraisal experts widely believe that the sales comparison approach is the strongest approach only when there exist a high number of representative sales, with accurate and readily available data for the development of sales adjustments; this is not the case for such a specialised hotel property. The sale of hospitality premises is not merely the sale of brick and mortar. These generally involve the sale of the real estate and the business as a going concern of the hospitality entity. As such, the sale prices often reflect both the value of the real estate and the value of the business. The market value for hotels includes four major components namely:

1. the land;
2. buildings;
3. contents; and
4. the business value.

The existing use value of property lacks marketability requisites and complicates the application of traditional valuation techniques. Emphasis is placed on the cost and income approaches in valuing hospitality premises with the income approach given the most emphasis to reflect market factors, which result in a valuation of the premises as a going concern.

Of the numerous valuation methods available there appears to be a general consensus that they constitute three main approaches namely:

1. the income approach (Profit's Method)
2. the cost approach (the Brick & Mortar Approach); and
3. the comparative sales approach (Comparison per Room Approach).

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From the above it is noted that method 1 - the income capitalisation approach - is the preferred one as it goes beyond the relative simplicity of the cost and the sales comparison approaches by attempting to relate the wealth-generating capacity of the Hotel to its value.

The most important figure to determine for the Profit's Method of Valuation is the "adjusted net profit" that the existing premises is capable of producing and then adds back any items that are personal to the individual operator, which includes finance & depreciation charges. This figure is known as EBITDA (earnings before interests, Taxes, depreciation & amortization). A less reliable approach is the assessment of the value of the building on a bricks and mortar value and adds on value of the goodwill.

The other method which is really to be utilized as a check is a per-bedroom multiplier.

The audited accounts for the hospitality business were presented for the years 2015 – 2018. Table 4 outlines the EBITDA generated over the period 2015 – 2018, whilst projected management accounts project the 2019 EBITDA amount. This was undertaken, as for the previous years as noted, this hospitality premises was not functioning to its maximum potential, during to ongoing upgrading/extension works.

TABLE 4 - EBITDA for the period 2015-2021 as noted in audit accounts

	2015	2016	2017	2018*	2019**	2020	2021
Revenue	€ 2,646,203.00	€ 2,864,246.00	€ 2,764,382.00	€ 2,928,590.00	€ 5,746,415.00	€ 1,956,135.27	€ 3,515,953.76
Direct Costs	€ 1,304,242.00	€ 1,530,004.00	€ 1,428,011.00	€ 1,531,030.00	€ 2,503,819.00	€ 1,146,089.93	€ 1,780,132.44
Administrative Costs	€ 639,261.00	€ 735,207.00	€ 657,544.00	€ 525,410.00	€ 1,135,174.00	€ 483,850.33	€ 751,527.13
EBITDA	€ 702,700.00	€ 599,035.00	€ 678,827.00	€ 872,150.00	€ 2,107,422.00	€ 326,195.00	€ 984,294.19
%EBITDA /Revenue	26.56%	20.91%	24.56%	29.78%	36.67%	16.68%	28.00%
Occupancy %	93.30%	94.42%	88.48%	91.55%	87.36%	50%	50%
ADR	€ 39.73	€ 45.47	€ 56.42	€ 66.25	€ 59.71	€ 46.28	€ 60.33

**2020/2021 figures have been extracted from management accounts of G3 Hospitality Ltd.*

Table 4 notes a growing EBITDA over the years up to 2019, increasing from €702,700 (EBITDA margin: 26.56%) in 2015 to €2,107,422 (EBITDA margin: 36.67%) by the end of 2019. This reflects the increase in the number of rooms which the Hotel had in 2017 hotel at 101 rooms, increasing to 183 rooms by mid-2018. It is also noted that the average daily rate (ADR) has also increased from €39.73/night as at 2015 to €59.71/night for 2019.

The latest MHRA report notes the Gross Operating Profit (GOP) of 4* hotels increased from 38.2% in 2015 to 40.3% in 2019, down from 42.5% in 2018. So the 36.67% as registered for 2019 is noted as a sustainable figure, for this Mellieha location, with further gains awaiting from hot water savings.

Table 5 notes the forecast EBITDA workings over the forthcoming period 2022 up to 2026, as forwarded by client. These have been based on the present ongoing Covid uncertainty on the assumption from global tourism expectations that EBITDA amount will be back in its total entirety by 2024. Workings of table 5 were further guided by the superior accommodation bookings achieved over the July – October 2021 period. Occupancy rates were below the 2019 level, although still averaging in the 90% bracket, with room rates building up to the 2019 level, as at 2025.

The main factors of this strong quarter 3 recovery were, the high occupancy rate achieved over these months. This despite tourism numbers over these months were still at 50% of the 2019 figures. This strong recovery is attributed that this is a leisure not business hotel. Further the management were amongst the 1st hotels to launch the MTA_FIT Scheme. This Scheme provided guests with a €150 per person worth of credit to be used in the hotel outlets/spa, out of which €75 p/person was footed by the MTA.

TABLE 5 - EBITDA for the period 2022-2026 as noted in audit accounts					
	2022	2023	2024	2025	2026
Revenue	€ 5,130,020.50	€ 5,665,504.51	€ 5,841,151.63	€ 6,502,408.10	€ 6,759,770.34
Direct Costs	€ 2,496,217.17	€ 2,614,582.99	€ 2,720,095.36	€ 2,784,682.61	€ 2,851,071.18
Administrative Costs	€ 1,053,840.08	€ 1,103,811.15	€ 1,148,355.83	€ 1,175,622.94	€ 1,203,650.52
EBITDA	€ 1,579,963.25	€ 1,947,110.37	€ 1,972,700.44	€ 2,542,102.55	€ 2,705,048.64
%EBITDA /Revenue	30.80%	34.37%	33.77%	39.09%	40.02%
Occupancy %	70%	95%	95%	95%	95%
ADR	€ 54.67	€ 59.15	€ 52.92	€ 63.08	€ 65.96

Table No. 5 is based on an occupancy rate at 70% in 2022 up to 95% in 2023. The room rate is also noted to crawl up cautiously for this presently refurbished premises from €54.67/night as at 2023 to €66/night in 2026.

Room Revenue less Vat & commissions

Table 6 has been compiled from Internet searches for the Mellieha 4* hotels.

For 2020 pre-Covid this had yielded room rates from a low of €32/night up to a high of €182/night. The average daily rate (ADR) for the year varies from €80/night up to €110/night, with the Solana hotel averaging €90/night.

For 2021 this has yielded room rates from a low of €22/night up to a high of €159/night. The average daily rate (ADR) for the year varies from €66/night up to €110/night, with the Solana hotel averaging €75/night. This notes a 16.67% reduction for Solana between the pre-Covid & Covid rates.

These room rates were noted as being affordable, with good comments reflected on the service provided, location, and its facilities amongst others. This had translated into superior occupancy rates for the Solana Hotel close to the 90% mark, than quoted in the MHRA's which averages at 81.9% for 4-star hotels (table No. 3), as at 2019.

Average 85% occupancy is now being estimated for this hotel, noting that probably the peak of tourist arrivals will subside, during the winter/ shoulder months.

TABLE 6: HOTEL RATES IN VICINITY FOR 2020/21						
	SOLANA		PERGOLA		MARITIM ANTONINE	
	2020	2021	2020	2021	2020	2021
JAN	€ 32.00	€ 27.00	€ 22.00	€ 22.00	€ 52.00	€ 40.00
FEB	€ 32.00	€ 33.00	€ 29.00	€ 28.00	€ 52.00	€ 42.00
MARCH	€ 43.00	€ 33.00	€ 36.00	€ 31.00	€ 74.00	€ 48.00
APRIL	€ 86.00	€ 51.00	€ 76.00	€ 51.00	€ 103.00	€ 64.00
MAY	€ 97.00	€ 84.00	€ 85.00	€ 70.00	€ 147.00	€ 84.00
JUNE	€ 106.00	€ 92.00	€ 96.00	€ 84.00	€ 147.00	€ 96.00
JULY	€ 159.00	€ 138.00	€ 146.00	€ 123.00	€ 169.00	€ 120.00
AUG	€ 182.00	€ 159.00	€ 165.00	€ 140.00	€ 176.00	€ 138.00
SEP	€ 159.00	€ 138.00	€ 146.00	€ 123.00	€ 170.00	€ 120.00
OCT	€ 102.00	€ 87.00	€ 85.00	€ 70.00	€ 74.00	€ 75.00
NOV	€ 52.00	€ 38.00	€ 38.00	€ 31.00	€ 74.00	€ 42.00
DEC	€ 36.00	€ 28.00	€ 32.00	€ 22.00	€ 80.00	€ 42.00
ADR	***€ 90.50***	***€ 75.67***	***€ 79.67***	***€ 66.25***	***€ 109.83***	***€ 75.92***

The gross ADR for the Solana Hotel as quoted in table No. 6 is inclusive of 7% VAT + 18% commission charges. Hence the net ADR works out at:

€90.50 (pre-Covid)/1.07/1.18 = €71.67/room per night.

