

SECURITIES NOTE

DATED 31 MAY 2022

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

This Securities Note should be read in conjunction with the most updated Registration Document issued from time to time containing information about The Ona p.l.c.

This Securities Note is being issued in respect of an issue of up to €16,000,000 4.50% secured bonds 2028 – 2034 of a nominal value of €100 per bond, issued and redeemable at par by

THE ONA P.L.C.

A PUBLIC LIMITED LIABILITY COMPANY REGISTERED UNDER THE LAWS OF MALTA
WITH COMPANY REGISTRATION NUMBER C 101370

with the joint and several guarantee of
The Ona Real Estate Ltd (C 83842)
The Ona Property Development Ltd (C 82490)
The Ona Hospitality Ltd (C 101371)

ISIN: MT0002661206



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

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

THESE SECURITIES ARE COMPLEX FINANCIAL INSTRUMENTS AND MAY NOT BE SUITABLE FOR ALL TYPES OF INVESTORS. A POTENTIAL INVESTOR SHOULD NOT INVEST IN THE SECURITIES UNLESS: (I) HE/SHE HAS THE NECESSARY KNOWLEDGE AND EXPERIENCE TO UNDERSTAND THE RISKS RELATING TO THIS TYPE OF FINANCIAL INSTRUMENT; (II) THE SECURITIES MEET THE INVESTMENT OBJECTIVES OF THE POTENTIAL INVESTOR; AND (III) SUCH PROSPECTIVE INVESTOR IS ABLE TO BEAR THE INVESTMENT AND FINANCIAL RISKS WHICH RESULT FROM INVESTMENT IN THESE SECURITIES.

A PROSPECTIVE INVESTOR SHOULD ALWAYS SEEK INDEPENDENT FINANCIAL ADVICE BEFORE DECIDING TO INVEST IN ANY LISTED FINANCIAL INSTRUMENT. 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. A PROSPECTIVE INVESTOR SHOULD MAKE HIS OR HER OWN ASSESSMENT AS TO THE SUITABILITY OF INVESTING IN THE SECURITIES SUBJECT OF THIS SECURITIES NOTE.

Sponsor, Manager & Registrar



MZ INVESTMENT SERVICES

Security Trustee

EQUINOX INTERNATIONAL
LIMITED

Legal Counsel

Dr Chris Cilia

APPROVED BY THE BOARD OF DIRECTORS

A handwritten signature in blue ink, appearing to read "Cliona Muscat".

Cliona Muscat

A handwritten signature in blue ink, appearing to read "George Muscat".

George Muscat

Signing in their own capacity as directors of the Issuer and on behalf of each of Alfred Attard, Francis X Gouder and Ann Marie Agius as their duly appointed agents.

TABLE OF CONTENTS

1	IMPORTANT INFORMATION	3
2	DEFINITIONS	5
3	RISK FACTORS	7
3.1	Forward Looking Statements	7
3.2	Risks Relating to the Secured Bonds	7
4	PERSONS RESPONSIBLE	10
4.1	Consent for Use of the Prospectus	10
5	ESSENTIAL INFORMATION	11
5.1	Reasons for the Issue and Use of Proceeds	11
5.2	Dynamics for Closing	12
5.3	Funding from other Sources	12
5.4	Expenses	12
5.5	Issue Statistics	12
5.6	Interest of Natural and Legal Persons Involved in the Issue	13
6	INFORMATION CONCERNING THE SECURITIES TO BE ISSUED AND ADMITTED TO TRADING	13
6.1	General	13
6.2	Ranking of the Secured Bonds, the Collateral and Guarantees	14
6.3	The Guarantees	16
6.4	Rights attaching to the Secured Bonds	16
6.5	Interest	16
6.6	The Limits of the Validity of Claims	17
6.7	Yield	17
6.8	Registration, Form, Denomination and Title	17
6.9	Payments	17
6.10	Redemption and Purchase	18
6.11	Events of Default	18
6.12	Transferability of the Bonds	19
6.13	Further Issues	19
6.14	Meetings of Bondholders	19
6.15	Authorisations and Approvals	21
6.16	Notices	21
6.17	Governing Law and Jurisdiction	21
7	TAXATION	21
7.1	General	21
7.2	Malta Tax on Interest	22
7.3	Exchange of Information	22
7.4	Maltese Taxation on Capital Gains Arising on Transfer of the Secured Bonds	23
7.5	Duty on Documents and Transfers	24
8	TERMS AND CONDITIONS OF THE BOND ISSUE	24
8.1	Expected Timetable of the Bond Issue	24
8.2	Early Redemption	24
8.3	Terms and Conditions of the Secured Bonds	24
8.4	Plan of Distribution and Allotment	27
8.5	Intermediaries' Offer	28
8.6	Pricing	28
8.7	Allocation Policy	28
8.8	Admission to Trading	28
8.9	Additional Information	28
	ANNEX I – THE GUARANTEES	29
	ANNEX II – AUTHORISED FINANCIAL INTERMEDIARIES	44
	ANNEX III – FINANCIAL ANALYSIS SUMMARY	FAS 1

1. IMPORTANT INFORMATION

THIS SECURITIES NOTE CONTAINS INFORMATION ON AN ISSUE BY THE ONA PLC (THE “ISSUER”) OF UP TO €16,000,000 SECURED BONDS 2028 - 2034 OF A NOMINAL VALUE OF €100 PER BOND ISSUED AT PAR AND BEARING INTEREST AT THE RATE OF 4.50% PER ANNUM PAYABLE ANNUALLY ON 21 JUNE OF EACH YEAR. THE NOMINAL VALUE OF THE BONDS SHALL BE REPAYABLE IN FULL AT MATURITY ON THE REDEMPTION DATE OR A DESIGNATED EARLY REDEMPTION DATE UNLESS OTHERWISE PREVIOUSLY REPURCHASED FOR CANCELLATION (THE “SECURED BONDS”).

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

THE MALTA FINANCIAL SERVICES AUTHORITY ACCEPTS NO RESPONSIBILITY FOR THE CONTENTS OF THE PROSPECTUS, MAKES NO REPRESENTATIONS AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM, OR IN RELIANCE UPON, THE WHOLE OR ANY PART OF THE CONTENTS OF THE PROSPECTUS.

THE PROSPECTUS DOES NOT CONSTITUTE, AND MAY NOT BE USED FOR 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 MAY NOT BE TAKEN AS AN IMPLICATION: (I) THAT THE INFORMATION CONTAINED IN THE PROSPECTUS IS ACCURATE AND COMPLETE SUBSEQUENT TO ITS DATE OF ISSUE; OR (II) THAT THERE HAS BEEN NO MATERIAL ADVERSE CHANGE IN THE FINANCIAL POSITION OF THE ISSUER SINCE SUCH DATE; OR (III) THAT ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE PROSPECTUS IS ACCURATE AT ANY TIME SUBSEQUENT TO THE DATE ON WHICH IT IS SUPPLIED OR, IF DIFFERENT, THE DATE INDICATED IN THE DOCUMENT CONTAINING THE SAME.

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

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

SAVE FOR THE OFFERING IN THE REPUBLIC OF MALTA, NO ACTION HAS BEEN OR WILL BE TAKEN BY THE ISSUER THAT WOULD PERMIT A PUBLIC OFFERING OF THE SECURITIES DESCRIBED IN THE SECURITIES NOTE OR THE DISTRIBUTION OF THE PROSPECTUS (OR ANY PART THEREOF) OR ANY OFFERING MATERIAL IN ANY COUNTRY OR JURISDICTION WHERE ACTION FOR THAT PURPOSE IS REQUIRED. ACCORDINGLY, NO SECURITIES MAY BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, AND NEITHER THIS PROSPECTUS NOR ANY ADVERTISEMENT OR OTHER OFFERING MATERIAL MAY BE DISTRIBUTED OR PUBLISHED IN ANY JURISDICTION, EXCEPT UNDER CIRCUMSTANCES THAT WILL RESULT IN COMPLIANCE WITH ANY APPLICABLE LAWS AND REGULATIONS. IT IS THE RESPONSIBILITY OF PERSONS WHO HAVE POSSESSION OF THIS DOCUMENT TO INFORM THEMSELVES ABOUT, AND OBSERVE, ANY SUCH RESTRICTIONS ON THE DISTRIBUTION OF THIS PROSPECTUS AND THE OFFERING AND SALE OF SECURITIES.

THE SECURED BONDS HAVE NOT BEEN, NOR WILL THEY BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT, 1933, AS AMENDED, OR UNDER ANY FEDERAL OR STATE SECURITIES LAW AND MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, IN THE UNITED STATES OF AMERICA, ITS TERRITORIES OR POSSESSIONS, OR ANY AREA SUBJECT TO ITS JURISDICTION (THE "U.S.") OR TO OR FOR THE BENEFIT OF, DIRECTLY OR INDIRECTLY, ANY U.S. PERSON (AS DEFINED IN REGULATION "S" OF THE SAID ACT). FURTHERMORE, THE ISSUER WILL NOT BE REGISTERED UNDER THE UNITED STATES INVESTMENT COMPANY ACT, 1940 AS AMENDED AND INVESTORS WILL NOT BE ENTITLED TO THE BENEFITS SET OUT THEREIN.

A COPY OF THIS DOCUMENT HAS BEEN SUBMITTED TO THE MALTA FINANCIAL SERVICES AUTHORITY IN SATISFACTION OF THE CAPITAL MARKETS RULES, THE MALTA STOCK EXCHANGE IN SATISFACTION OF THE MALTA STOCK EXCHANGE BYE-LAWS AND HAS BEEN DULY FILED WITH THE MALTA BUSINESS REGISTRY IN ACCORDANCE WITH THE COMPANIES ACT.

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

ALL THE ADVISERS TO THE ISSUER NAMED IN THE REGISTRATION DOCUMENT UNDER THE HEADING "ADVISERS" IN SECTION 4.5 OF THE REGISTRATION DOCUMENT HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER IN RELATION TO THE PROSPECTUS AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION TOWARDS ANY OTHER PERSON AND WILL ACCORDINGLY NOT BE RESPONSIBLE TO ANY INVESTOR OR ANY OTHER PERSON WHOMSOEVER IN RELATION TO THE TRANSACTIONS PROPOSED IN THE PROSPECTUS.

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

THE VALUE OF INVESTMENTS CAN GO UP OR DOWN AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER ALL THE INFORMATION CONTAINED IN THE PROSPECTUS AS A WHOLE AND SHOULD CONSULT THEIR OWN INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISERS BEFORE DECIDING TO MAKE AN INVESTMENT IN THE SECURITIES.

2. DEFINITIONS

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

Admission	admission of the Secured Bonds to the Official List and to trading on the main market for listed securities of the MSE becoming effective in accordance with the Capital Markets Rules and the MSE Bye-Laws;
Applicant/s	a person or persons who subscribes for the Secured Bonds;
Application/s	the application to subscribe for Secured Bonds through an Authorised Financial Intermediary in the form provided to the Applicant by the relevant Authorised Financial Intermediary;
Appropriateness Test	shall have the meaning set out in the Conduct of Business Rules issued by the Malta Financial Services Authority;
Authorised Financial Intermediaries	the financial intermediaries whose details appear in Annex II appended hereto;
Bondholder	a holder of Secured Bonds whose name and other details are registered from time to time in the register of Bondholders maintained at the CSD;
Bondholders' Meeting	a meeting of Bondholders held in accordance with section 6.14 of this Securities Note;
Business Day	any day between Monday and Friday (both days included) on which commercial banks in Malta settle payments and are open for normal banking business;
Civil Code	the Civil Code (Cap. 16 of the laws of Malta);
Collateral or Security Interests	collectively, the following security interests to be constituted in favour of the Security Trustee: <ul style="list-style-type: none">(i) the first-ranking general hypothec for the full nominal value of the Secured Bonds and interest thereon over all the present and future property of the Issuer;(ii) the first-ranking general hypothec for the full nominal value of the Secured Bonds and interest thereon over all the present and future property of The Ona Hospitality Ltd;(iii) the first-ranking general hypothec for the full nominal value of the Secured Bonds and interest thereon over all the present and future property of The Ona Real Estate Ltd;(iv) the first-ranking special hypothec granted by The Ona Real Estate Ltd for the full nominal value of the Secured Bonds over the Paceville Site (and any developments and constructions thereon);(v) the first-ranking special privilege over the Paceville Site for the amount of €6 million; and(vi) the Pledge Agreement;
CSD	the Central Securities Depository of the Malta Stock Exchange having its address at Garrison Chapel, Castille Place, Valletta, VLT 1063, Malta;
Designated Early Redemption Dates	any date falling on or between 21 June 2028 and 20 June 2034, at the sole option of the Issuer, on which the Issuer shall be entitled to prepay all or part of the principal amount of the Secured Bonds and all interest accrued up to the date of prepayment, by giving not less than 30 days' notice to the Bondholders and the term " Early Redemption " shall be construed accordingly;
Guarantees	the: <ul style="list-style-type: none">(i) joint and several guarantee granted by The Ona Real Estate Ltd to the Security Trustee appended to this Securities Note as Annex I hereto;(ii) joint and several guarantee granted by The Ona Property Development Ltd to the Security Trustee appended to this Securities Note as Annex I hereto; and(iii) joint and several guarantee granted by The Ona Hospitality Ltd to the Security Trustee appended to this Securities Note as Annex I hereto;

Interest Payment Date	21 June of each year between and including each of the years 2023 and the year 2034, provided that, if any such day is not a Business Day such Interest Payment Date shall be carried over to the next following day that is a Business Day;
Intermediaries' Offer	an offer for subscription of Secured Bonds made by the Issuer to the Authorised Financial Intermediaries through subscription agreements as further described in section 8.5 of this Securities Note;
Issue Date	expected on 28 June 2022;
Offer Period	the period between 08:30 hours on 6 June 2022 and 14:00 hours on 17 June 2022;
Official List	the list prepared and published by the Malta Stock Exchange as its official list in accordance with the Malta Stock Exchange Bye-Laws;
Pledge Agreement or Pledge	the pledge agreement to be entered into by and between The Ona Real Estate Ltd, The Ona Hospitality Ltd, and the Security Trustee for the purpose of constituting a pledge on insurance policy proceeds as security for the full nominal value of the Secured Bonds and interest thereon;
Redemption Date	21 June 2034;
Redemption Value	the nominal value of each Secured Bond (€100 per Secured Bond);
Registration Document	the registration document issued by the Issuer dated 31 May 2022, forming part of the Prospectus;
Securities Note	this document in its entirety;
Security Trustee or Trustee	Equinox International Limited, a private limited liability company duly registered and validly existing under the laws of Malta, with company registration number C 29674 and having its registered office at Level 3, Valletta Buildings, South Street, Valletta VLT 1103, Malta, duly authorised to act as a trustee or co-trustee in terms of article 43(3) of the Trusts and Trustees Act (Cap. 331 of the laws of Malta);
Suitability Test	shall have the meaning assigned to it in the Conduct of Business Rules issued by the MFSA;
Terms and Conditions	the terms and conditions of the Secured Bonds set out in sections 5.5, 6 and 8 of this Securities Note; and
Vendor	Bilom Properties Ltd. a private limited liability company registered in Malta bearing company registration number C 48515 and having its registered office at 3, Bilom Group, Triq Mro Frank Galea, Zebbug ZBG 9060, Malta.