The net ADR is noted to tally with the figure quoted in the projected Management Accounts for the 2026 financial year. This compares to an ADR of €66/room night for FY26, however the latter also includes revenue generated from ancillary services in the day-to-day servicing of hotel guests not accounted for.

This ADR is further corroborated by the MHRA report which notes that for 4-star hotels, the 2019 price per room stood at €75.90/night, up from €51.30/night for 2013, as noted in Table 7. This then provides the differential in rooms rates existing between the 3* and 4* hotels.

TABLE 7 - ROOM RATES PER NIGHT FOR 3 & 4 STAR HOTELS as per MHRA reports		
YEAR	RATES €/NIGHT	
	3 STAR	4 STAR
2019	€67.60	€ 75.90
2018	€ 66.50	€ 76.70
2017	€ 52.80	€ 72.10
2016	€ 46.70	€ 67.60
2015	€ 43.10	€ 67.80
2014	€ 43.90	€ 62.30
2013	€ 38.80	€ 51.30

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The revenue is generated mainly through its 183 guest rooms in this complex. The average rates for this functioning 4-star hotel from above are noted at €71.67/night. Solana management accounts note a 33% additional revenue being generated from its two restaurants and bar facilities as fronting onto the Mellieha main commercial thoroughfare, amongst the other facilities for guests as outlined on the various levels.

Noting this hotel is to be priced at €66.50/night for a room, for 85% occupancy, the annual net revenue is estimated at:

1.33 X 0.85 X (183 guest rooms X €71.67/night) X 365 days = €5,411,927*.

*this estimated hotel revenue underplays the amount as obtained from the Solana management accounts, which for 2026 is forecast at €6,759,770 (table No. 5). The main difference being that the occupancy rate is being kept at 85%, not as forecasted at 95%, whilst valuation is being undertaken on a reasonably efficient operator.

The latest MHRA report notes the GOP for 4* hotels to have increased from 32.7% in 2014 to 40.3% by 2019, down from the 2018 -2016 at circa 42.25%. For 3* hotels this stands at 34.4% for 2019.

Thus, a present sustainable EBITDA value is estimated at:

40% of €5,411,927 = €2,164,770**.

this estimated EBITDA amount of **€2,164,770, is to be compared with the projected EBITDA amount for the Solana hotel, as quoted at **€2,705,048** (table No. 5).

1. Profit's Method Valuation of Hospitality Complex

The Open market Value for the Hotel is obtained by applying an earnings' multiplier to the EBITDA values noted in table 3. This varies from 4.75X to 8X for a fair market value. On the other hand, the public market has valued investor-owned hospitality chains on average at multiples between 8X and 13X of EBITDA.

For a luxury hotel, the multiplier varies within the range of 16.67X down to 9.00X.
For an economy hotel, the multiplier varies within the range of 11.50X down to 7.00X.
For a budget hotel multiplier, this varies within the range of 7.50X down to 3.67X.[3]

Market value is defined as "The estimated amount for which the property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without being under compulsion." The most important distinction between fair market value and investment value is that fair market value is determined by the price of a general willing buyer, while investment value is defined by a particular buyer, a price which reflects the particular facts and circumstances of that investor.

[3] Camilleri D. (2015), "Hotel Valuations Earnings Multipliers – terminal value: Malta's Scenario", Journal of Property Investment & Finance, Vol.33 No. 3 pp. 212 – 241.

Considering the good state of repair to this mid-range economy hospitality premises together with risks as inherent in the operation of existing premises implies a multiplying factor of 9X. As the based expected life of this hospitality business is being taken at 45 years, the multiplying factor is being reduced to 8.921X.

This multiplier of 8.921 X signifies a Years' Purchase in perpetuity given:
100/8.921 = 11.21% known as the cap rate.

This Cap rate on a global level has known to have fallen from 9.2% in 2000 to 6.9% (3.8% - 11%) in 2019. Over the various hotel sectors this is noted to vary from 6.8% for the luxury hotels, to 7.4% for the select service hotel and up to 8% for the limited service hotel (2019 cap rates)[4].

This cap rate at 11.21% is to be compared with initial yield rates required for investment properties (offices, retail outlets, industrials), hovering around 4.5%, as computed below.

The discount rate for investment properties is based on the addition of a property risk free rate presently standing at 2.25%, plus a premium rate due to property considered as a lumpy investment at 2.5%, plus a tenant risk taken at 1% and finally a depreciation rate taken at 1.25%:

Investment property discount rate: 2.25% + 2.5% + 1% + 1.25% = 7.00%
As institutional property leases are to increase annually at 2.5%,
Initial yield for institutional property given at: 7.00% - 2.5% = 4.50%.

The hospitality leisure industry is known to have a higher risk premium than institutional property, which is computed from the difference from the hotel's cap rate and the institutional property's initial yield, namely given at:

11.21% - 4.5% = 6.7%

The hotel's discount rate is thus computed by adding on
1/- an additional hotel risk scenario to the investment property discount rate given at 6.83%
7.0% + 6.7% = 13.7%.
This computed hotel unlevered discount rate at 13.7% is being compared with the global averages which were noted to drop from 14% in 2000 to 11.8% in 2018 & remained generally steady in 2019.

Its present existing use value is obtained from a future sustainable EBITDA amount as estimated above and applying an adequate multiplier factor for an economy accommodation, is given at:

€2,164,770 p.a. @ 8.921 = €19,300,000.

[4] Mellen S. (2019), "Hotel Cap Rates Hold Steady – Values Under pressure", HVS.

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2. Bricks & Mortar Valuation Approach

This method takes into account:

a. An estimate of the value of the bricks and mortar by comparison with similar adjoining properties including consideration of alternative use value and taking account of the state of repair;
b. A figure for goodwill determined by applying a multiplier to the adjusted net profit; and
c. An estimate of the value of the trade fixtures, fittings and furnishings taken at current value.

After taking into consideration its good state of repair the brick and mortar valuation is based on the following building rates:

1/ Shell construction	€275/m^2
2/Finishings	€225/m^2
3/ Building services	€250/m^2

	TABLE No. 8 - Brick & Mortar - An estimate of the front building A costs work out at:								
1	Basement - inclusive of rock excavation	1,038	m²	@	€	850	/m²	€	882,198
2	Hotel ancillaries	2,704	m²	@	€	800	/m²	€	2,163,344
3	Hotel rooms & outside space	5,436	m²		€	725	/m²	€	3,941,057
4	Pool deck & bar area	374	m²		€	550	/m²	€	205,741
5	Profesional fees	12.50%						€	899,042.47
								€	**8,091,382**
	An estimate of the rear building B costs work out at:								
1	Basement - inclusive of rock excavation	537	m²	@	€	800	/m²	€	429,712
2	Hotel ancillaries	692	m²	@	€	800	/m²	€	553,345
3	Hotel rooms & outside space	3,622	m²	@	€	725	/m²	€	2,626,057
5	Profesional fees	12.50%						€	451,139.23
								€	**4,060,253**
(a)	As this Hospitality premises has been trading for a number of years with consistent occupancy levels a multiplier of 1.10 is to be applied to the Adjusted Net Profit	1.10	X	€	2,164,770			€	2,381,247
(b)	Fixtures, fittings & furnishing	183	rooms		10000			€	1,830,000
								€	**16,362,882**

3. Comparison per bed-space valuation approach

Method 1 results in a capital value of €105,500/room
Method 2 results in a capital value of € 89,500/room

A well-known rule of thumb quotes the value of a room at 1,000 times its average daily rate. Noting from table No. 5, the average rate for a guest unit is taken at €90/night.
Cost of bed thus works out at:
1,000 X €90/night = €90,000/guest unit.

Averaging out the above values, a **room rate** is being taken at **€95,000 each.**

Hence existing use value pre-Covid of hotel is estimated at:
183 rooms @ €95,000/room = **€17,250,000**

This existing use value is noted as being intermediate between the value of €19,300,000, as obtained from the profits method and the €16,350,000, as obtained from the brick & mortar valuation.

This existing use value presupposes that the above EBITDA amounts will continue to increase. This is not the case with the presently ongoing Covid pandemic. Table No. 5 notes the awaited shortfall in the EBITDA amounts as envisaged from 2022 up to 2026 from the forecast 2026 amount of €2,705,048, as adjusted to €2,164,770.

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Hence the revised **existing use value post-Covid is estimated at:**

€17,250,000 – (€2,164,770*3 - €1,579,963 - €1,947,110 - €1,972,700) **= €16,250,000**

LAND VALUE

Its existing use value as a hospitality complex is estimated at €16,250,000. This present hospitality development is considered to have a useful life of 45 years. On the expiry of this period economic obsolescence would have set in and owners will be left with land value.

The present Mellieha market rate from land listings with a potential to undertake an overall 5 storey development above basement levels as outlined in the PA Considerations section is taken at €2,000/m^2 for the village side roads and €4,250/m^2 for land on the Mellieha village commercial thoroughfare.

Present land value estimated at:

Front portion of land	1,033m^2 @ €4,250/m^2 =	€4,390,000
Rear portion of land	713m^2 @ €2,000/m^2 =	€1,426,000
		€5,816,000

PRESENT OPEN MARKET VALUE

Its **existing use value** as a hospitality complex is estimated at **€16,250,000.** At the expiry of its useful life, its land value for residential alternative development, as split up for residential units is valued presently at **€5,750,000.**

Present open market value is estimated as the summation of its existing use value, together with discounting land value at 5.5%, comparable to a bank lending rate:

The above land value is now used to estimate the residual value of this development on the termination of its present use, with the residual value adding value to the investment. On one hand, BAHA in 1993 argued that the residual value is not a very important component of the estimated market value. On the other hand, in 1994 RICS responded to this by stating that in some valuations the residual value accounts for as much as 50% of the estimated market value. This is surely the case and topped by Malta due to its scarce and contracting land availability as demonstrated in the price for land, whether being developable or otherwise, noted in Camilleri 2015.

Hotels are known to have an economic life span before falling into obsolescence as hovering in the 40- 60 year bracket. Noting that the existing complex has been in operation since the early 00's, with a recent upgrade/additions recently completed, its useful remaining life is taken to approach to 45 years. At the termination of its economic life in **45 years' time**, the land value then will then prevail.

Table No. 9 notes the highest land increase to have occurred, was over 1992 – 2004 at 14.66%pa, whilst again over 2013-2019 again at a similar high increase of 13.98%pa. Over the 37 year period this also stood at 12.16% (1982 – 2019).

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Negative land increases were experienced over 2008 – 2013 at -1.73%, as relating to the global financial meltdown. However, over the past 6 years an average 13.98% increase in value has been registered annually.

TABLE 9 - LAND VALUE INCREASES %	
PERIOD	%
1982 - 2019	12.16%
1992 -2004	14.66%
1992-2019	8.47%
2008-2013	-1.73%
2007-2019	3.99%
2013-2019	13.98%

Source: DHI Periti in-house valuations: (2018)

This land value in 45 years' time is estimated by referring above to increase in value by 4% p.a.

Bare land value in 45-years' time estimated at:
€5.75 million X 1.04^{45} = **€33.5 million .**

This present hospitality venture is considered that economic obsolescence will set in, with an up going commercial development undertaken in 45 years' time. The estimated land value is then discounted to its presented value by discounting over a 45-year period at 5.5%.

Present open market value is estimated as the summation of its existing use value, together with discounting land value estimated in 45 years' time at 5.5%:

€16,250,000 + (€33,500,000/1.055^{45}) **= €19.25 million.**

CONCLUSIONS & RECOMMENDATIONS

Considering the above this equipped, operational hotel on a freehold basis, is estimated to have a **present market value of €19,250,000** (nineteen million two hundred & fifty thousand euro) in its present state of repair and noting its trading for a number of years at consistent occupancy levels.

This market value is made up of an existing use value for a 45-year period estimated at €16.25 million, whilst its terminal land value to be utilized in 45 years' time has a present value estimated at €3.0 million.

The local hotel industry as noting the average European hotel over a 24-year period has been subjected to reduced annual property value increases at 1.28% pa, whilst over the past 10-year period an improved increase in value has occurred at 1.66% pa, however these increases are noted as being pre-

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Covid. The hotel industry increases are to be compared to other investment property sectors such as office or retail buildings which experience annual growth closer to the 5% mark.

Estimates of land value forecasting as affecting the market value have been given. Estimates of future value have been made in accordance with the available knowledge of current market expectations and available economic and market data. The limitations on which these forecasts have been based are to be noted.

Post-Covid

The above market value is based on the market before the current active pandemic scenario, which WHO declared as a Public Health Emergency of International Concern on 30th January 2020 and declared as pandemic on 11th March 2020.

Foreseeing post covid uncertainties in the hotel industry a reduction rate for an economy hotel at 6.25% of the above existing use market value is being envisaged:

present post-covid market value of 0.9375 X €16.25M + €3M **= €18,250,000.**

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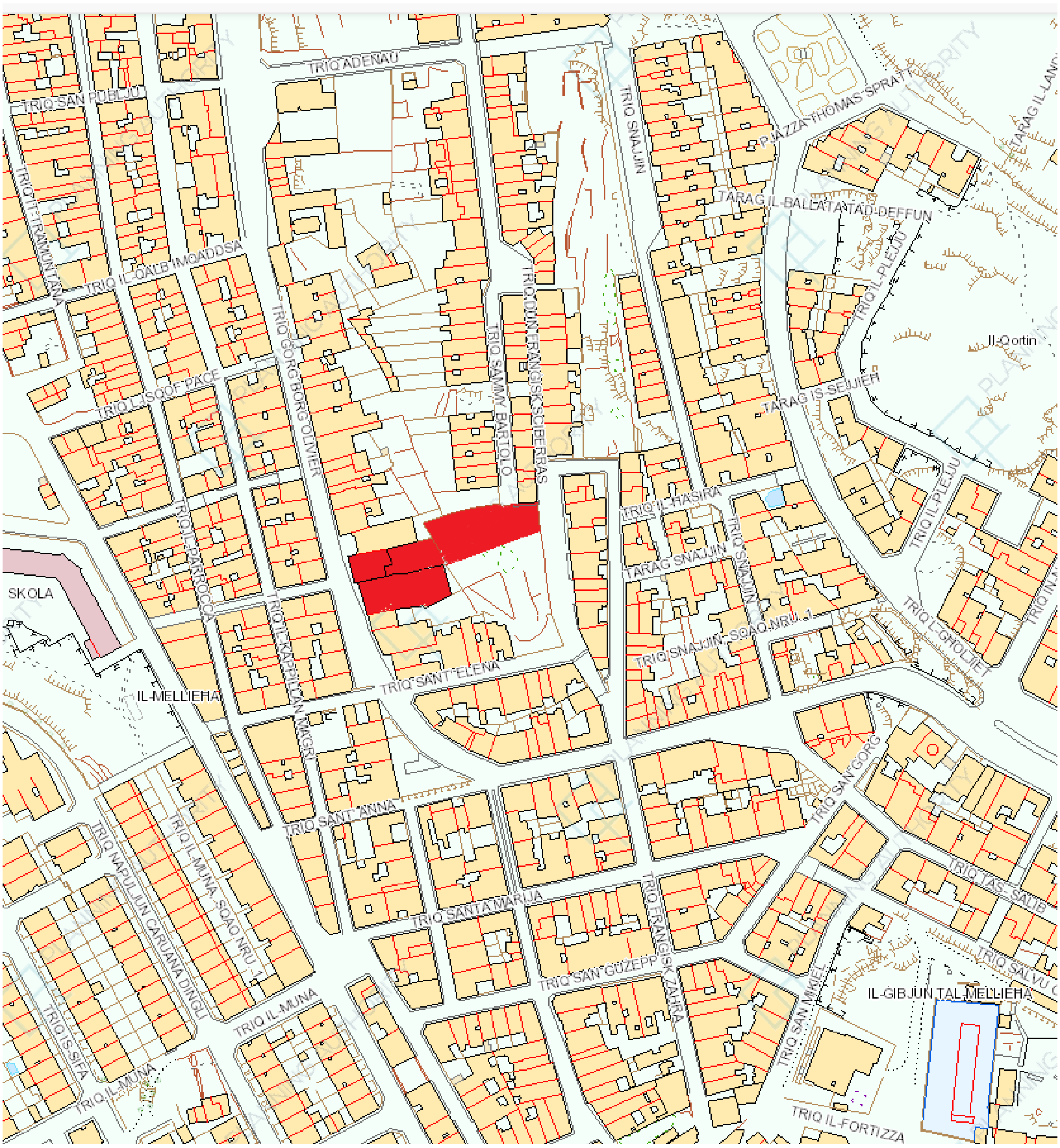
APPENDICES