Unless it appears otherwise from the context:

- (i) words importing the singular shall include the plural and *vice-versa*;
- (ii) words importing the masculine gender shall also include the feminine gender and *vice-versa*;
- (iii) the word “*may*” shall be construed as permissive and the word “*shall*” shall be construed as imperative;
- (iv) all references in this Securities Note to “Malta” shall be construed as defined in Article 124 (1) of the Constitution of Malta;
- (v) 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
- (vi) any reference to a law, legislative act, and, or other legislation shall mean that particular law, legislative act and, or legislation as in force as the date of this Securities Note.

3. RISK FACTORS

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

AN INVESTMENT IN THE SECURED BONDS INVOLVES CERTAIN RISKS INCLUDING THOSE DESCRIBED BELOW. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER, WITH THEIR OWN INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISERS, THE FOLLOWING RISK FACTORS AND OTHER INVESTMENT CONSIDERATIONS AS WELL AS ALL THE OTHER INFORMATION CONTAINED IN THE PROSPECTUS BEFORE DECIDING TO MAKE AN INVESTMENT IN THE SECURED BONDS. THE RISK FACTOR FIRST APPEARING UNDER EACH CATEGORY CONSTITUTES THAT RISK FACTOR THAT THE DIRECTORS OF THE ISSUER HAVE ASSESSED TO BE, AT THE DATE OF THIS SECURITIES NOTE, THE MOST MATERIAL RISK FACTOR UNDER SUCH CATEGORY. IN MAKING THIS ASSESSMENT OF MATERIALITY, THE DIRECTORS OF THE ISSUER HAVE EVALUATED THE COMBINATION OF: (I) THE PROBABILITY THAT A RISK FACTOR OCCURS; AND (II) THE EXPECTED MAGNITUDE OF THE ADVERSE EFFECT ON THE FINANCIAL CONDITION AND PERFORMANCE OF THE ISSUER AND ITS SECURITIES IF SUCH RISK FACTOR WERE TO MATERIALISE.

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

This Securities Note contains statements that are, or may be deemed to be, “*forward-looking statements*”. These forward-looking statements can be identified by the use of forward-looking terminology, such as the terms “*believes*”, “*estimates*”, “*anticipates*”, “*expects*”, “*intends*”, “*may*”, “*will*” or “*should*” or, in each case, their negative or other variations or comparable terminology. Forward-looking statements relate to matters that are not historical facts. They appear in a number of places throughout the Prospectus, and documents incorporated therein by reference, and include statements regarding the intentions, beliefs, or current expectations of the Issuer and, or the Directors concerning, amongst other things, the Issuer’s and, or the Group’s strategy and business plans, capital requirements, results of operations, financial condition, liquidity, prospects, the markets in which it operates and general market conditions. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance and should therefore not be construed as such. The Issuer’s and, or the Group’s actual results of operations, financial condition, liquidity, and the development of its business may differ materially from the impression created by the forward-looking statements contained in the Prospectus. In addition, even if the results of operations, financial condition, and, or liquidity of the Issuer and, or the Group are consistent with the forward-looking statements contained in the Prospectus, those results, or developments may not be indicative of results or developments in subsequent periods.

Potential investors are advised to read the Prospectus in its entirety and, in particular, all the risks set out in this section and in the section entitled “**Risk Factors**” in the Registration Document, for a review of the factors that could affect the Issuer’s performance. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this document may not occur.

All forward-looking statements contained in this document are made only as at the date hereof. Subject to applicable legal and regulatory obligations, the Issuer and its Directors expressly disclaim any obligations to update or revise any forward-looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions, or circumstances on which any such statement is based.

3.2 RISKS RELATING TO THE SECURED BONDS

3.2.1 Risks Relating to the Secured Bonds

3.2.1.1 *Complex financial instrument and suitability assessment*

Debt instruments which may be redeemed by an issuer prior to their maturity date are considered as having an embedded call option, with the price of the bonds taking these components into account. The Secured Bonds may be redeemed at the option of the Issuer on a Designated Early Redemption Date. In view of this early redemption component, the Secured Bonds are complex financial instruments for the purposes of MIFID II. Investors must consult with an independent investment adviser before investing in the Secured Bonds. In particular, investors should consult with an independent investment adviser with a view of ascertaining that each prospective investor: (a) has sufficient knowledge and experience to make a meaningful evaluation of the Secured Bonds, the merits and risks of investing in the Secured Bonds and the information contained or incorporated by reference in the Prospectus or any applicable supplement; (b) has sufficient financial resources and liquidity to bear all the

risks of an investment in the Secured Bonds, including where the currency for principal or interest payments is different from the prospective investor's currency and that the Secured Bonds meet the investment objectives of the prospective investor; (c) understands thoroughly the terms of the Secured Bonds; and (d) is able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect his or her investment and his or her ability to bear the applicable risks. An informed investment decision can only be made by investors after they have read and fully understood the risk factors associated with an investment in the Secured Bonds, and the inherent risks associated with the Group's business.

3.2.1.2 The Secured Bonds are redeemable at the option of the Issuer

Any or all of the Secured Bonds may be redeemed by the Issuer on a Designated Early Redemption Date. Once the Secured Bonds are redeemed, the relevant Bondholders shall no longer be entitled to interest or any other rights in relation to those Secured Bonds. If the Secured Bonds are redeemed on a Designated Early Redemption Date, a Bondholder would not receive the same return on investment that it would have received if the Secured Bonds were redeemed on the Redemption Date. In addition, Bondholders may not be able to re-invest the proceeds from an early redemption at yields that would have been received had they not been redeemed. This optional redemption feature may also have a negative impact on the market value of the Secured Bonds.

3.2.1.3 No prior market for the Secured Bonds

Prior to the Bond Issue and Admission, there has been no public market for the Secured Bonds within or outside Malta. Due to the absence of any prior market for the Secured Bonds, there can be no assurance that the price of the Secured Bonds will correspond to the price at which the Secured Bonds will trade in the market subsequent to the Bond Issue. The market price of the Secured Bonds could be subject to significant fluctuations in response to numerous factors, including the occurrence of any of the risk factors identified in section 3 of the Registration Document.

3.2.1.4 Orderly and liquid secondary market

The existence of an orderly and liquid market for the Secured Bonds depends on a number of factors, including but not limited to the presence of willing buyers and sellers of the Secured Bonds at any given time and the general economic conditions in the market in which the Secured Bonds are traded. Such factors are dependent upon the individual decisions of investors and the general economic conditions of the market, over which the Issuer has no control. Accordingly, there can be no assurance that an active secondary market for the Secured Bonds will develop, or, if it develops, that it will continue. Furthermore, there can be no assurance that an investor will be able to trade in the Secured Bonds at all.

3.2.1.5 Subsequent changes in interest rate and potential impact of inflation

The Secured Bonds shall carry a fixed interest rate. Investment in the Secured Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Secured Bonds. The price of fixed rate bonds should, theoretically, be adversely impacted if interest rates increase above the level of the interest paid on the said bond. In an economic scenario where prevailing market interest rates are rising, the prices of fixed rate bonds decline and conversely, if market interest rates are declining, the prices of fixed rate bonds tend to rise. This is part of the market risk inherent in financial instruments but it is only crystallised if a Bondholder decides to sell the Secured Bonds before maturity on the secondary market, since on maturity, a Bondholders will still be entitled to receive the face value of the Secured Bonds.

The coupon payable on the Secured Bonds is a nominal interest rate. The real interest rate is computed by subtracting inflation from the nominal interest rate, the result of which indicates the real return on the Secured Bond coupons. In a period of high inflation, an investor's real return on the Secured Bonds will be lower than the Secured Bonds' nominal interest rate and thus undermine an investor's expected return. Furthermore, an increase in inflation may result in a decrease in the traded price of the Secured Bonds on the secondary market.

3.2.1.6 Future public offers

No prediction can be made about the effect which any future public offerings of the Issuer's securities (including but not limited to the effects arising out of a change in the cash flow requirements of the Issuer or other commitments of the Issuer vis-à-vis the new security holders), or any takeover or merger activity involving the Issuer (including but not limited to a delisting, in full or in part, of the Secured Bonds), will have on the market price of the Secured Bonds prevailing from time to time.

3.2.1.7 Currency of reference

A Bondholder shall bear the risk of any adverse fluctuations in exchange rates between the currency of denomination of the Secured Bonds (this being the Euro "€") and the Bondholder's currency of reference, if different. Such adverse fluctuations may impair the return of investment of the Bondholder in real terms after taking into account the relevant exchange rate.

3.2.1.8 Changes in law

The Terms and Conditions of the Secured Bonds are based on Maltese law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in Maltese law or administrative practice after the date of this Prospectus.

3.2.1.9 Amendments to the Terms and Conditions of the Secured Bonds

The Terms and Conditions contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. In the event that the Issuer wishes to amend any of the Terms and Conditions of the Secured Bonds it may call a Bondholders' Meeting in accordance with the provisions of section 6.14 of this Securities Note. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority. Furthermore, each Guarantor has the power to veto a decision by the Bondholders, taken at a Bondholders' Meeting duly convened and held, to amend or waive the Terms and Conditions of the Secured Bonds which are issued with the benefit of its Guarantee, in cases in which such amendment or waiver may give rise to changes in: (i) the amount payable by a Guarantor under a Guarantee; (ii) the term and, or frequency of such payments; (iii) the Events of Default specified in section 6.11 of this Securities Note; and, or (iv) any other term which may otherwise increase the exposure of a Guarantor to the enforcement of the respective Guarantee. Were any of the Guarantors to exercise such right of veto, the proposed amendment to, or waiver of, the Terms and Conditions would not be put into effect.

3.2.1.10 Continuing obligations

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

3.2.2 Risks relating to the Guarantors and the Collateral

3.2.2.1 Risks relating to the business of the Guarantors

The risk factors contained in section 3.3 of the Registration Document entitled "**Risks relating to the Group**" apply to the business and operations of the Guarantors. If any of the risks mentioned in section 3.3 of the Registration Document were to materialise, they could have a material adverse effect on the ability of the Guarantors to satisfy their respective obligations under the Guarantees.

3.2.2.2 Risks relating to the ranking of the Collateral

The Secured Bonds are secured by the Collateral. The Collateral shall rank after the claims of privileged creditors should a note of inscription of a special privilege be registered with the Public Registry securing the privileged creditor's claim.

Privileged creditors include, but are not limited to, architects, contractors, masons, and other workmen, over an immovable constructed, reconstructed or repaired for the debts due to them in respect of the expenses and the price of their work. Elbros Construction Limited (C 10925), as the contractor responsible for the development of the Hotel Project, has waived its right to the registration of a special privilege with the Public Registry in Malta and has further undertaken to use its best efforts to ensure that any of its sub-contractors will also waive their right to a special privilege in terms of law. However, over the course of their business, the Issuer, The Ona Real Estate Ltd and, or The Ona Hospitality Ltd may contract debts with other privileged creditors. In such case, privileged creditors will rank with preference to the Security Trustee in whose favour the general hypothecs and the special hypothec shall be constituted.

The ranking of collateral has a bearing on the success of a creditor to get paid should the Issuer not have sufficient assets to pay all its creditors. The Security Trustee will be paid out of the assets of the Issuer after privileged creditors and those creditors which are given priority over the relevant Collateral by law. Accordingly, in the case of a competition of creditors, Bondholders may not recover their investment in the Secured Bonds, whether in full or in part.

3.2.2.3 Enforcement of security

Although the Secured Bonds are secured, there can be no assurance that the Collateral will be sufficient to cover the Issuer's payment obligations under the Secured Bonds in case of a default. The amount which may be recovered under the first-ranking general hypothecs constituted over the assets of the Issuer, The Ona Real Estate Ltd and The Ona Hospitality Ltd will depend on the nature and value of the assets forming part of the patrimony of the afore-mentioned collateral providers at the point in time that the Security Trustee enforces the general hypothecs.

The Ona Real Estate Ltd has constituted a first-ranking special hypothec over the Paceville Site. There can be no guarantee that the value of the Paceville Site and, or the Hotel to be developed thereon will be sufficient to cover the full amount of interest and principal outstanding under the Secured Bonds. Several factors may impact the value of the Paceville Site and or the Hotel once constructed including, albeit not limited to, general economic factors. If such circumstances were to arise or subsist at the time that the special hypothec is enforced by the Security Trustee, it could have a material adverse effect on the value of the Paceville Site and, or the Hotel and the recoverability of all the amounts outstanding under the Secured Bonds.

In addition to the aforesaid, the valuation of the Paceville Site so prepared by an independent qualified architect contains certain assumptions, which ultimately may cause the actual values to be materially different from any future values that may be expressed or implied by such forward-looking statements or anticipated on the basis of historical trends, as reality may not match such assumptions. There can be no assurance that the property valuation and property-related assets will reflect actual market values at the time of enforcement of the Security Interests over the Paceville Site.

3.2.2.4 Risks relating to the Guarantees granted by the Guarantors

The Secured Bonds are being guaranteed by the Guarantors on a joint and several basis. Accordingly, the Security Trustee, for the benefit of the Bondholders, shall be entitled to request the Guarantors to pay both the interest due and the principal amount under the said Secured Bonds on first demand (subject to the terms of the Guarantees) if the Issuer fails to meet any amount, when due in terms of the Prospectus. The joint and several Guarantees also entitle the Security Trustee to take action against the Guarantors without having to first take action against the Issuer.

The strength of the undertakings given under the Guarantees and accordingly, the level of recoverability by the Security Trustee from the Guarantors of any amounts due under the Secured Bonds, is dependent upon and directly linked to, the financial position and solvency of the Guarantors.

4 PERSONS RESPONSIBLE

This document includes information given in compliance with the Prospectus Regulation for the purpose of providing prospective investors with information with regards to the Issuer. All of the Directors, whose names appear in section 4.1 of the Registration Document entitled “**Directors of the Issuer**” accept responsibility for the information contained in this Securities Note.

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

All representations and other statements made in the Prospectus are made by the Issuer, and the Directors take sole responsibility for all such representations and statements. The Sponsor, Manager and Registrar, and the Issuer’s advisers have advised and assisted the Issuer in the preparation of this document, but none make any representation or statement, unless otherwise expressly stated in the Prospectus, and each of them disclaims any responsibility for any representations and other statements made in the Prospectus.

4.1 CONSENT FOR USE OF THE PROSPECTUS

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

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

- (i) in respect of Secured Bonds subscribed for through the Authorised Financial Intermediaries pursuant to the Intermediaries’ Offer;
- (ii) to any resale or placement of Secured Bonds subscribed for as aforesaid, taking place in Malta; and
- (iii) to any resale or placement of Secured Bonds subscribed for as aforesaid, taking place within the period of 60 days from the date of the Prospectus.