APPENDIX A STREET PLAN



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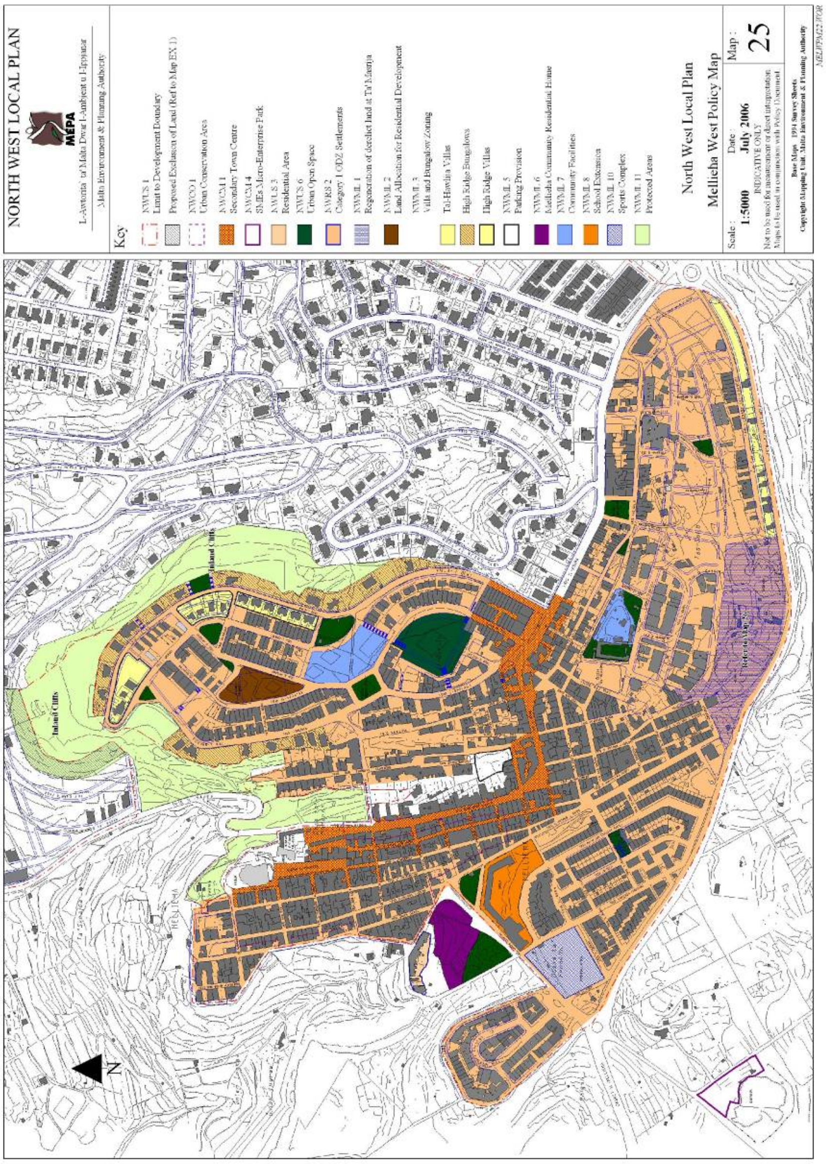
Location Plan: Site marked in Red

APPENDIX B LOCAL PLAN

NWCM 1 Town Centres
NWUS 3 Residential Areas



Map No: 25

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APPENDIX B LOCAL PLAN

NWCM 1 Town Centres

The Local Plan designates the following Secondary Town Centres within the Local Plan area: Mellieha, St.Paul's Bay and Rabat. The boundaries of each Town Centre are indicated on the appropriate Area Policy Maps.

The acceptable land uses (new uses, extensions to existing uses, and change of uses) at ground floor within all frontages within the Secondary Town Centres, but outside the Urban Conservation Area, are:

i. Class 1 (Use Classes Order, 1994) dwelling units on upper floors only. Proposals for residential development at ground level will only be considered by MEPA provided that the proposed development scheme includes one dwelling unit only. Conversions from existing commercial uses at ground floor level to new residential units will not be permitted by MEPA.

ii. Class 2 (Use Classes Order, 1994) residential institutions on upper floors only.

ii. Class 3 (Use Classes Order, 1994) hostels and hotels provided that these uses are in accordance with all other relevant Local Plan policies.

iii. Class 4, (Use Classes Order, 1994) retail uses including shopping malls and speciality shopping, but excluding showrooms, provided they comply with the provisions of MEPA's Interim Retail Planning Guidelines (2003) and supermarkets provided that they comply with all the provisions of Policy NWCM 7.

v. Financial, professional and other offices (Class 5, Use Classes Order 1994, ;

vi. Food and drink (Class 6, Use Classes Order 1994,) provided hot food take aways are not located above ground floor;

vii. Non-residential institutions (Class 7, Use Classes Order 1994,) including interpretation centres. However public halls are to have a floor area that does not exceed 150 sqm.

viii. Class 8 (Use Classes Order, 1994) education facilities;

ix. Assembly and Leisure (Class 9, Use Classes Order 1994,);

x. Class 11 (Use Classes Order, 1994) business and light industry provided that
• The gross floor area of the premises does not exceed 50 sqm (including storage of materials and/or finished products);
• The activity conducted within the premises does not use heavy duty and/or noisy electrical/mechanical (including pneumatic) equipment, and equipment which requires a 3 phase electricity supply;
• The activity conducted within the premises does not entail extensive and/or prolonged use of percussion hand tools (eg. hammers, mallets etc);
• The activity employs less than 5 people; and
• The activity conducted within the premises does not inherently entail the generation of combustion, chemical or particulate by products. Examples of acceptable uses considered by MEPA include tailor, cobbler and

computer repair. Moreover, examples of unacceptable uses include carpentry, panel beating, mechanic, mechanical plant servicing and spray painting. Proposals to convert from existing Class 12 (Use Classes Order, 1994) general industry to Class 11 (Use Classes Order, 1994) business and light industry within designated Town Centres shall only be considered acceptable by MEPA if all the conditions listed above are adhered to, and provided that it can be proven that the Class 12 Use (general industry) operation is a permitted one and the Class 11 Use (business and light industry) operation is actually more neighbourhood compatible that the Class 12 Use operation it intends to replace.

xi. Class 17 (Use Classes Order, 1994) storage facilities only provided that the gross floor area does not exceed 75 sqm.

xii. Taxi Business or for the hire of motor vehicles.

xiii. Band club and social club.

xiv. Cleaning of clothes in venues where articles are brought by the public, provided that the gross floor area does not exceed 75 sqm.

xv. Conference Centre.

xvi. Indoor shooting range provided that all the conditions of the Guidance on Shooting Ranges are fully adhered to.

xvii. Bakery and Confectionery with provision for outside catering For frontages within the Secondary Town Centres lying within Urban Conservation Areas, the uses listed above will be accepted provided the interventions on the historic fabric comply with the requirements of the Development Control within Urban Conservation Areas policy of 1995.

MEPA will support initiatives from public agencies, NGOs and the private sector, which contribute to the enhancement of the external environment of town centres and add to their vitality as a retail and social/community hub. Proposals for pedestrianization schemes and traffic management will also be considered favourably.

7.2.1
The town centre is the focus for a range of commercial and community activities, resulting in a mix of, often interdependent, land uses, which provide a focus for identity, social interaction and business opportunities. It includes a combination of natural features: historic buildings, cultural, civic and governmental buildings, as well as public open spaces. This physical form and mix of functions, which have evolved over a considerable period of time, makes a town centre different from a shopping centre and provides much of its character which can be further enhanced by introducing appropriate new uses into historic buildings. It also has a high level of accessibility to employment, services, and facilities for all the community. The size of centre will influence the range of activities and its function. The scale of development possible and the opportunities available will differ from place to place.

7.2.2
Shopping provision is a key component of town centres, and makes a major contribution to their vitality and viability. It is important therefore that they retain retailing as a core function. The Retail Strategy defined a secondary centre as a town centre with a significant non-food shopping element but serving local residents or residents of closely neighbouring villages and used at least by 2,500 people for non-food shopping.

7.2.3 Although retailing is a dominant activity in a town centre, the attraction of each centre for the location of other businesses and social and community facilities were taken into account in identifying the range and mix of uses, indicated in (i) to (xvii) above, acceptable within town centres. Other uses which may not be categorized into a use class due to their unique nature or because such a use does not feature in the Use Classes Order should be clearly justified and will be assessed within the broad objectives of the Local Plan for town centers to maintain vitality and viability, encourage provision of amenities and enhance the public realm (refer to paragraph 4.3.1 (iv), (v), (vi) of the strategy). The vitality and viability of town centres depends on a varied mix of uses and activities, which encourage people to visit the centre whilst ensuring that they remain an attractive place to live in.