None of the Issuer, the Sponsor, Manager and Registrar or any of their respective advisers take any responsibility for any of the actions of any Authorised Financial Intermediary, including their compliance with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to a resale or placement of the Secured Bonds.

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

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

Investors should enquire whether an intermediary is considered to be an Authorised Financial Intermediary in terms of the Prospectus (as detailed in Annex II to this Securities Note). If the investor is in doubt as to whether it can rely on the Prospectus and, or who is responsible for its contents, it should obtain legal advice.

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

Any resale, placement, or other offering of Secured Bonds to an investor by an Authorised Financial Intermediary shall be made in accordance with any terms and other arrangements in place between such Authorised Financial Intermediary and such investor including as to price, allocations, and settlement arrangements. Where such information is not contained in the Prospectus, it shall be the responsibility of the respective Authorised Financial Intermediary at the time of such resale, placement, or other offering to provide the investor with that information.

Any Authorised Financial Intermediary using this Prospectus in connection with a resale, placement, or other offering of Secured Bonds subsequent to the Bond Issue shall, limitedly for the period of 60 days from the date of the Prospectus, publish on its website a notice to the effect that it is using this Prospectus for such resale, placement, or other offering in accordance with the consent of the Issuer and the conditions attached thereto. The consent provided herein shall no longer apply following the lapse of such period.

Any new information with respect to Authorised Financial Intermediaries unknown at the time of approval of this Securities Note shall be made available through a company announcement which shall also be made available on the Issuer's website: www.theonagroup.mt

5 ESSENTIAL INFORMATION

5.1 REASONS FOR THE ISSUE AND USE OF PROCEEDS

The proceeds from the Bond Issue, which net of Bond Issue expenses are expected to amount to approximately €15.68 million shall be used by the Issuer for the following purposes, in the amounts and order of priority set out below:

- (a) €11.8 million shall be used to finance the acquisition of the Paceville Site by The Ona Real Estate Ltd;
- (b) €1.8 million shall be used to finance costs required to develop and complete the Hotel Project in accordance with approved planning permits. The amount of €1.8 million shall be released by the Security Trustee in a corresponding value contained in an architect's confirmation of value of works. As detailed in the Valuation Report, the development and construction of the Hotel is subject to a full development permit with reference number PA/3654/20. However, an additional development application has been submitted by the Group to the Planning Authority, with reference number PA/2278/22 which is as at the date of the Prospectus pending review. The Planning Authority is expected to take a decision on the said permit application in Q2 2022. Should the latter planning application be approved, the Hotel will be developed in accordance with the plans submitted pursuant to this planning application; and
- (c) €2.08 million shall be used to part finance costs required to finish and furnish the Hotel Project. The amount of €2.08 million shall be released by the Security Trustee in a corresponding value contained in an architect's confirmation of value of works of finishing and furnishing or against evidence that such costs were incurred.

The Issuer has established a minimum aggregate subscription amount of €11.8 million on which the Bond Issue is conditional. In the event that the Bond Issue is not fully taken up, but the said minimum is satisfied or exceeded, the Issuer shall issue Secured Bonds up to the amount subscribed for by the Authorised Financial Intermediaries pursuant to the Intermediaries' Offer. Should the Bond Issue not be fully subscribed to pursuant to the Intermediaries' Offer, the proceeds from the Bond Issue shall first be utilised for the purposes set out in section 5.1(a) above. Any remaining balance shall be utilised for the purposes set out in sections 5.1(b) and 5.1(c) above, in the order of priority indicated above.

Following the Bond Issue, all proceeds shall be held by the Security Trustee. The Security Trustee shall, save for the payment of the expenses related to the Bond Issue, retain all remaining net bond proceeds until the Secured Bonds are admitted to the Official List. It is expected that within 15 Business Days following listing of the Secured Bonds:

- (i) the Issuer, The Ona Real Estate Ltd and the Security Trustee shall appear on a deed of sale and purchase for the sale and transfer of the Paceville Site to The Ona Real Estate Ltd. Simultaneously with the entry into of the deed of sale and purchase, each of the Issuer, The Ona Real Estate Ltd and The Ona Hospitality Ltd shall appear on a public deed with the Security Trustee to grant and constitute in favour of the Security Trustee the Collateral over their respective assets; and
- (ii) The Ona Real Estate Ltd, The Ona Hospitality Ltd and the Security Trustee shall enter into the Pledge Agreement.

The Issuer (as lender) has entered into two conditional intra-group loan agreements with:

- (a) The Ona Real Estate Ltd (as borrower) for the amount of €13.6 million, for the purposes of financing the acquisition as well as the development and construction costs of the Hotel; and
- (b) The Ona Hospitality Ltd (as borrower) for the amount of €2.08 million, for the purposes of part financing the furnishing and finishing of the Hotel.

The obligation of the Issuer to advance the said funds to The Ona Real Estate Ltd and The Ona Hospitality Ltd is conditional upon, *inter alia*, the issue and allotment of the Secured Bonds, which in turn is conditional upon the Secured Bonds being admitted to the Official List.

5.2 DYNAMICS FOR CLOSING

The Security Trustee shall release the net proceeds from the issue of the Secured Bonds which are expected to amount to €15.68 million as follows:

- (i) the amount of €6 million shall be released to the Vendor on the deed of sale for the acquisition of the Paceville Site. The Security Trustee shall appear on the said deed of sale pursuant to a delegation of authority granted by The Ona Real Estate Ltd in its favour to pay the remaining balance of the purchase price of the Paceville Site to the Vendor. The remaining amounts shall be released as follows: (a) €5 million shall be released to The Ona Real Estate Ltd to re-finance the deposit it paid on the promise of sale agreement; and (b) €800,000 shall be released to the notary public which published the deed of sale to finance the payment of stamp duty and notarial fees. Simultaneously with this deed of sale of the Paceville Site, each of the Issuer, The Ona Real Estate Ltd and The Ona Hospitality Ltd shall appear on a public deed with the Security Trustee to grant and constitute in favour of the Security Trustee the Collateral over their respective assets;
- (ii) following the purchase of the Paceville Site and the due perfection of the Collateral, up to the amount of €1.8 million shall be released to The Ona Real Estate Ltd for the purpose set out in section 5.1(b) above. The aggregate amount of €1.8 million shall be released in tranches to The Ona Real Estate Ltd in a corresponding value contained in an architect's confirmation of value of works;
- (iii) the balance of €2.08 million shall be released to The Ona Hospitality Ltd for the purpose set out in section 5.1(c) above. The aggregate amount of €2.08 million shall be released in tranches to The Ona Hospitality Ltd in a corresponding value contained in an architect's confirmation of value of works or against evidence that such costs were incurred.

5.3 FUNDING FROM OTHER SOURCES

The Group requires approximately €20.8 million to acquire, develop and complete the Hotel. The amount of €11.8 million from the net proceeds of the Bond Issue to be received by the Issuer shall be on-lent to The Ona Real Estate Ltd to purchase the Paceville Site; (ii) €1.8 million from the net proceeds of the Bond Issue to be received by the Issuer shall be on-lent to The Ona Real Estate Ltd for costs required to develop the Hotel; (iii) €2.08 million from the net proceeds of the Bond Issue to be received by the Issuer shall be on-lent to The Ona Hospitality Ltd to part finance costs required to finish and furnish the Hotel; and (iv) the remaining amount of €5.12 million will be financed from the Group's reserves and cash flows.

5.4 EXPENSES

Professional fees, and costs related to publicity, advertising, printing, listing, registration, sponsor, management, registrar fees, selling commission, and other miscellaneous expenses in connection with this Bond Issue are estimated not to exceed €320,000. There is no particular order of priority with respect to such expenses.

5.5 ISSUE STATISTICS

Amount:	up to €16,000,000;
Form:	the Secured Bonds shall be issued in fully registered and dematerialised form and shall be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the CSD;
Denomination:	Euro (€);
ISIN:	MT0002661206;
Minimum amount per subscription agreement:	minimum of €5,000 and multiples of €100 thereafter, applicable to each subscription agreement and to each underlying Applicant applying for the Secured Bonds through Authorised Financial Intermediaries;
Redemption Date:	21 June 2034 or on a Designated Early Redemption Date;
Designated Early Redemption Date:	any date falling on or between 21 June 2028 and 20 June 2034, at the sole option of the Issuer, on which the Issuer shall be entitled to prepay all but not part of the principal amount of the Secured Bonds and all interests accrued up to the date of prepayment, by giving not less than 30 days' notice to the Bondholders and the term "Early Redemption" shall be construed accordingly;

Plan of Distribution:	the Secured Bonds are open for subscription by Authorised Financial Intermediaries (either for their own account or for the account of their underlying customers) pursuant to the Intermediaries' Offer;
Bond Issue Price:	at par (€100 per Secured Bond);
Status of the Secured Bonds:	the Secured Bonds shall constitute general, direct, secured, and unconditional obligations of the Issuer, to be secured in the manner described in section 6.2, guaranteed by the Guarantors and shall at all times rank <i>pari passu</i> and without any preference among themselves;
Guarantees:	collectively, (i) the joint and several guarantee dated 31 May 2022 granted by The Ona Property Development Ltd as security for the punctual performance of the Issuer's payment obligations under the Bond Issue; (ii) the joint and several guarantee dated 31 May 2022 granted by The Ona Real Estate Ltd as security for the punctual performance of the Issuer's payment obligations under the Bond Issue; and (iii) the joint and several guarantee dated 31 May 2022 granted by The Ona Hospitality Ltd as security for the punctual performance of the Issuer's payment obligations under the Bond Issue;
Status of the Guarantees:	The Guarantees granted by the Guarantors shall constitute a direct, secured, and unconditional obligation of the respective Guarantor;
Listing:	the Malta Financial Services Authority has approved the Secured Bonds for admissibility to listing and subsequent trading on the Official List of the Malta Stock Exchange. Application has been made to the Malta Stock Exchange for the Secured Bonds to be listed and traded on its Official List;
Allocation:	Applicants may apply for Secured Bonds through the Authorised Financial Intermediaries during the Offer Period;
Offer Period:	08:30 hours on 6 June 2022 to 14:00 hours on 17 June 2022, both days included;
Interest:	4.5% per annum;
Interest Payment Date/s:	annually on 21 June as from 21 June 2023 (the first Interest Payment Date);
Governing Law of the Secured Bonds:	the Secured Bonds are governed by and shall be construed in accordance with Maltese law; and
Jurisdiction:	the Maltese courts shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Secured Bonds.

5.6 INTEREST OF NATURAL AND LEGAL PERSONS INVOLVED IN THE BOND ISSUE

Save for the subscription of the Secured Bonds by the Authorised Financial Intermediaries pursuant to the Intermediaries' Offer, and any fees payable in connection with the Bond Issue to MZI (as Sponsor, Registrar and Manager), so far as the Issuer is aware no person involved in the Bond Issue has an interest material to the Bond Issue.

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

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

6.1 GENERAL

The principal terms of the Secured Bonds are set out below:

- 6.1.1 Each Secured Bond forms part of a duly authorised issue of 4.50% secured bonds 2028 - 2034 of a nominal value of €100 per Secured Bond issued by the Issuer at par up to the principal amount of €16,000,000 (except as otherwise provided under section 6.13 entitled "Further Issues").
- 6.1.2 The Issue Date of the Secured Bonds is expected to be 28 June 2022.
- 6.1.3 The Bond Issue is guaranteed by the Guarantors and secured with the Collateral.
- 6.1.4 The currency of the Secured Bonds is Euro (€).

- 6.1.5 The Secured Bonds are expected to be listed on the Official List on 28 June 2022 and dealing can be expected to commence thereafter.
- 6.1.6 Subject to admission to listing of the Secured Bonds on the Official List, the Secured Bonds are expected to be assigned ISIN MT0002661206.
- 6.1.7 Unless previously purchased and cancelled, the Secured Bonds shall be redeemable at par on the Redemption Date or a Designated Early Redemption Date.
- 6.1.8 The issue of the Secured Bonds is made in accordance with the requirements of the Capital Markets Rules, the Companies Act, and the Prospectus Regulation.
- 6.1.9 Applications per underlying Applicant pursuant to the Intermediaries' Offer are for a minimum amount of €5,000 per Applicant and in multiples of €100 thereafter.
- 6.1.10 In the event that an Applicant has not been allocated any Secured Bonds or has been allocated a number of Secured Bonds which is less than the number applied for, the Applicant shall receive a full refund or, as the case may be, the balance of the price of the Secured Bonds applied for but not allocated, without interest, by credit transfer to such account indicated by the Applicant to the Authorised Financial Intermediary in the Application, at the Applicant's sole risk. The Issuer shall not be responsible for any charges, loss or delay arising in connection with such direct credit transfer.
- 6.1.11 The Bond Issue is not underwritten.
- 6.1.12 In view of the early redemption component, the Secured Bonds are complex financial instruments for the purposes of MIFID II.
- 6.1.13 There are no special rights attached to the Secured Bonds other than the right of Bondholders to the payment of capital and interest and in accordance with the ranking specified in section 6.2 hereunder.
- 6.1.14 All Applications submitted pursuant to the Intermediaries' Offer shall be subject to the terms and conditions of the Secured Bonds as set out in section 8 hereunder, the terms of which shall form an integral part hereof.

6.2 RANKING OF THE SECURED BONDS, THE COLLATERAL AND GUARANTEES

The ability of Bondholders to enforce their rights as creditors of the Issuer depends on whether other security holders or creditors have claims that would be viewed as senior, as having priority, or otherwise limiting the rights of the Bondholders to any payments on the Secured Bonds.

6.2.1 Status of the Secured Bonds

The Secured Bonds, as and when issued and allotted, shall constitute the general, direct, unconditional, and secured obligations of the Issuer, and shall be guaranteed in respect of both the interest due and the principal amount under the said Secured Bonds by the Guarantors. The Secured Bonds shall at all times rank *pari passu* without any priority or preference among themselves.

6.2.2 Security Trustee and Collateral

The Collateral shall be constituted in favour of the Security Trustee for the benefit of all Bondholders from time to time registered in the CSD.

The Issuer and the Guarantors have entered into a Trust Deed with the Security Trustee which consists of the covenants of the Issuer to pay the principal amount under the Secured Bonds on the Redemption Date or a Designated Early Redemption Date and interest thereon and the covenants of the Guarantors to pay principal and interest on the Secured Bonds in the event of a claim under the Guarantees in accordance with their terms. The Trust Deed also regulates the constitution of the Collateral and the Guarantees in favour of the Security Trustee.

The Guarantees and the Collateral shall be vested in the Security Trustee for the benefit of the Bondholders in proportion to their respective holding of Secured Bonds. The Security Trustee's role includes holding of the Collateral for the benefit of the Bondholders and the enforcement of the Collateral upon the happening of certain events. The Security Trustee shall have no payment obligations to Bondholders under the Secured Bonds which remain exclusively the obligations of the Issuer (or, in the case of default by the Issuer, of the Guarantors, as applicable).