7.2.4
Not all centres, particularly small and historic towns, will have sites that are suitable in terms of size, parking, traffic generation or servicing arrangements for large-scale developments in the town centre itself. In such centres, development should be of a scale appropriate to the size of the centre in order to minimise the potential for
adverse impact. This policy seeks to control the scale of development within those parts of the town centres having conservation value and which have been designated as urban conservation areas. Applicants should make every effort to integrate successfully new development into the townscape of existing centres.

7.2.5
Creating liveable communities requires integrated initiatives aimed at improving the quality of life of citizens. A quality physical external environment can act as the catalyst for investment, economic growth and social well-being.

APPENDIX B — LOCAL PLAN

NWUS 3 Residential Areas

The Local Plan designates Residential Areas (RAs) within the following urban settlements delineated by the limits to development (Settlement) boundary:

Mellieha, Tas-Sellum, St. Paul's Bay / Bugibba / Qawra, Xemxija, Burmarrad, Salina,
Mgarr, Zebbiegh, Rabat, Bahrija, Mtarfa and Dingli.

The RAs are indicated on the relevant Area Policy Maps.

The following is a list of acceptable land-uses (new uses, extensions to existing uses, and change of uses) within all frontages located within the RAs. The list identifies also those uses that are acceptable in specific RAs only, and thus are excluded from the remaining RAs.

A mix of Class 1 (Use Classes Order, 1994) dwelling units as detailed in Part 3 of the Development Control Policy and Design Guidance 2005 and in accordance with the specific building design conditions indicated in the same guidance, unless otherwise stated by a policy in this Local Plan. In Mgarr, Zebbiegh and Bahrija no residential unit will be permitted having less than a net floor area of 120 sqm.

However, in cases where the proposal will result in the creation of not more than two units on the same footprint, smaller dwelling units may be permitted provided that the difference between the built footprint and the 120 sqm is left as an open space in addition to the statutory side curtilage, backyard/ front garden as the case may be. This additional open space shall be secured by a planning obligation;

ii. Class 2 (Use Classes Order, 1994) residential institutions, provided that:

a. they are small scale and do not create adverse impacts on the residential amenity of the area;
b. Class 2 (a) institutions are located in close proximity to a town or neighbourhood centre;
c. Class 2 (b) nursing homes are acceptable in Mellieha, St. Paul's Bay and Rabat only, are easily accessible from the arterial and distributor road network.

iii Class 3 (Use Classes Order, 1994) hostels and new hotel beds as extensions to existing operating hotels, provided that these uses are in accordance with all other relevant Local Plan policies;

iv Class 4 (Use Classes Order, 1994) small shops, provided that:
a.the small shops (of any nature) are not to exceed a total floor area of 50 sqm each, and convenience shops are not to exceed a total floor area of 75 sqm each;
b.they comply with all the provisions of paras. 1.4.16 to 1.4.18 of the Interim
Retail Planning Guidelines of 2003;
c.they comply with any relevant section of the Policy and Design Guidance 2005 (design, access, amenity, etc).

v. Class 5 (Use Classes Order, 1994) offices provided that:

a. the floorspace does not exceed 75 sqm;
b. they comply with any relevant section of the Policy and Design Guidance 2000 (and any future revisions) (design, access, amenity, etc).

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vi. Supermarkets provided they comply with all the provisions of policy NWCM 7;

vii. Classes 7 and 9 (d) only (Use Classes Order, 1994) social and recreational facilities, including interpretation centres, provided the facility:

a. is located within Mellieha, St. Paul's Bay/Bugibba/Qawra, and Rabat only;
b. is of a small scale and does not create adverse impacts on the residential amenity of the area;
c. is located on land already occupied by buildings and will replace these buildings provided they are not worthy of retention due to their historic/architectural merit and/or their contribution to the character of the area, unless land is specifically allocated for the facility by this Local Plan; and
d. the immediate surroundings of the site are already of a mixed use character;

Class 7(e) Use Classes Order, 1994, ecclesiastical development can be located within all the designated RAs provided criteria b, c, and d are complied with.

viii. Class 8 (Use Classes Order, 1994) educational facilities, provided that access and the character of the area are taken into account and are deemed adequate by MEPA to allow the safe and neighbour compatible use of such facilities ;

ix. Class 11 (Use Classes Order, 1994) businesses and light industry provided that:

• The gross floor area of the premises does not exceed 50 sqm (including storage of materials and/or finished products);
• The activity conducted within the premises does not use heavy duty and/or noisy electrical/mechanical (including pneumatic) equipment, and equipment which requires a 3 phase electricity supply;
• The activity conducted within the premises does not entail extensive and/or prolonged use of percussion hand tools (eg. hammers, mallets etc);
• The activity employs less than 5 people; and
• The activity conducted within the premises does not inherently entail the generation of combustion, chemical or particulate by products.

Examples of acceptable uses considered by MEPA include tailor, cobbler, lace making and computer and electronic repair. Moreover, examples of unacceptable uses include carpentry, panel beating, mechanic, mechanical plant servicing, spray painting and bakery.

Proposals to convert from existing Class 12 (Use Classes Order, 1994) general industry to Class 11 (Use Classes Order, 1994) business and light industry within designated Residential Areas shall only be considered acceptable by MEPA if all the conditions listed above are adhered to, and provided that it can be proven that the Class 12 Use (general industry) operation is a permitted one and the Class 11
Use (business and light industry) operation is actually more neighbourhood compatible that the Class 12 Use operation it intends to replace.

x. Taxi Business or for the hire of motor vehicles as per para. 6.15 of DC2005.
Land-uses falling outside those mentioned above will not normally be considered
favourably within the boundary of the RAs, unless there are overriding reasons to locate such uses within the RAs.

5.2.7
Residential areas make up the major parts of urban areas (E.g. 71% of Rabat urban area) and are dominated by residential uses, especially on levels above ground floor.

The range of activities, especially at ground floor, tends to be a mix of uses and includes shops and offices, mostly of a local scale and serving local need, spread throughout the predominantly residential area. Garage businesses, schools, bars, restaurants and coffee shops, and tourist accommodation can also be found in some residential areas but the range and scale of the mix of uses is greatly influenced by the locality itself.

5.2.8
Development applications within the Residential Areas need to be carefully assessed since the areas have different characters, although still dominated by residential uses.

The large urban settlements (Mellieha, Rabat and St. Paul's Bay) have a wide mix of uses. Bugibba and Qawra tend to have more tourism and entertainment uses while Rabat is associated with visitor attractions due to the numerous historic sites. Mgarr, Zebbiegh, Burmarrad and Dingli are small urban areas acting as local service centres but still have certain attractions to visitors to the rural and coastal areas. Manikata and Bahrija are small villages in the countryside and thus the mix of uses is much more limited.

5.2.9
This policy seeks to guide the future growth of Residential Areas primarily by encouraging the location of more dwelling units within them. It is not the intention on
MEPA to create “dormitory towns” through a rigid zoning policy but it is important that these areas remain primarily an attractive place to live in.

5.2.10
This policy identifies those non-residential uses that can be located within the Residential Areas because they support and enhance community identity (such as very small convenience shops, old people’s homes, kindergartens, recreational facilities or religious worship facilities) and/or do not create adverse environmental impacts (such as small offices, and small scale hospitals, hotels, or visitor attractions). It specifically excludes land-uses that are deemed to be incompatible with Residential Areas due to their scale and nature of activity (such as bars and restaurants, industry (except light industry) and warehousing). In this regard, acceptable light industrial uses in residential areas shall only include very low impact industrial activities such as electronic repair, servicing and maintenance as well as handcrafts that do not inherently require the use of electrical machinery, especially those related to textiles. Activities which require the extensive use of manual percussive tools (eg. hammers, mallets etc) are not deemed compatible with residential areas. Other uses which may not be neatly categorized into a use class due to their unique nature or because such a use does not feature in the Use Classes Order should be clearly justified and will be assessed within the broad objectives of the Local Plan for residential areas to protect residential amenity, emhance community identity and upgrade the quality of the urban environment (refer to paragraph 4.1.1 of the strategy).