As security for the payment of principal and interest under the Secured Bonds, the Bondholders shall have the benefit of the collateral detailed in the sections 6.2.2.1 to 6.2.2.3 below:

6.2.2.1 Collateral provided by the Issuer

The Issuer shall provide a first-ranking general hypothec over all its assets, present and future, for the full nominal value of the Secured Bonds and interest thereon.

6.2.2.2 *Collateral provided by The Ona Real Estate Ltd*

The Ona Real Estate Ltd (in its capacity as Guarantor) shall provide the following collateral:

- (i) a first-ranking general hypothec over all its assets, present and future, for the full nominal value of the Secured Bonds and interest thereon;
- (ii) a first-ranking special hypothec for the full nominal value of the Secured Bonds and interest thereon over the Paceville Site (and any developments and constructions thereon); and
- (iii) a first-ranking special privilege for the amount of €6 million over the Paceville Site.

6.2.2.3 *Collateral provided by The Ona Hospitality Ltd*

The Ona Hospitality Ltd (in its capacity as Guarantor) shall provide a first-ranking general hypothec over all its assets, present and future, for the full nominal value of the Secured Bonds and interest thereon.

6.2.2.4 *Guarantees*

Furthermore, the Guarantors have provided corporate guarantees in favour of the Security Trustee.

In this respect, pursuant to the Trust Deed, the Guarantors have agreed to jointly and severally guarantee the punctual performance by the Issuer of the payment of principal and interest under the Secured Bonds. The Guarantees, shall become effective upon the admission to listing of the Secured Bonds on the Official List.

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

- (a) the amount payable by a Guarantor under a Guarantee;
- (b) the term and, or frequency of such payments;
- (c) the Events of Default specified in section 6.11 of this Securities Note; and, or
- (d) any other term which may otherwise increase the exposure of a Guarantor to the enforcement of the respective Guarantee.

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

6.2.3 Ranking of Collateral

6.2.3.1 *First-ranking general hypothec granted by the Issuer*

The Issuer shall secure its obligations under the Bond Issue by virtue of a first-ranking general hypothec for the full nominal value of the Secured Bonds and interest thereon over all its assets, present and future. In terms of Maltese law, hypothecary debts are paid according to the order of registration in the Public Registry. Privileged debts rank with priority over hypothecary debts and accordingly, privileged creditors shall be paid before those creditors in whose favour a hypothec has been registered.

6.2.3.2 *First-ranking general hypothec, first-ranking special hypothec and first-ranking special privilege granted by The Ona Real Estate Ltd*

The Ona Real Estate Ltd shall constitute in favour of the Security Trustee a first-ranking general hypothec over all its assets, present and future, for the full nominal value of the Secured Bonds and interest thereon. It shall also constitute a first-ranking special hypothec over the Paceville Site (and any developments and constructions thereon) for the full nominal value of the Secured Bonds and interest thereon and a first-ranking special privilege over the Paceville Site for the amount of €6 million. The amount of €6 million corresponds to the remaining balance to be paid on the final deed of sale given that the amount of €5 million has already been paid to the Vendor. Should the Security Trustee declare that an Event of Default has occurred which is continuing, the Security Trustee (for the benefit of Bondholders) shall, by virtue of the general hypothec, be paid out of the assets of The Ona Real Estate Ltd and, by virtue of the special hypothec, be paid out of the funds received on the sale of the Paceville Site.

The special hypothec shall be registered as a first-ranking special hypothec in the Public Registry. This means that the said hypothec will rank in priority to other creditors, except for privileged creditors. During the course of construction of the Hotel over the Paceville Site (or any future developments over the Paceville Site generally), situations may arise whereby the contractors or suppliers may become entitled by law to register a special privilege over the Hotel (or any future developments over the Paceville Site generally), thereby obtaining a priority in ranking over the Security Trustee. In this respect, The Ona Real Estate Ltd has entered into an agreement with Elbros Construction Limited (C 10925), the principal contractor, whereby Elbros Construction Limited has, *inter alia*, waived its right to register any special privilege over the Paceville Site until such time that the indebtedness under the Secured Bonds has been settled and repaid in full and the Security Interests granted in favour of the Security Trustee and referred to in the Prospectus have been discharged.

6.2.3.3 *First-ranking general hypothec granted by The Ona Hospitality Ltd*

The Ona Hospitality Ltd shall constitute in favour of the Security Trustee a first-ranking general hypothec over all its assets, present and future, for the full nominal value of the Secured Bonds and interest thereon. Should the Security Trustee declare that an Event of Default has occurred which is continuing, the Security Trustee (for the benefit of Bondholders) shall, by virtue of the general hypothec, be paid out of the assets of The Ona Hospitality Ltd.

6.2.3.4 *Nature of the special hypothec and the general hypothec*

The general hypothecs granted by the The Ona Real Estate Ltd and The Ona Hospitality Ltd will extend over all their respective property, both present and future. Such property includes any movable, immovable, tangible, intangible, intellectual property owned by both companies. Property transferred out of the patrimony of each company will not be captured by the general hypothec upon such transfer.

The special hypothec is a type of security interest which attaches to immovable property. The special hypothec granted by The Ona Real Estate Ltd attaches to a specific asset of this company, namely, the Paceville Site. It will continue to attach to the Paceville Site even if the Paceville Site is transferred to a third party unless the said special hypothec is duly cancelled in accordance with applicable law.

6.2.4 The Pledge Agreement

In terms of the Trust Deed, The Ona Real Estate Ltd and The Ona Hospitality Ltd shall enter into the Pledge Agreement. A pledge creates a right of preference in favour of the collateral holder to be paid out of the asset so secured (the insurance policy) in priority to other creditors. As at the date of this Securities Note, the insurance policy so pledged is a “contractors all risk” policy which covers certain risks and damage which may be incurred during the construction and the development phase of the Hotel Project.

As at the date of this Securities Note, the Paceville Site comprises a vacant site. The Group shall procure the appropriate insurance coverage once the Hotel is completed and operational. The Group shall revise the respective insurance policy from year to year in accordance with a valuation undertaken by a qualified architect in order to ensure that the insurance coverage corresponds to the replacement value of the Hotel. Any subsequent insurance coverage procured by the Group for this purpose, namely the rights, title and proceeds thereof, shall be pledged in favour of the Security Trustee pursuant to a pledge agreement, in a similar form to the Pledge Agreement.

6.3 THE GUARANTEES

The Secured Bonds shall be guaranteed by the Guarantors on a joint and several basis. Accordingly, the Security Trustee, for the benefit of the Bondholders, shall be entitled to request any of the Guarantors to pay both the interest due and the principal amount under the Secured Bonds on first demand (subject to the terms of the Guarantees) if the Issuer fails to meet any amount, when due in terms of the Prospectus. The joint and several Guarantees also entitle the Security Trustee to take action against any of the Guarantors without having to first take action against the Issuer.

Information on the Guarantors is contained in section 4.2 of the Registration Document entitled “**Directors of the Guarantors**”, section 5.3 of the Registration Document entitled “**The Guarantors**” (which section contains an overview of the Guarantors’ business), sections 10.2, 10.3 and 10.4 of the Registration Document entitled “**Historical Financial Information**”, “**Operating and Financial Review**” and “**Pro Forma Financial Information**”.

6.4 RIGHTS ATTACHING TO THE SECURED BONDS

This Securities Note in its entirety contains the terms and conditions of issue of the Secured Bonds and creates the contract between the Issuer and a Bondholder. Any and all references to the terms and conditions of the Secured Bonds shall be construed as a reference to all and each section of this Securities Note. A Bondholder shall have such rights as are, pursuant to this Securities Note, attached to the Secured Bonds, including:

- (i) the repayment of capital;
- (ii) the payment of interest;
- (iii) the benefit of the Security Interests through the Security Trustee;
- (iv) the benefit of the Guarantees;
- (v) the right to attend, participate in and vote at meetings of Bondholders in accordance with the relevant Terms and Conditions; and
- (vi) enjoy all such other rights attached to the Secured Bonds emanating from the Prospectus.

6.5 INTEREST

The Secured Bonds shall bear interest from and including 21 June 2022 at the rate of 4.50% per annum on the nominal value thereof, payable annually in arrears on each Interest Payment Date. The first interest payment shall be effected on 21 June 2023 (covering the period 21 June 2022 to 20 June 2023). Any Interest Payment Date which falls on a day other than a Business Day shall be carried over to the next following day that is a Business Day.

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

6.6 THE LIMITS OF THE VALIDITY OF CLAIMS

In terms of article 2156 of the Civil Code, the right of Bondholders to bring claims for payment of interest and repayment of the principal on the Secured Bonds is barred by the lapse of five years.

6.7 YIELD

The gross yield calculated on the basis of the Interest, the Bond Issue Price and the Redemption Value of the Secured Bonds is 4.50% per annum. The gross yield to call as at the earliest possible Redemption Date (being 21 June 2028) is 4.50% per annum.

6.8 REGISTRATION, FORM, DENOMINATION AND TITLE

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

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

Upon subscribing for Secured Bonds, Bondholders who do not have an online e-portfolio account shall be registered by the CSD for the online e-portfolio facility and shall receive by mail at their registered address a handle code to activate the new e-portfolio login. The Bondholder's statement of holdings evidencing entitlement to Secured Bonds held in the register kept by the CSD and registration advices evidencing movements in such register will be available through the said e-portfolio facility on <https://eportfolio.borzamalta.com.mt/>. Those Bondholders who opt not to avail themselves of this facility should indicate such to the Authorised Financial Intermediary in the form of Application. Further detail on the e-portfolio is found on <https://eportfolio.borzamalta.com.mt/Help>.

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

Any person in whose name a Secured Bond is registered may (to the fullest extent permitted by applicable law) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute owner of such Secured Bond. Title to the Secured Bonds may be transferred as provided below under the heading entitled "**Transferability of the Bonds**" in section 6.12 of this Securities Note.

6.9 PAYMENTS

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

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

Payment of interest on a Secured Bond shall be made to the person in whose name such Secured Bond is registered at the close of business 15 days prior to the Interest Payment Date, by means of a direct credit transfer into such bank account as the Bondholder may designate, from time to time, which is denominated in Euro (€) and held with any licensed bank in Malta. Such payment shall be effected within seven days of the Interest Payment Date. The Issuer shall not be responsible for any loss or delay in transmission.

All payments with respect to the Secured Bonds are subject in all cases to any applicable fiscal or other laws and regulations prevailing in Malta. In particular, but without limitation, all payments of principal and interest by or on behalf of the Issuer in respect of the Secured Bonds shall be made net of any amount which the Issuer is or may become compelled by law to deduct or withhold for or on account of any present or future taxes, duties, assessments or other government charges of whatsoever nature imposed, levied, collected, withheld or assessed by or within the Republic of Malta or any authority thereof or therein having power to tax.

No commissions or expenses shall be charged by the Issuer to Bondholders in respect of such payments.

6.10 REDEMPTION AND PURCHASE

Unless previously purchased and cancelled the Secured Bonds shall be redeemed at their nominal value (together with interest accrued to the date fixed for redemption) on 21 June 2034 or, earlier, on a Designated Early Redemption Date.

Subject to the provisions of this section 6.10, the Issuer may at any time purchase Secured Bonds in the open market or otherwise at any price. Any purchase by tender shall be made available to all Bondholders alike.

All Secured Bonds repurchased by the Issuer shall be cancelled forthwith and may not be re-issued or re-sold.

6.11 EVENTS OF DEFAULT

Pursuant to the Trust Deed, the Security Trustee may in its absolute and uncontrolled discretion, and shall upon the request in writing of not less than 75% in value of the Bondholders, by notice in writing to the Issuer and each of the Guarantors declare the Secured Bonds to have become immediately due and repayable at their principal amount together with accrued interest, upon the happening of any of the following events ("**Events of Default**"):

- (i) the Issuer fails to effect the payment of interest under the Secured Bonds on an Interest Payment Date and such failure continues for a period of 60 days after written notice thereof by the Security Trustee to the Issuer;
- (ii) the Issuer fails to pay the principal amount of a Secured Bond on the date fixed for its redemption; and such failure continues for a period of 60 days after written notice thereof by the Security Trustee to the Issuer;
- (iii) the Issuer fails duly to perform or shall otherwise be in breach of any other material obligation contained in the Prospectus and such failure shall continue for 60 days after written notice thereof shall have been given to the Issuer by a Bondholder;
- (iv) the Collateral is not constituted and perfected in accordance with the ranking set out in this Prospectus;
- (v) the Issuer distributes dividends without the consent of the Security Trustee;
- (vi) the Collateral and, or the Guarantees are not enforceable against the Issuer and, or any of the Guarantors (as applicable);
- (vii) in terms of article 214(5) of the Act, a court order or other judicial process is levied or enforced upon or sued out against any part of the property of the Issuer and is not paid out, withdrawn, or discharged within one month;
- (viii) the Issuer stops payment of its debts or ceases or threatens to cease to carry on its business;
- (ix) the Issuer or any of the Guarantors are unable to pay their debts within the meaning of article 214(5) of the Act, or any statutory modification or re-enactment thereof;
- (x) a judicial or provisional administrator is appointed upon the whole or any part of the property of the Issuer or the Guarantors and such appointment is certified by the Security Trustee to be prejudicial, in its opinion, to the Bondholders;
- (xi) an order is made, or an effective resolution is passed for winding up of the Issuer or any of the Guarantors, except for the purpose of a reconstruction, amalgamation or division, the terms of which have been approved in writing by the Security Trustee;
- (xii) the Issuer or any of the Guarantors substantially change the object or nature of business as currently carried on;
- (xiii) the Issuer or the Guarantors commit a breach of any of the covenants or provisions contained in the Trust Deed and on their part to be observed and performed and the said breach still subsists for 30 days after having been notified by the Security Trustee (other than any covenant for the payment of interests or principal monies owing in respect of the Secured Bonds);
- (xiv) the security constituted by any hypothec, pledge, or charge upon the whole or any part of the undertaking or assets of the Issuer or any of the Guarantors shall become enforceable, and steps are taken to enforce the same and the taking of such steps shall be certified in writing by the Security Trustee to be in its opinion prejudicial to the Bondholders;
- (xv) any representation or warranty made or deemed to be made or repeated by or in respect of the Issuer or any of the Guarantors is or proves to have been incorrect in any material respect in the sole opinion of the Security Trustee;
- (xvi) any material indebtedness of the Issuer or the Guarantors is not paid when properly due or becomes properly due and payable or any creditor of the Issuer or the Guarantors (as the case may be) becomes entitled to declare any such material indebtedness properly due and payable prior to the date when it would otherwise have become properly due or any guarantee or indemnity of the Issuer or the Guarantors in respect of indebtedness is not honoured when properly due and called upon; PROVIDED THAT for the purposes of this provision, material indebtedness shall mean an amount exceeding one million Euro (€1,000,000);
- (xvii) any consent, permit, authorisation, license or approval of, or registration with, or declaration to governmental, statutory or public bodies, or authorities or courts, required by the Issuer or the Guarantors in connection with the Hotel Project or its development and construction; or pursuant to the execution, delivery, validity, enforceability or admissibility in evidence hereof, or the performance by the Issuer of its obligations hereunder, is substantially modified in the sole opinion of the Security Trustee, or is not granted, or is revoked, or terminated, or expires and is not renewed, or otherwise ceases to be in full force and effect;
- (xviii) it becomes unlawful at any time for the Issuer or the Guarantors to perform all or any of their obligations hereunder or to develop and, or operate the Hotel;
- (xix) the Issuer or any of the Guarantors repudiate, or do or cause or permit to be done any act or thing evidencing an intention to repudiate the Secured Bonds and, or the Trust Deed; or
- (xx) in the sole opinion of the Security Trustee, a material part of the undertakings, assets, rights, revenues, shares or other ownership interests in the Issuer or the Guarantors are seized, nationalised, expropriated or compulsorily acquired by or under the authority of any government.