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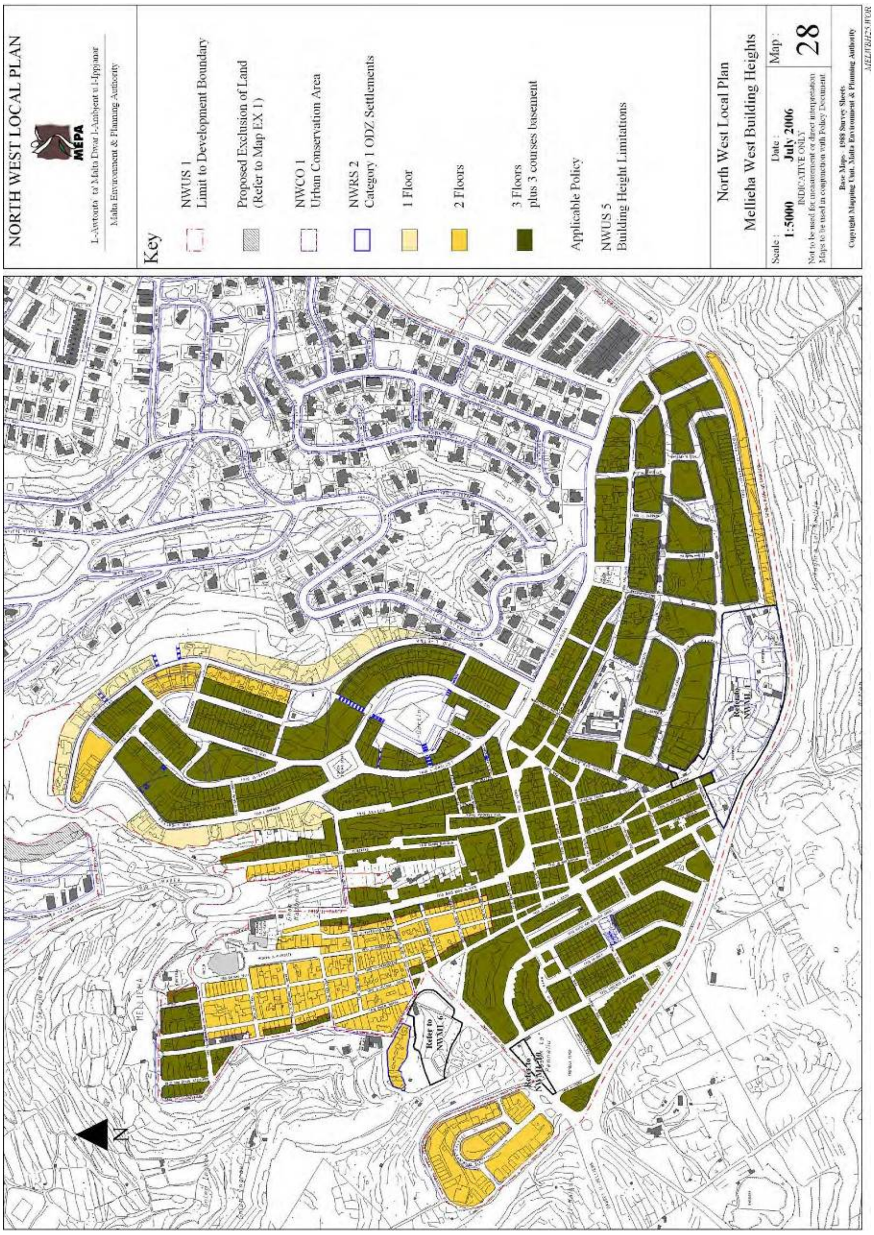
APPENDIX B LOCAL PLAN

3 Floors plus 3crs basement (16.30 DC15)



Map No: 28

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APPENDIX C — APPLICATIONS

Planning Application Case Details PA/06693/94
Result output on 29 August 2019

Application Status	
Case Status	This application has been approved by the EPC/MEPA Board.
Application Details	
Location of development:	Site At Triq Il-Kbira, Triq Il-Kbira, Mellieha
Description of works:	To construct a shopping arcade, multi-purpose hall and basement parking.
Applicant:	Mr Joe Grima
Architect:	Perit Ebejer
Reception date:	17 October 1994
Initial Processing	
Validation Date:	06 February 1995
Application Type:	Full development permission
Case Category:	Not applicable
Recommendation	
Case Officer:	Ronald Catania
DPA Report Endorsed Date:	15 March 1996
Report Last Updated:	01 April 1999
Decision	
Decision:	Grant Permission
Decision Date:	15 March 1996
Decision posted date:	27 March 1996

APPENDIX C APPLICATIONS

Planning Application Case Details PA/00623/97
Result output on 29 August 2019

Application Status	
Case Status	This application has been approved by the EPC/MEPA Board.
Application Details	
Location of development:	Site at Triq Il-Kbira, Mellieha
Description of works:	To erect a shopping arcade, games room and a basement parking.
Applicant:	Mr Joe Grima
Architect:	Perit Ebejer
Reception date:	05 February 1997
Initial Processing	
Validation Date:	26 March 1997
Application Type:	Amended development permission
Case Category:	Not applicable
Recommendation	
Case Officer:	Charlot Dimech Dip. Planning
DPA Report Endorsed Date:	15 May 1998
Report Last Updated:	01 April 1999
Decision	
Decision:	Grant Permission
Decision Date:	11 March 1998
Decision Press date:	11 July 1998
Decision posted date:	10 July 1998

APPENDIX C APPLICATIONS

Planning Application Case Details PA/01082/99
Result output on 29 August 2019

Application Status	
Case Status	This application for development permission has been withdrawn at the request of the applicant.
Application Details	
Location of development:	Site at Triq Il-Kbira/Triq G. Borg Olivier/Triq Marfa, Mellieha.
Description of works:	An outline development permision for an action plan including traffic management for triq il-kbira, triq G. Borg Olivier, Triq Marfa Mellieha.
Applicant:	Mr Carmelo Debono
Architect:	Perit Mr.Stephen Farrugia
Reception date:	02 March 1999
Initial Processing	
Validation Date:	09 April 1999
Target Date:	04 May 2001
Application Type:	Outline development permission
Case Category:	Outside Development Zone

APPENDIX C — APPLICATIONS

Planning Application Case Details PA/02205/00
Result output on 29 August 2019

Application Status

Case Status	This application has been approved by the EPC/MEPA Board.

Application Details

Location of development:	Site at, Triq Gorg Borg Olivier, Mellieha
Description of works:	Change of use of existing commercial block to a hotel and additional rooms at roof level.
Applicant:	Mr John Grima
Architect:	Perit Mr Brian Ebejer
Reception date:	25 April 2000

Initial Processing

Validation Date:	08 May 2000
Target Date:	31 July 2000
Application Type:	Full development permission
Case Category:	Within Development Zone

Recommendation

Case Officer:	Carmel Caruana BSc(Hons)
DPA Report Endorsed Date:	07 February 2001
Case Officer Report:	link to purchase Case Officer Report Purchase Case Officer Report
Report Last Updated:	07 February 2001

Decision

Decision:	Grant Permission
Decision Date:	07 February 2001
Decision Press date:	01 March 2001
Decision posted date:	28 February 2001

APPENDIX C APPLICATIONS

Planning Application Case Details PA/06477/01
Result output on 29 August 2019

Application Status	
Case Status	This application has been approved by the EPC/MEPA Board.
Application Details	
Location of development:	30/32, Triq Gorg Borg Olivier, Mellieha
Description of works:	Extension of existing hotel and demolition of existing building
Applicant:	Mr J Grima
Architect:	Perit Brian Ebejer
Reception date:	10 December 2001
Initial Processing	
Validation Date:	17 December 2001
Target Date:	09 July 2002
Application Type:	Full development permission
Case Category:	Within Development Zone
Recommendation	
Case Officer:	Norbert Gerada Dip. Planning
DPA Report Endorsed Date:	09 July 2002
Report Last Updated:	09 July 2002
Decision	
Decision:	Grant Permission
Decision Date:	17 July 2002
Decision Press date:	09 August 2002
Decision posted date:	07 August 2002

APPENDIX C

APPLICATIONS

Planning Enforcement Case Details EC/00464/02
Result output on 8/29/2019 1:39:00 PM

Enforcement Status

Case Status:	Enforcement Action Closed - Permission was granted to sanction the illegal development

Enforcement Details

Location of infringement:	30/32, Triq Gorg Borg Olivier, Mellieha, Malta
Summary Of Infringement (In English):	Demolishing of an existing building and forming of road by depositing rubble in valley without permit
Infringement (In Maltese):	Ghandek zvilupp li jikkonsisti minn twaqqiegh ta' dar u thammil tas-sit, kif ukoll ghamilt depozitu ta' materjal fil-wied u iffurmajt triq gewwa l-istess wied, u dan kollu minghajr permess
Enforcement Officer:	Michael Camilleri

Overview

Enforcement Type:	No Permission Sought
Case Category:	Dumping

Interested Parties

Name	Interest	Prime Contact
Mr Joe Grima	Contravenor	Yes
Mellieha Local Council,	Mellieha Local Council	No
Mr Brian Ebejer	Architect	No

APPENDIX C — APPLICATIONS

Planning Application Case Details PA/01220/09
Result output on 29 August 2019

Application Status	
Case Status	This application has been approved by the EPC/MEPA Board.
Application Details	
Location of development:	Solana Hotel, Triq George Borg Olivier, Triq Sammy Bartolo, Triq Dun Frangisk Sciberras, Mellieha
Description of works:	To sanction the extension and alterations of an existing Hotel.
Applicant:	Mr. John Grima
Architect:	Perit Brian Ebejer
Reception date:	25 March 2009
Initial Processing	
Validation Date:	17 February 2010
Target Date:	08 December 2011
Application Type:	Full development permission
Case Category:	Within Development Zone
Publication	
Date Published in Newspapers:	06 March 2010
Representation Expiry Date:	21 March 2010
Further Information	
Board Minutes:	Link to View Board Minutes View Board Minutes
Recommendation	
Case Officer:	Norbert Gerada Dip. Planning
DPA Report Endorsed By:	Victor Sladden
Report Last Updated:	10 January 2013
Decision	
Decision:	Grant Permission
Decision Date:	12 February 2013
Decision Press date:	18 May 2013
Decision posted date:	10 May 2013

APPENDIX C

APPLICATIONS

Planning Application Case Details PA/00974/14

Result output on 29 August 2019

Application Status

Case Status	This application has been approved by the EPC/MEPA Board.

Application Details

Location of development:	Solana Hotel, Triq George Borg Olivier, Triq Sammy Bartolo, Triq Dun Frangisk Sciberras, Mellieha, Malta
Description of works:	To increase hotel rooms.
Applicant:	Mr John Grima
Architect:	Perit Brian Ebejer
Reception date:	12 December 2013

Initial Processing

Validation Date:	25 March 2014
Target Date:	23 September 2014
Application Type:	Full development permission
Case Category:	Within Development Zone

Publication

Date Published in Newspapers:	05 April 2014
Representation Expiry Date:	25 April 2014

Recommendation

Case Officer:	Mary Grace Ellul B.A. (Hons.) Geography
DPA Report Endorsed By:	Bernard Ferry
Report Last Updated:	14 November 2014

Decision

Decision:	Grant Permission
Decision Date:	26 November 2014
Decision Press date:	10 December 2014
Decision posted date:	01 December 2014

APPENDIX C — APPLICATIONS

Planning Application Case Details PA/06362/16
Result output on 29 August 2019

Application Status	
Case Status	This application has been approved by the EPC/MEPA Board.
Application Details	
Location of development:	Solana Hotel, Triq Gorg Borg Olivier, Triq Sammy Bartolo and, Triq Dun Frangisk Sciberras, Mellieha, Malta
Description of works:	Demolition of the third floor level of an existing hotel, alterations to the hotel and the construction of additional floors.
Applicant:	Mr. John Grima obo Sunsites Ltd
Architect:	Perit Brian Ebejer
Reception date:	06 May 2016
Initial Processing	
Validation Date:	26 October 2016
Target Date:	11 June 2017
Application Type:	Full development permission
Case Category:	Within Development Zone
Publication	
Date Published in Newspapers:	26 October 2016
Representation Expiry Date:	25 November 2016
Recommendation	
Case Officer:	Mary Grace Ellul B.A. (Hons.) Geography
DPA Report Endorsed By:	Bernard Ferry
Decision	
Decision:	Grant Permission
Decision Date:	14 June 2017
Decision Press date:	28 June 2017
Non Executable Decision posted date:	15 June 2017
Decision Notice	
Decision posted date:	13 September 2017
Commencement date:	10 November 2017

APPENDIX C APPLICATIONS

Planning Application Case Details PA/08863/18

Result output on 09 February 2022

Application Status

Case Status	This application has been approved by Planning Board / Commission.

Application Details

Location of development:	Solana Hotel, Triq Gorg Borg Olivier, Triq Sammy Bartolo and, Triq Dun Frangisk Sciberras, Mellieha, Malta
Description of works:	To sanction variations from approved alterations and extension to Solana Hotel with a total number of rooms of 177, in PA 6362/16.
Applicant:	John Grima
Architect:	Perit Brian Ebejer
Reception date:	01 June 2018

Initial Processing

Validation Date:	17 October 2018
Target Date:	13 September 2019
Application Type:	Full development permission
Case Category:	Within Development Zone

Publication

Date Published in Newspapers:	17 October 2018
Representation Expiry Date:	16 November 2018

Recommendation

Recommended Decision:	Refuse Permission
Report Last Updated:	16 September 2019

Decision

Decision:	Grant Permission
Decision Date:	17 September 2019
Decision Press date:	02 October 2019
Non Executable Decision posted date:	24 September 2019
Decision posted date:	10 March 2020
Permit Expiry Date:	02 October 2024
Commencement date:	30 March 2020

APPENDIX D PHOTOGRAPHS

Photo 1: Main Facade Triq George Borg Olivier.

Photo 2: Main facade down the road

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APPENDIX D

PHOTOGRAPHS

Photo 3: Main facade up the road.

Photo 4: Rear Facade of internal block on Triq Frangisk Zahra

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APPENDIX D PHOTOGRAPHS

Photo 5: Rear facade of internal block up the road.

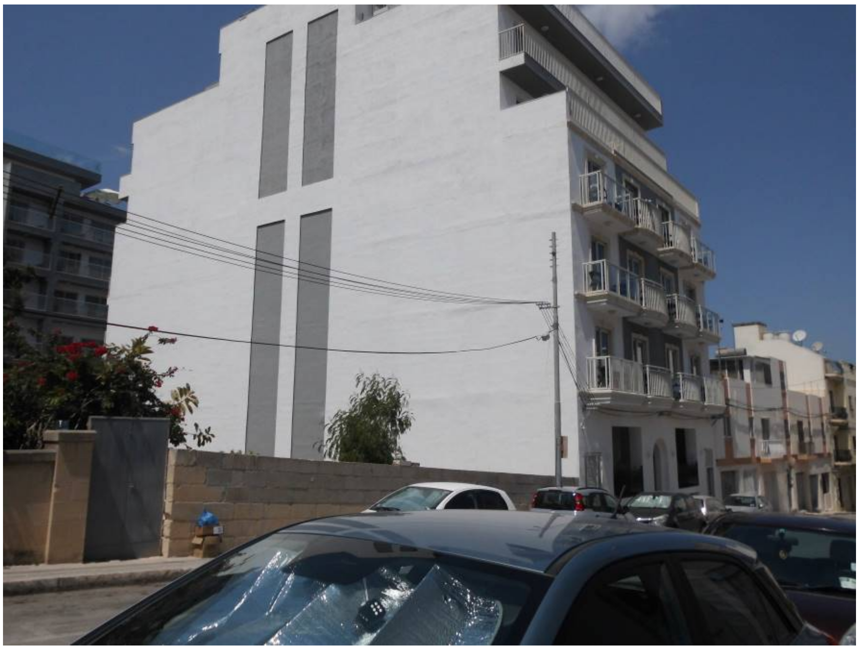

Photo 6: Rear facade of the internal block down the road.

APPENDIX D PHOTOGRAPHS

Photo 7: Service entrance at intermediate basement level off no thoroughfare Triq Sammy Galea.

Photo 8: Guest rooms on Triq Sammy Galea, as abuttting onto third party property.

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APPENDIX D PHOTOGRAPHS

Photo 9: Bridge connection between the 2 blocks.

Photo 10: Rear facade of the internal block, facing onto Triq Sammy Bartolo.