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

Provided that in the event of any breach by the Issuer and, or the Guarantors of any of the covenants, obligations or provisions herein contained due to any fortuitous event of a calamitous nature beyond the control of the Issuer and, or a Guarantor, then the Security Trustee may, but shall be under no obligation so to do, give the Issuer such period of time to remedy the breach as in its sole opinion may be justified in the circumstances and if in its sole opinion the breach is remediable within the short term and without any adverse impact on the Bondholders. Provided further that in the circumstances contemplated by this proviso, the Security Trustee shall at all times act on, and in accordance with, any directions / instructions it may receive in a meeting of Bondholders satisfying the conditions set out in the Trust Deed. The Security Trustee shall not be bound to take any steps to ascertain whether any Event of Default or other condition, event or circumstance has occurred or may occur, and until it shall have actual knowledge or express notice to the contrary, the Security Trustee shall be entitled to assume that no such Event of Default or condition, event or other circumstance has happened and that the Issuer and, or the Guarantors are observing and performing all the obligations, conditions and provisions on their respective parts, as applicable, of the Secured Bonds and the Trust Deed.

6.12 TRANSFERABILITY OF THE BONDS

The Secured Bonds are freely transferable and once admitted to the Official List, shall be transferable only in whole in accordance with the rules and regulations of the MSE applicable from time to time.

Any person becoming entitled to a Secured Bond in consequence of the death or bankruptcy of a Bondholder may, upon such evidence being produced as may from time to time properly be required by the Issuer or the CSD, elect either to be registered himself as holder of the Secured Bond or to have some person nominated by him registered as the transferee thereof. If the person so becoming entitled shall elect to be registered himself, he shall deliver or send to the CSD a notice in writing signed by him stating that he so elects. If he shall elect to have another person registered, he shall testify his election by transferring the Secured Bond, or procuring the transfer of the Secured Bond, in favour of that person.

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

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

The Issuer shall not register the transfer or transmission of Secured Bonds for a period of 15 days preceding the due date for any payment of interest on the Secured Bonds.

6.13 FURTHER ISSUES

The Issuer may, from time to time, without the consent of the Bondholders, create and issue further debentures, debenture stock, bonds, loan notes, or any other debt securities, either having the same terms and conditions as any outstanding debt securities of any series (including the Secured Bonds) and so that such further issue shall be consolidated and form a single series with the outstanding debt securities of the relevant series (including the Secured Bonds), or upon such terms as the Issuer may determine at the time of their issue, provided that no issue may be made that would rank senior to the Secured Bonds in respect of the Collateral.

6.14 MEETINGS OF BONDHOLDERS

6.14.1 Authority of the Bondholders' Meeting

6.14.1.1 The Bondholders' Meeting represents the supreme authority of the Bondholders in all matters relating to the Secured Bonds and has the power to make all decisions altering the Terms and Conditions.

6.14.1.2 A Bondholders' Meeting may be called for the purpose of consultation with Bondholders or for the purpose of obtaining the consent of Bondholders on matters which in terms of the Prospectus or the Trust Deed require the approval of a Bondholders' Meeting and to effect any change to the applicable Terms and Conditions including any change to a material term of issuance of the Secured Bonds or the Prospectus.

6.14.1.3 Where the approval of the Bondholders is required for a particular matter, such resolution shall be passed at a Bondholders' Meeting. Resolutions passed at Bondholders' Meetings shall be binding upon all Bondholders and shall prevail for all the Secured Bonds.

6.14.2 Procedural Rules for Bondholders' Meetings

- 6.14.2.1 A Bondholders' Meeting shall be held at the written request of:
- (i) the Issuer; or
 - (ii) the Security Trustee.
- 6.14.2.2 The Bondholders' Meeting shall be called by the Security Trustee. A request for a Bondholders' Meeting shall be made in writing to the Security Trustee and shall clearly state the matters to be discussed.
- 6.14.2.3 If the Security Trustee does not call the Bondholders' Meeting within 21 days from the receipt of the said request, the requesting party may call the Bondholders' Meeting itself.
- 6.14.2.4 The Security Trustee shall, by not less than 14 days' notice in writing, call such meeting by giving all Bondholders listed in the register of Bondholders as at a date being not more than 30 days preceding the date scheduled for the meeting. Such notice shall set out the time, place and date set for the meeting and the matters to be discussed or decided thereat, including, if applicable, sufficient information on any amendment of the Prospectus or the terms of the Secured Bonds that is proposed to be voted upon at the meeting and seeking the approval of the Bondholders. If amendments to the Prospectus have been proposed, the main content of the proposal shall be contained in the notice.
- 6.14.2.5 A Bondholders' Meeting shall only validly and properly proceed to business if there is a quorum present at the commencement of the meeting. For this purpose, at least two Bondholders present, in person or by proxy, representing not less than 50% in nominal value of the Secured Bonds then outstanding, shall constitute a quorum. If a quorum is not present within 30 minutes from the time scheduled for the commencement of the meeting as indicated on the notice convening same, the meeting shall stand adjourned to a place, date and time as shall be communicated by the Directors to the Bondholders present at that meeting. The Issuer shall within two days from the date of the original meeting publish by way of a company announcement the date, time, and place where the adjourned meeting is to be held. An adjourned meeting shall be held not earlier than seven days, and not later than 15 days, following the original meeting. At an adjourned meeting: (i) the number of Bondholders present, in person or by proxy, shall constitute a quorum; and (ii) only the matters specified in the notice calling the original meeting shall be placed on the agenda of, and shall be discussed at, the adjourned meeting.
- 6.14.2.6 Once a quorum is declared present by the chairman of the meeting, the Bondholders' Meeting may then proceed to business and address the matters set out in the notice convening the meeting. In the event of decisions being required at the meeting the Directors or their representative shall present to the Bondholders the reasons why it is deemed necessary or desirable and appropriate that a particular decision is taken. The meeting shall allow reasonable and adequate time for Bondholders to present their views to the Issuer and the other Bondholders present at the meeting. The meeting shall then put the matter as proposed by the Issuer to a vote of the Bondholders present at the time at which the vote is being taken, and any Bondholders taken into account for the purpose of constituting a quorum who are no longer present for the taking of the vote shall not be taken into account for the purpose of such vote.
- 6.14.2.7 The Bondholders' Meeting shall be held on the premises designated by the Security Trustee. The Bondholders' Meeting shall be chaired by the Security Trustee, unless otherwise decided by the Bondholders' Meeting.
- 6.14.2.8 Minutes of the Bondholders' Meeting shall be kept. The minutes shall state the numbers of Bondholders and Secured Bonds represented at the Bondholders' Meeting, the resolutions passed at the meeting and the result of the voting. The minutes shall be signed by the chairman of the meeting. The minutes shall be deposited with the Security Trustee.
- 6.14.2.9 The Bondholders and the Security Trustee have the right to attend the Bondholders' Meeting. The chairman may grant access to the meeting to other parties, unless the Bondholders' Meeting decides otherwise. A Bondholder may attend by a representative holding proxy.
- 6.14.2.10 The Security Trustee shall circulate proxy forms to Bondholders with the notice convening the Bondholders' Meeting.
- 6.14.2.11 Representatives of the Issuer have the right to attend the Bondholders' Meeting. The Bondholders' Meeting may resolve that the Issuer's representatives may not participate in particular matters. The Issuer has the right to be present when voting takes place.
- 6.14.2.12 The Trustee may provide for virtual or remote Bondholders' Meetings, provided that any such meetings allow Bondholders to ask questions and to exercise their right to vote at such meetings.

6.14.3 Resolutions passed at Bondholders' Meetings

6.14.3.1 Unless otherwise specified in this Prospectus and, or the Trust Deed, the proposal placed before a Bondholders' Meeting shall only be considered approved if at least 60% in nominal value of the Bondholders present at the meeting at the time when the vote is being taken, in person or by proxy, shall have voted in favour of the proposal, provided that in the event that the amendment or waiver in question may give rise to changes in:

- (a) the amount payable by a Guarantor under a Guarantee;
- (b) the term and, or frequency of such payments;
- (c) the Events of Default; and, or
- (d) any other term which may otherwise increase the exposure of a Guarantor to the enforcement of the respective Guarantee,

then the Guarantor has the right to veto the decision by the Bondholders to amend or waive the Terms and Conditions.

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

6.14.3.2 At the Bondholders' Meeting each Bondholder may cast one vote for each Secured Bond held at close of business on the day prior to the date of the Bondholders' Meeting and as recorded on the register of Bondholders maintained by the CSD.

6.14.3.3 In all matters, the Issuer, the Security Trustee, and any Bondholder shall have the right to demand a poll.

6.14.3.4 The Bondholders' Meeting may not adopt resolutions which may give certain Bondholders an unreasonable advantage at the expense of other Bondholders.

6.14.3.5 The Security Trustee shall ensure that resolutions passed at the Bondholders' Meeting are properly implemented; however, the Security Trustee may refuse to carry out resolutions being in conflict with this Prospectus or any applicable law.

6.14.3.6 The Issuer and the Bondholders shall be notified of resolutions passed at the Bondholders' Meeting.

6.15 AUTHORISATIONS AND APPROVALS

The Directors authorised the Bond Issue pursuant to a meeting of the Directors on 20 May 2022. The Guarantees being given by the Guarantors in respect of the Secured Bonds have been authorised by a resolution of the board of directors of: (i) The Ona Real Estate Ltd dated 20 May 2022; (ii) The Ona Property Development Ltd dated 20 May 2022; and (iii) The Ona Hospitality Ltd dated 20 May 2022.

6.16 NOTICES

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

6.17 GOVERNING LAW AND JURISDICTION

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

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

7 TAXATION

7.1 GENERAL

Investors and prospective investors are urged to seek professional advice as regards both Maltese and any foreign tax legislation which may be applicable to them in respect of the Secured Bonds, including their acquisition, holding and transfer as well as on any income derived therefrom or on any gains derived on the transfer of such Secured Bonds. The following is a summary of the anticipated tax treatment applicable to Bondholders in so far as taxation in Malta is concerned. This information does not constitute legal or tax advice and does not purport to be exhaustive.

The information below is based on an interpretation of tax law and practice relative to the applicable legislation, as known to the Issuer at the date of the Prospectus, in respect of a subject on which no official guidelines exist. Investors are reminded that tax law and practice and their interpretation as well as the levels of tax on the subject matter referred to in the preceding paragraph, may change from time to time.

This information is being given solely for the general information of investors. The precise implications for investors will depend, among other things, on their particular circumstances and on the classification of the Secured Bonds from a Maltese tax perspective, and professional advice in this respect should be sought accordingly.

7.2 MALTA TAX ON INTEREST

Since interest is payable in respect of a Secured Bond which is the subject of a public issue and such interest should constitute “investment income” in terms of article 41(a)(iv)(1) of the Income Tax Act, Cap. 123 of the laws of Malta (the “**Income Tax Act**”), unless the Bondholder elects, by means of an instruction in writing sent to the Issuer in terms of article 35 of the Income Tax Act, to receive the interest gross of any withholding tax, or if the Bondholder does not fall within the definition of “recipient” in terms of article 41(c) of the Income Tax Act, interest shall be paid to such Bondholder net of a final withholding tax, currently at the rate of fifteen percent (15%) (ten percent (10%) in the case of certain types of collective investment schemes) of the gross amount of the interest, pursuant to article 33 of the Income Tax Act. Bondholders who do not fall within the definition of a “recipient” do not qualify for the abovementioned “investment income” final withholding tax and should seek advice on the taxation of such income as special rules may apply.

Article 41(c) of the Income Tax Act defines the term “recipient” for the purposes of the provisions applicable to “investment income”, and includes, *inter alia*, a person (or a receiver, guardian, tutor, curator, judicial sequestrator, trustee, foundation or other fiduciary acting on behalf of a person) who is resident in Malta during the year in which “investment income” is payable to him/her, and EU/EEA nationals (and their spouse where applicable) who are not resident in Malta for Maltese tax purposes but who apply the tax rates applicable to Maltese residents on the basis that the income that arises in Malta is at least 90% of their worldwide income.

The aforementioned withholding tax is considered a final tax and a Maltese resident individual Bondholder is not obliged to declare the interest so received in his or her income tax return (to the extent that the interest is paid net of tax). No person shall be charged to further tax in respect of such income. Furthermore, such tax should not be available as a credit against the recipient’s tax liability or for a refund, as the case may be, for the relevant year of assessment in Malta. The Issuer is required to submit to the Maltese Commissioner for Revenue, the tax withheld by the fourteenth day following the end of the month in which the payment is made. The Issuer will also render an account to the Maltese Commissioner for Revenue of all payments of qualifying “investment income” as well as an account of the amounts so deducted, including the identity of the recipient.

In the case of a valid election in terms of article 35 of the Income Tax Act made by an eligible Bondholder resident in Malta to receive the interest due without the deduction of final tax, interest will be paid gross and such person will be obliged to declare the interest so received in his or her Maltese income tax return and be subject to tax on such interest at the standard rates applicable to such Bondholder at that time. Additionally, in this latter case the Issuer will advise the Maltese Commissioner for Revenue on an annual basis in respect of all interest paid gross and of the identity of all such recipients. Any such election made by a resident Bondholder at the time of subscription may be subsequently changed by giving notice in writing to the Issuer. Such election or revocation will be effective within the time limit set out in the Income Tax Act.

In terms of article 12(1)(c)(i) of the Income Tax Act, Bondholders who are not resident in Malta and who satisfy the applicable conditions set out in the Income Tax Act should be exempt from tax in Malta on the interest received, they will receive interest gross, subject to the requisite declaration/evidence being provided to the Issuer in terms of law.

Please note that the information contained in this section does not constitute tax advice and prospective investors in the Secured Bonds are to consult their own independent tax advisers in case of doubt.

7.3 EXCHANGE OF INFORMATION

In terms of applicable Maltese legislation, the Issuer and, or its agent may be required to collect and forward certain information (including, but not limited to, information regarding payments made to certain Bondholders) to the Maltese Commissioner for Revenue. The Maltese Commissioner for Revenue will or may, in turn, automatically or on request, forward the information to other relevant tax authorities subject to certain conditions.