APPENDIX D PHOTOGRAPHS

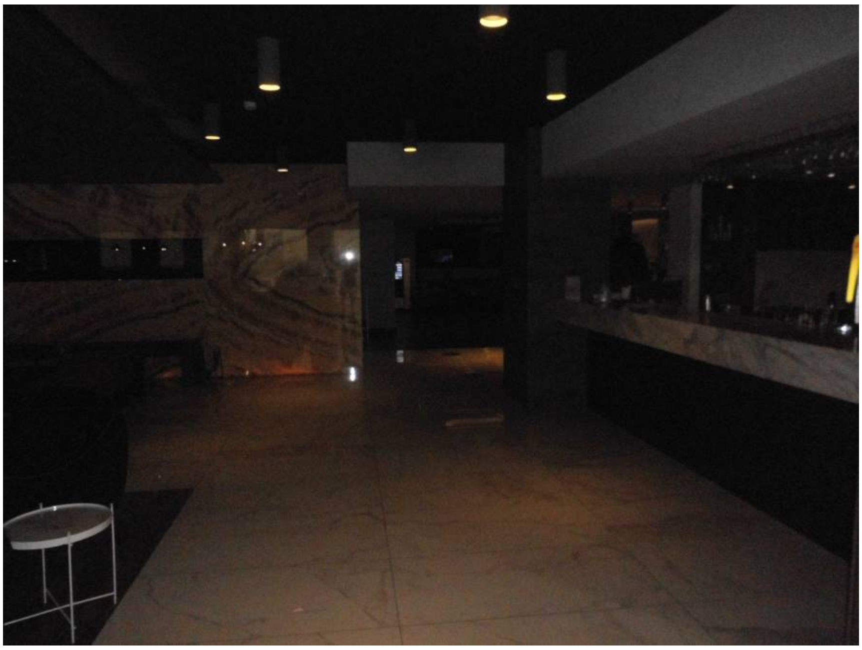

Photo 11: Main reception area.2021

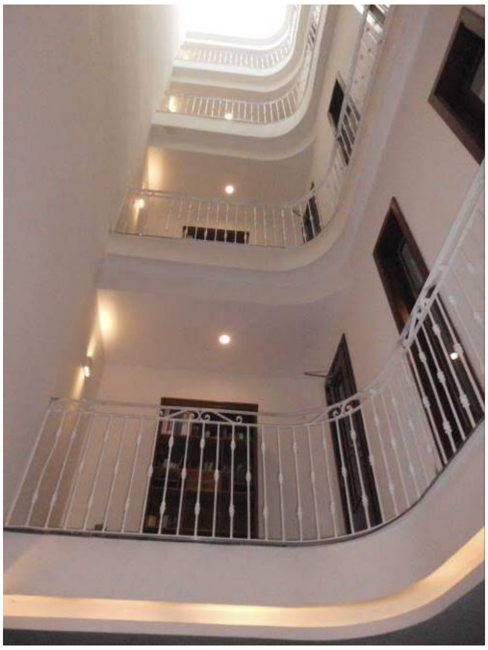

Photo 12: Main Block atrium area.

APPENDIX D

PHOTOGRAPHS

Photo 13: Breakfast area.

Photo 14: pool deck area + bar area, with village views.

APPENDIX D

PHOTOGRAPHS

Photo 15: Canopied bar area overlooking pool deck area.

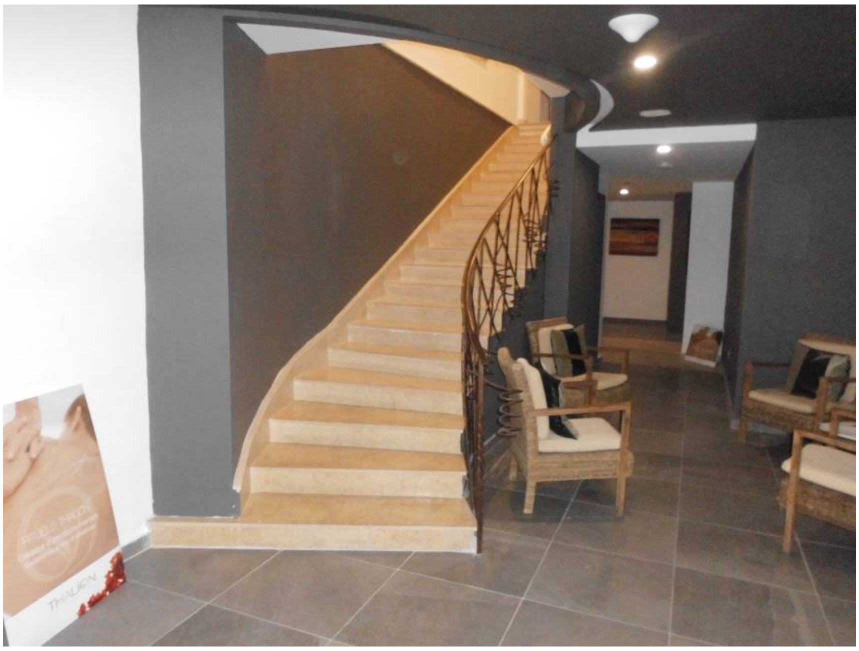

Photo 16: Entrance to Spa + indoor pool area at lowest basement area

APPENDIX D PHOTOGRAPHS

Photo 17: Added Gym facilities at lowest basement level.

Photo 18: Deluxe room

APPENDIX D PHOTOGRAPHS

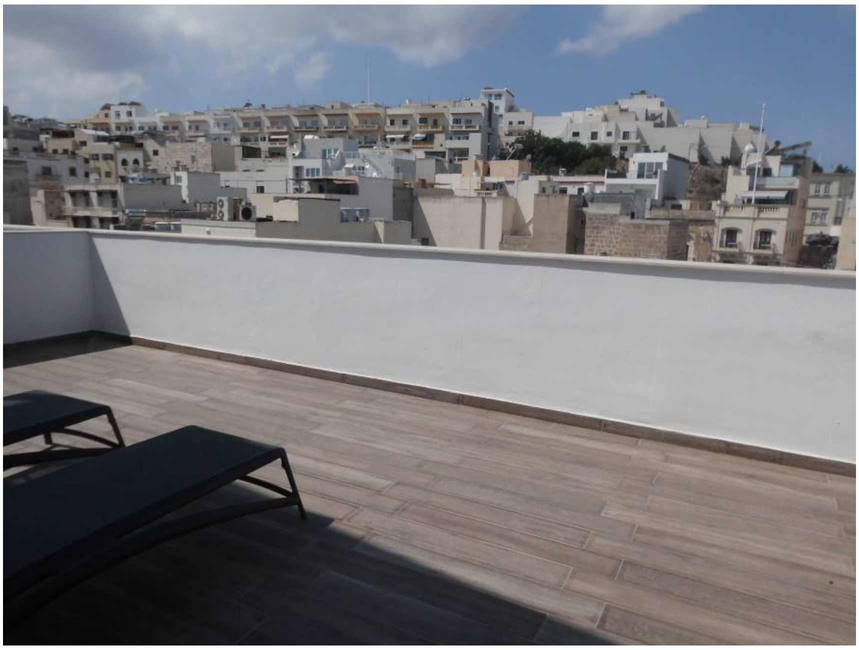

Photo 19: Outdoor terrace to deluxe room

Photo 20: Standard room

APPENDIX D — PHOTOGRAPHS

Photo 21: Bathroom facilities to bedrooms.

Photo 22: Room facilities as available in a cupboard.

APPENDIX D

PHOTOGRAPHS

Photo 23: Original furnishings in place to existing rooms, prior to additional floors inserted.

Photo 24: Bathroom facilities to original rooms

APPENDIX D — PHOTOGRAPHS

Photo 25: Diesel boilers changed to electric + calorifiers in machine room.2021

Photo 26: Water purifiers for kitchen use.

APPENDIX D PHOTOGRAPHS

Photo 27: Kitchen facilities

Photo 28: Housekeeping facilities, outside laundry utilised.

APPENDIX D

PHOTOGRAPHS

Photo 29: VRF's outdoor units placed in designated terraces.

Photo 30: Firefighting facilities via dry risers.

APPENDIX D

PHOTOGRAPHS

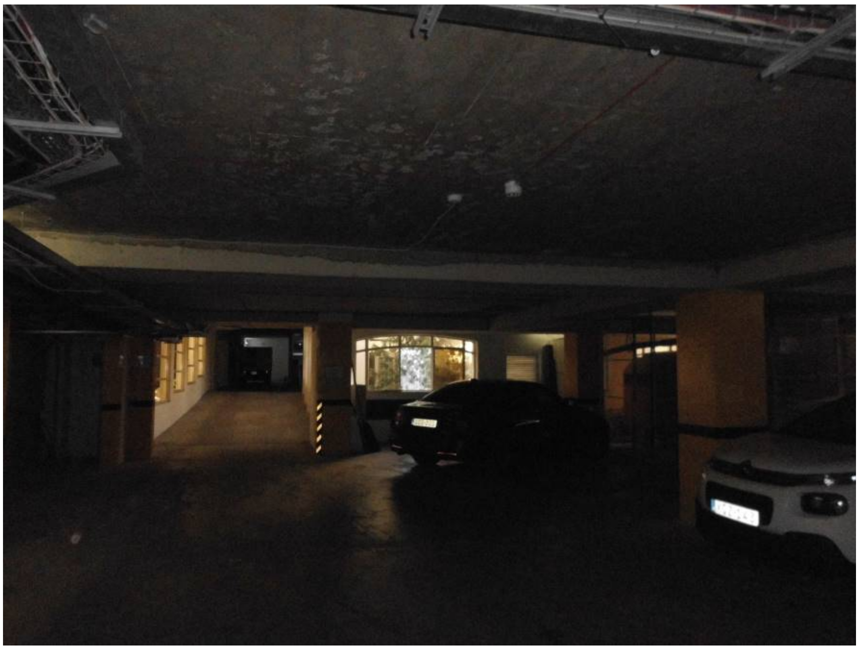

Photo 31: Parking facilities at intermediate basement level, as accessed via Triq Sammy Galea