7.3.1 THE COMMON REPORTING STANDARD AND THE DIRECTIVE ON ADMINISTRATIVE COOPERATION

The Organisation for Economic Co-operation and Development (“**OECD**”) has developed a global framework, commonly known as the Common Reporting Standard (“**CRS**”) for the identification and timely reporting of certain financial information on individuals, and controlling persons of certain entities, who hold financial accounts with financial institutions of participating jurisdictions in order to increase tax transparency and cooperation between tax administrations. Numerous jurisdictions, including Malta, have signed the OECD Multilateral Competent Authority Agreement, which is a multilateral agreement outlining the framework to automatically exchange certain financial and personal information as set out within CRS.

So as to introduce an extended automatic exchange of information regime in accordance with the global standard released by the OECD, CRS has also been adopted in the EU through the implementation of Council Directive 2014/107/EU of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of tax information in the field of taxation. This has been transposed in Malta by means of Legal Notice 384 of 2015 amending the Cooperation with Other Jurisdictions on Tax Matters Regulations, Subsidiary Legislation 123.127 (“**CRS Legislation**”), and has been applicable since 1 January 2016. In terms of this legal notice, the automatic exchange of information obligations shall extend to jurisdictions that are not EU Member States with which there is a relevant arrangement in place.

Malta based financial institutions (defined as such for the purposes of CRS) are obliged to identify and annually report to the Malta Commissioner for Revenue financial accounts held by a reportable person, as defined under the CRS Legislation, including certain entities with one or more controlling persons, as defined under the CRS Legislation. Financial information relating to the Secured Bonds and the holders thereof may fall within the purview of CRS and may be subject to reporting and information exchange provisions.

Under CRS, financial institutions resident in a CRS participating jurisdiction (such as Malta) would be required to apply onerous due-diligence procedures for the identification of reportable accounts. Bondholders may be required to provide certain information and certifications to financial institutions, such as qualifying custodians or any intermediaries, in order to satisfy their obligations under CRS. Certain confidential information in relation to the Bondholders and, or other reportable persons may be reported to the Commissioner for Revenue or other relevant overseas tax authorities and automatically exchanged pursuant to these arrangements with the tax administrations of other participating jurisdictions.

Investors are also advised to assess any reporting obligations in terms of Council Directive (EU) 2018/822 of 25 May 2018 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation in relation to reportable cross-border arrangements (‘DAC 6’), as transposed into Maltese domestic law by way of Legal Notice 342 of 2019 amending the CRS Legislation.

Investors are advised to seek professional advice in relation to the CRS Legislation and EU Council Directive 2014/107/EU. Not complying with the CRS rules may give rise to certain fines or closure of financial accounts.

7.3.2 THE EXCHANGE OF INFORMATION (UNITED STATES OF AMERICA) (FATCA) ORDER

The United States of America (“U.S.”) has enacted rules, commonly referred to as “FATCA”, that generally impose a reporting regime and, in some cases withholding requirements, with respect to certain U.S. source payments (including dividends and interest), gross proceeds from the disposition of property that can produce U.S. source interest and dividends as well as certain payments made by, and financial accounts held with, entities that are classified as financial institutions under FATCA. The U.S. has entered into an intergovernmental agreement with Malta dated 6 December 2013 regarding the implementation of FATCA in Malta which has been implemented into Maltese law through the Exchange of Information (United States of America) (FATCA) Order, Subsidiary Legislation 123.156 (“**FATCA Legislation**”).

Under the FATCA Legislation, financial institutions in Malta (defined as such for the purposes of FATCA) are required to satisfy applicable due diligence requirements to identify and report financial accounts held by specified U.S. persons, as defined under the FATCA Legislation, and certain non-U.S. entities, which are controlled by U.S. Controlling Persons, as defined under the FATCA Legislation, to the Malta Commissioner for Revenue. The Maltese Government and the Government of the U.S. shall annually exchange the information obtained pursuant to the FATCA Legislation on an automatic basis.

Financial account information in respect of holders of the Secured Bonds could fall within the scope of FATCA and they may therefore be subject to reporting obligations. In order to comply with its FATCA obligations, if any, the Issuer and, or its agent may be required to obtain certain information, forms and other documentation on the Bondholders to report information on reportable accounts to the Commissioner for Revenue, in accordance with applicable laws and regulations, which will in turn report this information to the Internal Revenue Service in the U.S. Bondholders should note that a specified U.S. person in terms of FATCA may include a wider range of investors than the current U.S. Person definition referred to in the terms and conditions of Application.

Financial institutions reserve the right to request any information and, or documentation required, in respect of any financial account, in order to comply with the obligations imposed under FATCA and any referring legislation. In the case of failure to provide satisfactory documentation and, or information, financial institutions may take such action as it thinks fit, including without limitation, the closure of the financial account.

7.4 MALTESE TAXATION ON CAPITAL GAINS ARISING ON TRANSFER OF THE SECURED BONDS

On the basis that the Secured Bonds should not fall within the definition of “securities” in terms of article 5(1)(b) of the Income Tax Act, that is, “*shares and stocks and such like instrument that participate in any way in the profits of the company and whose return is not limited to a fixed rate of return*”, and to the extent that the Secured Bonds are held as capital assets by the Bondholder, no income tax or capital gains should be chargeable in respect of a transfer of the Secured Bonds.

7.5 DUTY ON DOCUMENTS AND TRANSFERS

In terms of the Duty on Documents and Transfers Act (Cap. 364 of the laws of Malta), (the “**Duty on Documents and Transfers Act**”), duty of 2% on the consideration or the real value (whichever is higher) is chargeable *inter alia* on the transfer *inter vivos* or transmission *causa mortis* of a “marketable security”. However, on the basis that the Secured Bonds should not fall within the definition of a “marketable security”, defined in the Duty on Documents and Transfers Act as “a holding of share capital in any company and any document representing the same”, the transfer/transmission of the Secured Bonds should not be chargeable to duty.

Furthermore, in terms of article 50 of the Financial Markets Act, as the Secured Bonds should constitute qualifying financial instruments of a company quoted on a regulated market (that is, the MSE) any transfers or transmissions of the Secured Bonds should, in any case, be exempt from duty.

THE ABOVE INFORMATION IS BASED ON TAX LAW AND PRACTICE APPLICABLE AS AT THE DATE OF THIS PROSPECTUS, INVESTORS AND PROSPECTIVE INVESTORS ARE URGED TO SEEK PROFESSIONAL ADVICE AS REGARDS BOTH MALTESE AND ANY FOREIGN TAX LEGISLATION APPLICABLE TO THE ACQUISITION, HOLDING AND DISPOSAL OF SECURED BONDS AS WELL AS INTEREST PAYMENTS MADE BY THE ISSUER. THE ABOVE IS A SUMMARY OF THE ANTICIPATED TAX TREATMENT APPLICABLE TO THE SECURED BONDS AND TO BONDHOLDERS. THIS INFORMATION, WHICH DOES NOT CONSTITUTE LEGAL OR TAX ADVICE, REFERS ONLY TO BONDHOLDERS WHO DO NOT DEAL IN SECURITIES IN THE COURSE OF THEIR NORMAL TRADING ACTIVITY AND DEPENDS, AMONG OTHER THINGS, ON THE PARTICULAR INDIVIDUAL CIRCUMSTANCES OF THE INVESTORS AND OF THE CLASSIFICATION OF THE SECURED BONDS FROM A MALTESE TAX PERSPECTIVE.

8 TERMS AND CONDITIONS OF THE BOND ISSUE

8.1 EXPECTED TIMETABLE OF THE BOND ISSUE

1. Offer Period	6 June 2022 to 17 June 2022
2. Commencement of interest on the Secured Bonds	21 June 2022
3. Expected date of announcement of basis of acceptance	21 June 2022
4. Refunds of unallocated monies (if any)	28 June 2022
5. Expected dispatch of allotment advices	28 June 2022
6. Expected date of admission of the securities to listing	28 June 2022
7. Expected date of commencement of trading in the securities	30 June 2022
8. Expected date of constitution of Collateral	not later than 29 July 2022

8.2 EARLY REDEMPTION OPTION

At the sole option of the Issuer, the Secured Bonds may be redeemed in whole (but not in part) at par together with accrued interest on any day falling on or between 21 June 2028 and 20 June 2034, by giving not less than 30 days’ notice to the Bondholders.

8.3 TERMS AND CONDITIONS OF THE SECURED BONDS

The following terms and conditions shall be read in conjunction with all the other terms and conditions relative to and regulating the contractual relationship created between the Issuer and the Applicant.

- 8.3.1** The issue and allotment of the Secured Bonds is conditional upon the Secured Bonds being admitted to the Official List. In the event that the said condition is not satisfied within 15 Business Days from the closing of the Offer Period, any Application monies will be returned without interest by direct credit into the Applicant’s bank account.
- 8.3.2** During the Offer Period, the Issuer shall enter into subscription agreements with a number of Authorised Financial Intermediaries pursuant to which the Issuer shall bind itself to allocate a total amount of €16,000,000 in nominal value of Secured Bonds to the said Authorised Financial Intermediaries. As described in more detail under section 8.4 below, Authorised Financial Intermediaries (in the names of underlying clients) must provide details of Applicants representing the amount they have been allocated by completing a data file as provided by the Registrar by latest 17 June 2022, accompanied by full payment.
- 8.3.3** By submitting a form of Application to an Authorised Financial Intermediary, the Applicant is thereby confirming to the Issuer, the Registrar and the Authorised Financial Intermediary through whom the Application is made, as applicable, that the Applicant’s remittance will be honoured on first presentation and agrees that, if such remittance is not so honoured on its first presentation, the Issuer acting through the respective Authorised Financial Intermediary, reserves the right to invalidate the relative form of Application. Furthermore, the Applicant will not be entitled to receive a registration advice or to be registered in the register of Bondholders, unless the Applicant makes payment in cleared funds and such consideration is accepted by the respective Authorised Financial Intermediary, which acceptance shall be made in the Authorised Financial Intermediary’s absolute discretion and may be on the basis that the Applicant indemnifies the Authorised Financial Intermediary against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of the Applicant’s remittance to be honoured on first presentation.

- 8.3.4** The contract created by the Issuer's acceptance of a data file submitted by an Authorised Financial Intermediary pursuant to the subscription agreements, shall be subject to all the terms and conditions set out in this Securities Note and the Memorandum and Articles of Association. It is the responsibility of investors wishing to apply for the Secured Bonds to inform themselves as to the legal requirements of so applying including any requirements relating to external transaction requirements in Malta and any exchange control in the countries of their nationality, residence, or domicile.
- 8.3.5** If an Application is submitted on behalf of another person, whether legal or natural, the person submitting such Application shall be deemed to have duly bound such other person, whether legal or natural, on whose behalf the Application has been submitted. The person submitting such Application shall be deemed also to have given the confirmations, warranties and undertakings contained in these terms and conditions on their behalf. Such representative may be requested to submit the relative power of attorney, or resolution or a copy thereof duly certified by a lawyer or notary public if so required by the respective Authorised Financial Intermediary, but it shall not be the duty or responsibility of the respective Authorised Financial Intermediary to ascertain that such representative is duly authorised to submit an Application. Furthermore, in cases where the decision to invest is taken by a third party authorised to transact on behalf of the Applicant (a "**decision maker**") such as an individual that holds a power of attorney to trade on the Applicant's account or applications under a discretionary account, details of the decision maker need to be made available.
- 8.3.6** In the case of joint Applicants, reference to the term "Applicant" in these terms and conditions is a reference to each of the joint Applicants, and liability therefor is joint and several. The first person, as designated in the respective MSE account number quoted by the Applicant or first named in the register of Bondholders shall, for all intents and purposes, be deemed to be such nominated person by all those joint holders designated in the MSE account number quoted by the Applicant or joint holders in the register, as the case may be. Such person shall, for all intents and purposes, be deemed to be the registered holder of the Secured Bond/s so held.
- 8.3.7** In the case of corporate Applicants or Applicants having separate legal personality, it shall not be incumbent on the Issuer or the Registrar to verify whether the person or persons purporting to bind such Applicant is, or are, in fact duly authorised. Applications by corporate Applicants have to include a valid legal entity identifier (LEI) which must be unexpired. Applications without such information or without a valid LEI will not be accepted.
- 8.3.8** Applications in the name and for the benefit of minors shall be allowed provided that the Applicant already holds an account with the MSE. Any Secured Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest and redemption monies payable to the parents / legal guardian/s subscribing for Secured Bonds on the minor's behalf, until such time as the minor attains the age of 18 years, following which all interest and redemption monies shall be paid directly to the registered holder, provided that the Issuer has been duly notified in writing of the fact that the minor has attained the age of 18 years.
- 8.3.9** In respect of a Secured Bond held subject to usufruct, the name of the bare owner and the usufructuary shall be entered in the register. The usufructuary shall, for all intents and purposes, be deemed *vis-à-vis* the Issuer to be the holder of the Secured Bond/s so held and shall have the right to receive interest on the Secured Bond/s and to vote at meetings of the Bondholders but shall not, during the continuance of the Secured Bond/s, have the right to dispose of the Secured Bond/s so held without the consent of the bare owner, and shall not be entitled to the repayment of principal on the Secured Bonds (which shall be due to the bare owner).
- 8.3.10** In the event that a cheque accompanying a form of Application is not honoured on its first presentation, the Authorised Financial Intermediary reserves the right to invalidate the form of Application.
- 8.3.11** For the purposes of the Prevention of Money Laundering and Funding of Terrorism Regulations (Subsidiary Legislation 373.01 of the laws of Malta), as amended from time to time, the Authorised Financial Intermediaries are under a duty to communicate, upon request, all information about clients as is mentioned in articles 1.2(d) and 2.4 of the "Members' Code of Conduct" appended as Appendix 3.6 to Chapter 3 of the MSE Bye-Laws, irrespective of whether the said appointed Authorised Financial Intermediaries are MSE members or not. Such information shall be held and controlled by the MSE in terms of the Data Protection Act (Cap. 586 of the laws of Malta) (the "**Data Protection Act**") and the General Data Protection Regulation (GDPR) (EU) 2016/679 ("**GDPR**"), as may be amended from time to time, for the purposes and within the terms of the MSE Data Protection Policy as published from time to time.
- 8.3.12** It shall be incumbent on the respective Authorised Financial Intermediary to ascertain that all other applicable regulatory requirements relating to subscription of Secured Bonds by an Applicant are complied with, including without limitation the obligation to comply with all applicable requirements set out in Regulation (EU) No. 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No. 648/2012 ("**MiFIR**"), as well as applicable MFSA rules for investment services providers.
- 8.3.13** No person receiving a copy of the Prospectus or any form of Application in any territory other than Malta may treat the same as constituting an invitation or offer to such person nor should such person in any event use such form of Application unless, in the relevant territory, such an invitation or offer could lawfully be made to such person, or such form of Application could lawfully be used without contravention of any registration or other legal requirements.
- 8.3.14** Subscription for Secured Bonds by persons resident in, or who are citizens of, or who are domiciled in, or who have a registered address in, a jurisdiction other than Malta, may be affected by the law of the relevant jurisdiction. Those persons should consult their professional advisers (including tax and legal advisers) as to whether they

require any governmental or other consents, or need to observe any other formalities, to enable them to subscribe for the Secured Bonds. It is the responsibility of any person (including, without limitation, nominees, custodians, depositaries and trustees) outside Malta wishing to participate in the Bond Issue, to satisfy himself / herself / itself as to full observance of the applicable laws of any relevant jurisdiction, including, but not limited to, obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any transfer or other taxes (of any nature whatsoever) due in such territories. The Issuer shall not accept any responsibility for the non-compliance by any person of any applicable laws or regulations of foreign jurisdictions.

- 8.3.15** The Secured Bonds have not been and will not be registered under the Securities Act of 1933 of the United States of America and accordingly may not be offered or sold within the United States or to or for the account or benefit of a U.S. person.
- 8.3.16** The Secured Bonds will be issued in multiples of €100. The minimum subscription amount of Secured Bonds that can be subscribed for by Applicants is €5,000.
- 8.3.17** Subject to all other terms and conditions set out in the Prospectus, the respective Authorised Financial Intermediary reserves the right to reject, in whole or in part, or to scale down, any Application, and to present any cheques and, or drafts for payment upon receipt. The right is also reserved to refuse any Application which in the opinion of the respective Authorised Financial Intermediary is not properly completed in all respects in accordance with the instructions or is not accompanied by the required documents.
- 8.3.18** On completing and delivering a form of Application, the Applicant:
- (i) accepts to be irrevocably contractually committed to acquire the number of Secured Bonds allocated to such Applicant at the Bond Issue Price and, to the fullest extent permitted by law, accepts to be deemed to have agreed not to exercise any rights to rescind or terminate, or otherwise withdraw from, such commitment, such irrevocable offer to purchase, and pay the consideration for, the number of Secured Bonds applied for by the Applicant (or any smaller amount of Secured Bonds for which the Application is accepted) at the Bond Issue Price (as applicable) being made subject to the provisions of the Prospectus, the form of Application and the Memorandum and Articles of Association;
 - (ii) agrees and acknowledges to have had the opportunity to read the Prospectus and to be deemed to have had notice of all information and representations concerning the Issuer and the issue of the Secured Bonds contained therein;
 - (iii) warrants that the information submitted by the Applicant in the form of Application is true and correct in all respects. All forms of Application need to include a valid MSE account number in the name of the Applicant/s. Failure to include an MSE account number will result in the Application being cancelled by the Issuer (acting through the Registrar) and subscription monies will be returned to the Applicant in accordance with section 8.3.1 above. In the event of a discrepancy between the personal details (including the name and surname and the Applicant's address) appearing on the form of Application and those held by the MSE in relation to the MSE account number indicated on the form of Application, the details held by the MSE shall be deemed to be the correct details of the Applicant;
 - (iv) acknowledges the processing of any personal data for the purposes specified in the privacy notice published by the Issuer, which is available on the Issuer's website at www.theonagroup.mt. The Applicant hereby acknowledges that the processing of personal data may validly take place, even without the Applicant's consent, in the circumstances set out in the GDPR and the Data Protection Act and any applicable subsidiary legislation, as may be amended from time to time. The Applicant hereby confirms that he / she / it has been provided with and read the privacy notice;
 - (v) authorises the Issuer (or its service providers, including the CSD and, or the Sponsor, Manager and Registrar) and, or the relevant Authorised Financial Intermediary, as applicable, to process the personal data provided by the Applicant for all purposes necessary and subsequent to the Bond Issue applied for, in accordance with the Data Protection Act and the GDPR. The Applicant has the right to request access to and rectification of the personal data relating to him / her in relation to the Bond Issue. Any such requests must be made in writing and sent to the Issuer and sent to the CSD at the Malta Stock Exchange. The requests must be signed by the Applicant to whom the personal data relates;
 - (vi) confirms that in making such Application, no reliance was placed on any information or representation in relation to the Issuer or the issue of the Secured Bonds other than what is contained in the Prospectus and accordingly agree/s that no person responsible solely or jointly for the Prospectus or any part thereof will have any liability for any such other information or representation;
 - (vii) agrees that any refund of unallocated Application monies, without interest, will be paid by direct credit, at the Applicant's own risk, to the bank account as indicated by the Applicant in the form of Application. The Issuer shall not be responsible for any loss or delay in transmission or any charges in connection therewith;
 - (viii) warrants that the remittance will be honoured on first presentation and agrees that, if such remittance is not so honoured: (i) the Applicant will not be entitled to receive a registration advice or to be registered in respect of such Secured Bonds, unless and until a payment is made in cleared funds for such Secured Bonds and such payment is accepted by the respective Authorised Financial Intermediary (which acceptance shall be made in its absolute discretion and may be on the basis that the Authorised Financial Intermediary is indemnified for all costs, damages, losses, expenses and liabilities arising out of, or in connection with, the failure of the Applicant's remittance to be honoured on first presentation at any time prior to unconditional acceptance by the Issuer acting through the Registrar of such late payment in respect of the Secured Bonds); or (ii) the Issuer may, without prejudice to other rights, treat the agreement to allocate such Secured Bonds as void and may allocate such Secured Bonds to another person, in which case the Applicant will not be entitled to a refund or payment in respect of such Secured Bonds (other than return of such late payment);

- (ix) agrees that the registration advice and other documents and any monies returnable to the Applicant may be retained pending clearance of his / her remittance and any verification of identity as required by the Prevention of Money Laundering Act (Cap. 373 of the laws of Malta) and regulations made thereunder, and that such monies will not bear interest;
- (x) warrants, in connection with the subscription of the Secured Bonds, to have observed all applicable laws, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with the subscription of Secured Bonds in any territory, and that the Applicant has not taken any action which will or may result in the Issuer or the Sponsor, Manager and Registrar acting in breach of the regulatory or legal requirements of any territory in connection with the issue of the Secured Bonds;
- (xi) agrees to provide the Registrar and, or the Issuer, as the case may be, with any information which may be requested in connection with the Application;
- (xii) warrants that all applicable exchange control or other such regulations (including those relating to external transactions) have been duly and fully complied with;
- (xiii) agrees that all Applications, forms of Application, acceptances of Applications and contracts resulting therefrom will be governed, and construed, in accordance with Maltese law, and to submit to the jurisdiction of the Maltese courts, and agrees that nothing shall limit the right of the Issuer to bring any action, suit or proceedings arising out of or in connection with any such Applications, forms of Application, acceptance of Applications and contracts resulting therefrom in any manner permitted by law in any court of competent jurisdiction;
- (xiv) represents that the Applicant is not a U.S. person (as such term is defined in Regulation S under the Securities Act of 1933 of the United States of America, as amended) as well as not to be accepting the invitation set out in the Prospectus from within the United States of America, its territories or its possessions, or any area subject to its jurisdiction (the “**United States**”) or on behalf or for the account of anyone within the United States or anyone who is a U.S. person;
- (xv) agrees that the Advisers to the Bond Issue (listed in section 4.5 of the Registration Document) will owe the Applicant no duties or responsibilities concerning the Secured Bonds or the suitability of the Applicant;
- (xvi) warrants that, where an Applicant submits a form of Application on behalf of another person or on behalf of a corporation or corporate entity or association of persons, the Applicant is duly authorised to do so and such person, corporation, corporate entity, or association of persons will also be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained in the terms and conditions and accordingly will be deemed also to have given the confirmations, warranties and undertakings contained in the terms and conditions and undertake to submit your power of attorney or a copy thereto duly certified by a lawyer or notary public if so required by the Issuer or the Registrar;
- (xvii) agrees that all documents in connection with the issue of the Secured Bonds will be sent at the Applicant’s own risk and may be sent by post at the address (or, in the case of joint Applicants, the address of the first named Applicant) as designated in the respective MSE account quoted by the Applicant; and
- (xviii) renounces to any rights the Applicant may have to set off any amounts the Applicant may at any time owe the Issuer against any amount due under the terms of the Secured Bonds.

8.3.19 All forms of Application are to be lodged with any of the Authorised Financial Intermediaries. The Secured Bonds are deemed to be complex instruments in accordance with the provisions of conduct of business rulebook issued by the MFSA. Accordingly, the Authorised Financial Intermediaries shall be required to conduct an Appropriateness Test prior to selling Secured Bonds where such Secured Bonds are sold on a non-advisory or an execution only basis and conduct a Suitability Test prior to selling Secured Bonds, in the case that the Secured Bonds are proposed to be sold to an Applicant on an advisory basis and, or pursuant to the provision of portfolio management services.

8.4 PLAN OF DISTRIBUTION AND ALLOTMENT

The Secured Bonds shall be made available for subscription to all categories of investors. The Secured Bonds shall be offered exclusively to Authorised Financial Intermediaries pursuant to the Intermediaries’ Offer. During the Offer Period, Authorised Financial Intermediaries shall subscribe for Secured Bonds pursuant to conditional subscription agreements entered into by and between the Issuer, the Guarantors and the Authorised Financial Intermediaries. The total aggregate amount in nominal value of Secured Bonds which shall be subject to the subscription agreements shall not exceed €16,000,000.

Pursuant to the subscription agreements entered into during the Offer Period, Authorised Financial Intermediaries may subscribe for Secured Bonds for their own account or for their underlying clients. The allocation of the Secured Bonds shall be conditional upon the Secured Bonds being admitted to the Official List.

Applications may be made through any of the Authorised Financial Intermediaries. It is expected that an allotment advice will be dispatched to Applicants within five Business Days of the announcement of the allocation policy. The registration advice and other documents and any monies returnable to Applicants may be retained pending clearance of the remittance and any verification of identity as required by the Prevention of Money Laundering Act (Cap. 373 of the laws of Malta), and regulations made thereunder. Such monies shall not bear interest while retained as aforesaid.

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

8.5 INTERMEDIARIES' OFFER

Pursuant to the Intermediaries' Offer, the Issuer shall enter into subscription agreements with the Authorised Financial Intermediaries whereby the Issuer shall bind itself to allocate a total amount of up to €16,000,000 in nominal value of Secured Bonds to such Authorised Financial Intermediaries, which in turn shall bind themselves to subscribe for a specified number of Secured Bonds, the Secured Bonds being admitted to trading on the Official List.

The Authorised Financial Intermediaries shall be entitled to subscribe for the Secured Bonds either for their own account or for the account of underlying customers, including retail customers, and shall in addition be entitled to either:

- (i) distribute to the underlying customers any portion of the Secured Bonds subscribed for upon commencement of trading; or
- (ii) complete a data file representing the amount their underlying clients have been allocated in terms of the respective subscription agreement as provided by the Registrar by latest 16:00 hours on 17 June 2022 being the closing of the Offer Period.

Authorised Financial Intermediaries must effect payment to the Issuer for the Secured Bonds subscribed for by not later than the closing of the Offer Period.

8.6 PRICING

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

8.7 ALLOCATION POLICY

The Issuer has reserved the full amount of the Secured Bonds to Authorised Financial Intermediaries which shall enter into subscription agreements pursuant to the Intermediaries' Offer. The Issuer has established a minimum aggregate subscription amount of €11.8 million on which the Bond Issue is conditional. In the event that the Bond Issue is not fully taken up, but the said minimum is satisfied or exceeded, the Issuer shall issue Secured Bonds up to the amount subscribed for by the Authorised Financial Intermediaries.

The Issuer shall announce the result of the Bond Issue through a company announcement by not later than 21 June 2022.

8.8 ADMISSION TO TRADING

The Malta Financial Services Authority has authorised the Secured Bonds as admissible to listing pursuant to the Capital Markets Rules by virtue of a letter dated 31 May 2022.

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

The Secured Bonds are expected to be admitted to the Malta Stock Exchange with effect from 28 June 2022 and trading is expected to commence on 30 June 2022.

8.9 ADDITIONAL INFORMATION

Save for the financial analysis summary set out as Annex III as appended hereto, this Securities Note does not contain any statement or report attributed to any person as an expert.

The financial analysis summary has been included in the form and context in which it appears with the authorisation of the Sponsor, Manager and Registrar which has given and has not withdrawn its consent to the inclusion of such report herein.

The Sponsor, Manager and Registrar does not have any material interest in the Issuer and, or the Guarantors. The Issuer confirms that the financial analysis summary has been accurately reproduced in the Securities Note and that there are no facts of which the Issuer is aware that have been omitted and which would render the reproduced information inaccurate or misleading.

The business address of the Sponsor, Manager and Registrar is at 61, M.Z. House, St. Rita Street, Rabat RBT 1523, Malta.

ANNEX I – THE GUARANTEES

THE ONA HOSPITALITY LTD (C 101371)
Gap Holdings Head Office, Ċensu Scerri Street,
Tigné, Sliema SLM 3060, Malta

To: Equinox International Limited
No 9, Level 3, Valletta Buildings,
South Street,
Valletta VLT 1103 – MALTA
(hereinafter, together with its lawful successors and assigns referred to as the “**Security Trustee**”).

31 May 2022

Dear Sirs,

Re: GUARANTEE & INDEMNITY

I, The Ona Hospitality Ltd, a company registered and existing under the laws of Malta bearing company registration number C 101371 and having its registered office at Gap Holdings Head Office, Ċensu Scerri Street, Tigné, Sliema SLM3060, Malta (hereinafter, together with its lawful successors and assigns, referred to as the “Guarantor”), having noted that:

- A. by virtue of a prospectus dated 31 May 2022 issued by The Ona p.l.c., a public limited liability company registered and existing under the laws of Malta, bearing company registration number C 101370 (hereinafter, the “**Issuer**”) in connection with the issue of up to €16 million secured bonds 2028-2034 (as the same may be amended, varied or supplemented, hereinafter referred to as the “**Prospectus**”) the Issuer shall, under the joint and several guarantee of the Guarantors (as defined hereunder), issue up to €16 million secured bonds at an annual interest rate of 4.50% to be redeemed and finally repaid on 21 June 2034, or, at the sole option of the Issuer, on any date falling on or between 21 June 2028 and 20 June 2034, on which the Issuer shall be entitled to prepay all or part of the principal amount of the secured bonds and all interests accrued up to the date of prepayment, subject to the terms and conditions of the Prospectus (the “**Secured Bonds**”);
- B. the Guarantor is a fully owned subsidiary company of the Issuer;
- C. it is a condition precedent for the issuance of the Secured Bonds that, *inter alia*, the Guarantor executes and grants this Guarantee and Indemnity (hereinafter referred to as the “**Guarantee**”) of the obligations of the Issuer above referred to, in favour of the Security Trustee; and
- D. the Guarantor has agreed to the conclusion and execution of this Guarantee in favour of the Security Trustee.

NOW, THEREFORE, THE GUARANTOR IS HEREBY COVENANTING IN FAVOUR OF THE SECURITY TRUSTEE AS FOLLOWS:

1. INTERPRETATION

In this Guarantee, unless the context otherwise requires:

- (a) terms and expressions defined in or construed for the purposes of the Prospectus shall have the same meanings or be construed in the same manner when used in this Guarantee, unless defined otherwise in this Guarantee;
- (b) “**Guarantors**” means, collectively, (i) the Guarantor; (ii) The Ona Real Estate Ltd (C 83842) (“**TORE**”); and (iii) The Ona Property Development Ltd (C 82490) (“**TOPD**”);
- (c) “**Indebtedness**” means any and all moneys, obligations, and liabilities now or hereafter due, owing or incurred by the Issuer under the Secured Bonds to the Bondholders (whether alone and, or with others) in terms of the Prospectus and in any and all cases whether for principal, interests, capitalised interests, charges, disbursements, or otherwise and whether for actual or contingent liability; and
- (c) “**writing**” or “**in writing**” shall mean any method of visual representation and shall include facsimile transmissions, telexes, and other such electronic methods.

2. GUARANTEE

2.1 Covenant to Pay

In satisfaction of the conditions precedent for the issuance of the Secured Bonds, and in consideration of the Bondholders acquiring the Secured Bonds, the Guarantor, as duly authorised, without proof of liability or evidence and as primary obligor, hereby jointly and severally with the Issuer, TORE and TOPD unconditionally and irrevocably guarantees to the Security Trustee, for the benefit of itself and the Bondholders the payment of, and undertakes on first demand in writing made by the Security Trustee on the Guarantor, to pay the Indebtedness to the Security Trustee or any balance thereof at any time due or owing under the Secured Bonds.

2.2 Maximum Liability of the Guarantor

This is a continuing Guarantee for the whole amount due or owing under the Secured Bonds or which may hereafter at any time become due or owing under the Secured Bonds by the Issuer but the amount due by Guarantor to the Security Trustee under this Guarantee shall be up to and shall not be in excess of €16,000,000 (sixteen million Euros) apart from interests due up to the date of payment and costs and expenses relating to the protection, preservation, collection or enforcement of the Security Trustee's rights against the Issuer and the Guarantor which shall be additional to the maximum sum herein stated.

2.3 Collateral supporting Guarantee

The Guarantee shall be further supported by a first-ranking general hypothec over all the assets of the Guarantor, both present and future, for the full nominal value of the Secured Bonds and interest thereon.

2.4 Indemnity

As a separate and independent stipulation, the Guarantor agrees to indemnify the Security Trustee on demand for any damages, losses (excluding loss of profit), costs and expenses arising from any failure on the part of the Issuer to perform any obligation to the Security Trustee and the Guarantor so agrees to indemnify the Security Trustee even in the event that any obligation of the Issuer to the Security Trustee is invalid or ceases to be valid and enforceable against the Issuer for any reason whatsoever including, but without limitation, any legal limitation or any disability or incapacity of the Issuer. In such an event, the Guarantor shall be liable towards the Security Trustee as if that obligation was fully valid and enforceable and as if the Guarantor were the principal debtor in respect thereof and shall pay all sums due to the Security Trustee within seven (7) days of a demand in writing by the Security Trustee.

3. CONTINUING AND UNCONDITIONAL LIABILITY

The liability of the Guarantor under this Guarantee shall be continuing until such time as the Indebtedness is fully repaid and shall in no way be prejudiced or effected, nor shall it in any way be discharged or reduced by reason of:

- (a) the bankruptcy, insolvency or winding up of the Issuer, or any of the Guarantors; or
- (b) the incapacity of the Issuer or any other person liable for any reason whatsoever; or
- (c) any change in the name, style, constitution, any amalgamation, or reconstruction of either the Issuer, or any of the Guarantors; or
- (d) the Security Trustee conceding any time or indulgence, or compounding with, discharging, releasing or varying the liability of the Issuer or any other person liable or renewing, determining, reducing, varying or increasing any accommodation or transaction or otherwise dealing with the same in any manner whatsoever or concurring in, accepting or in any way varying any compromise, composition, arrangement or settlement or omitting to claim or enforce or exact payment from the Issuer or any other person liable; or
- (e) any event, act or omission that might operate to exonerate the Guarantor without settlement in full of the Indebtedness towards the Security Trustee.

4. WAIVER OF THE GUARANTOR'S RIGHTS AND THE GUARANTOR'S WARRANTIES

4.1 Until the Indebtedness has been paid in full the Guarantor agrees that it will not, without the prior written consent of the Security Trustee,

- (a) exercise any rights of subrogation, reimbursement and indemnity against the Issuer or any other person liable for the Indebtedness;
- (b) demand or accept repayment, in whole or in part, of any indebtedness now or hereafter due to the Guarantor either from the Issuer or from any other person liable for the Indebtedness or demand any collateral in respect of same or dispose of same;

- (c) take any step to enforce any right against the Issuer or any other person liable for the Indebtedness; and
- (d) claim any set-off or counter-claim against the Issuer or any other person liable for the Indebtedness nor shall the Guarantor claim or prove in competition with the Security Trustee in the liquidation of the Issuer or any other person liable for the Indebtedness, or benefit or share any payment from or in composition with the Issuer or any other person liable for the Indebtedness.

4.2 Subject to the overriding provisions of the Prospectus until the Indebtedness has been paid in full the Guarantor further agrees that:

- (a) if an Event of Default under the Prospectus occurs, any sums which may be received by it from the Issuer or any person liable for the Indebtedness shall be held by it on trust exclusively for the Security Trustee and shall be paid to the Security Trustee immediately upon demand in writing or immediately after its receipt if such obligation arises from the documents executed by the Issuer in connection with the Prospectus;
- (b) all rights of relief and subrogation arising in favour of the Guarantor upon a partial payment to the Security Trustee against the Issuer and any other person who may be liable for the Indebtedness, shall be suspended;
- (c) the Security Trustee may and shall receive and retain the whole of the liquidation dividends to the exclusion of the rights (if any) of the Guarantor in competition with the Security Trustee and pursuant to the above the Security Trustee is entitled to hold all payments made by the Guarantor or the Issuer on account of the Indebtedness in suspense for a period of six (6) months from the date of payment and any such payments on account shall not be applied in reduction of the Indebtedness for a period of six (6) months as stated. The Security Trustee may accordingly prove for the whole Indebtedness of the Issuer in liquidation after excluding any and all payments made within a period of six (6) months prior to the liquidation of the Issuer; and
- (d) the Security Trustee shall not be required to exhaust any remedy or remedies it may have against the Issuer or other persons who may be liable for the Indebtedness for the settlement of all the Indebtedness before claiming against the Guarantor under this Guarantee which is to be construed as entirely independent from the relationship between the Security Trustee and the Issuer and providing immediate recourse against the Guarantor under this Guarantee. The Guarantor hereby waives any benefit of discussion or division which may be available under any applicable law.

5. SETTLEMENTS CONDITIONAL

Any release, discharge or settlement between the Guarantor and the Security Trustee shall be conditional upon no security, disposition or payment to the Security Trustee by the Issuer or the Guarantor or any other third party liable to being void or set aside for any reason whatsoever and if, for any reason whatsoever, this condition is not fulfilled, such release, discharge or settlement shall be of no effect whatsoever and this Guarantee shall again come into force for all effects and purposes of law.

6. ADDITIONAL GUARANTEE

This Guarantee is to be construed as being in addition to and in no way prejudicing any other securities or guarantees which the Security Trustee may now or hereafter hold from or on account of the Issuer and is to be binding on the Guarantor as a continuing Guarantee until full and final settlement of all the Issuer's Indebtedness towards the Security Trustee. Moreover, the remedies provided in this Guarantee are cumulative and are not exclusive of any remedies provided by law.

7. BENEFIT OF THIS GUARANTEE AND NO ASSIGNMENT

7.1 This Guarantee is to be immediately binding upon the Guarantor for the benefit of the Security Trustee and the liability hereunder is not subject to any conditions as to additional security being received by the Security Trustee or otherwise.

7.2 The Guarantor shall not be entitled to assign or transfer any of its obligations under this same Guarantee.

8. REPRESENTATIONS AND WARRANTIES.

8.1 The Guarantor represents and warrants: -

- (a) that it is duly incorporated and validly existing under the laws of Malta and has the power to carry on its business;
- (b) that it has power to grant this Guarantee and that this Guarantee is duly authorised and all corporate action has been taken by the Guarantor in accordance with its deeds of constitution and the laws of its incorporation and regulation;
- (c) that this Guarantee constitutes and contains valid and legally binding obligations of the Guarantor enforceable in accordance with its terms;

- (d) that this Guarantee does not and will not constitute a default with respect to or run counter to any law, by-law, articles of incorporation, statute, rule, regulation, judgement, decree or permit to which the Guarantor is or may be subject; or any agreement or other instrument to which the Guarantor is a party or is subject or by which it or any of its property is bound;
- (e) that this Guarantee shall not in itself result, in or cause the creation or imposition of, or oblige the Guarantor to create any encumbrance on any of that Guarantor's undertakings, assets, rights or revenues;
- (f) that it is in no way engaged in any litigation, arbitration or administrative proceeding of a material nature, nor is it threatened with any such procedures;
- (g) that, save for any other priority and preference created by virtue of the deed of hypothec, the obligations binding it under this Guarantee rank at least *pari passu* with all other present and future unsecured indebtedness of the Guarantor with the exception of any obligations which are mandatorily preferred by law;
- (h) that it is not in breach of or in default under any agreement relating to indebtedness to which it is a party or by which it may be bound nor has any default occurred in its regard;
- (i) that all the information, verbal or otherwise tendered in connection with the negotiation and preparation of this Guarantee is accurate and true and there has been no omission of any material facts; and
- (j) that the granting of this Guarantee is in the commercial interest of the Guarantor and that the Guarantor acknowledges that it is deriving commercial benefit therefrom.

8.2 As from the date of this Guarantee, until such time as the Indebtedness is paid in full to the Security Trustee, and for as long as this Guarantee shall remain in force, the Guarantor shall hold true, good, and valid all the representations and warranties given under this clause.

9 DEMANDS AND PAYMENTS

9.1 All the Indebtedness shall be due by the Guarantor under this Guarantee as a debt, certain, liquidated, and due on the seventh (7th) day following the Security Trustee's first written demand to the Guarantor to pay. All demands shall be sent to the address or facsimile or other numbers as are stated below in clause 10 as the same may be changed by notice in writing by one party to the other.

The demand shall be accompanied by a statement by the Security Trustee confirming that to the best of its knowledge there exist, at the time of the demand, circumstances which constitute an Event of Default or such that may render the underlying obligations of the Issuer to the Security Trustee or any Collateral invalid and unenforceable for any reason whatsoever.

It is expressly agreed that the requirement of such statement is not a condition of liability of the Guarantor under this Guarantee and is entirely without prejudice to the on-demand nature of this Guarantee. Any disagreement by the Guarantor as to the contents of the statement shall not entitle the Guarantor to delay or interrupt the payment of the sum due under this Guarantee for any reason whatsoever.

9.2 The statement by the Security Trustee of the amount due under this Guarantee shall be binding on the Guarantor and shall be conclusive evidence of the sum due, saving only manifest error.

9.3 All payments shall be made to the Security Trustee without any withholding for taxes (and in so far as this obligation exists under any law the payment shall be grossed up by the amount of withholding) and without set-off for any amounts which may be then owing to the Guarantor by the Issuer or the Security Trustee. The Guarantor authorises the Security Trustee to apply any credit balance the Guarantor may have with the Security Trustee towards the satisfaction of the Indebtedness. The Security Trustee shall notify the Guarantor forthwith of the exercise of this right giving full details relating thereto.

10 NOTICES

Any notice required to be given by any party hereto to the other party shall be deemed to have been validly served if delivered by hand or sent by pre-paid registered letter through the post or by facsimile to such other party at his address given herein or such other address as may from time to time be notified to the other party for this purpose and any notice so served shall be deemed to have been served, if delivered by hand, at the time of delivery, or if by post, seven (7) days after posting and if by facsimile, at the time of transmission of the facsimile.

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

The Ona Hospitality Ltd

Address: Gap Holdings Head Office, Ċensu Scerri Street, Tigné, Sliema SLM 3060, Malta
Tel. No.: 23271000
Contact Person: Justin Cutajar

Equinox International Limited

Address: Level 3, Valletta Buildings, South Street, Valletta VLT 1103, Malta
Tel. No.: 21238989
Fax No: 21223048
Contact Person: Louis de Gabriele

Provided that each party may at any time change such address or telefax number by giving seven (7) days' prior written notice to the other party. Every notice, request, demand, letter, or other communication hereunder shall be in writing and shall be delivered by hand or by post or through any other communication methods including telex, telefax or otherwise and shall be deemed to be received in case of post within seven (7) days of dispatch or in case of other methods immediately upon confirmed transmission.

11 AMENDMENTS

The Guarantor has the power to veto any changes to the Terms and Conditions of the Secured Bonds which are issued with the benefit of this Guarantee.

12 APPLICABLE LAW AND JURISDICTION


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

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



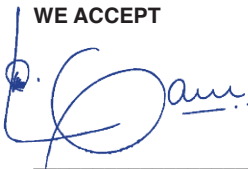
Name: Cliona Muscat
duly authorised, for and on behalf of
The Ona Hospitality Ltd

Yours faithfully,



Name: Cliona Muscat
duly authorised, for and on behalf of
The Ona p.l.c

WE ACCEPT



Name: Louis de Gabriele
duly authorised, for and on behalf of
Equinox International Limited

THE ONA PROPERTY DEVELOPMENT LTD (C82490)

Gap Holdings Head Office, Ċensu Scerri Street,
Tigné, Sliema SLM 3060, Malta

To: Equinox International Limited
No 9, Level 3, Valletta Buildings,
South Street,
Valletta VLT 1103 – MALTA
(hereinafter, together with its lawful successors and assigns referred to as the “**Security Trustee**”).

31 May 2022

Dear Sirs,

Re: GUARANTEE & INDEMNITY

I, The Ona Property Development Ltd, a company registered and existing under the laws of Malta bearing company registration number C 82490 and having its registered office at Gap Holdings Head Office, Ċensu Scerri Street, Tigné, Sliema SLM3060, Malta (hereinafter, together with its lawful successors and assigns, referred to as the “Guarantor”), having noted that:

- A. by virtue of a prospectus dated 31 May 2022 issued by The Ona p.l.c., a public limited liability company registered and existing under the laws of Malta, bearing company registration number C 101370 (hereinafter, the “**Issuer**”) in connection with the issue of up to €16 million secured bonds 2028-2034 (as the same may be amended, varied or supplemented, hereinafter referred to as the “**Prospectus**”) the Issuer shall, under the joint and several guarantee of the Guarantors (as defined hereunder), issue up to €16 million secured bonds at an annual interest rate of 4.50% to be redeemed and finally repaid on 21 June 2034, or, at the sole option of the Issuer, on any date falling on or between 21 June 2028 and 20 June 2034, on which the Issuer shall be entitled to prepay all or part of the principal amount of the secured bonds and all interests accrued up to the date of prepayment, subject to the terms and conditions of the Prospectus (the “**Secured Bonds**”);
- B. the Guarantor is a fully owned subsidiary company of the Issuer;
- C. it is a condition precedent for the issuance of the Secured Bonds that, *inter alia*, the Guarantor executes and grants this Guarantee and Indemnity (hereinafter referred to as the “**Guarantee**”) of the obligations of the Issuer above referred to, in favour of the Security Trustee; and
- D. the Guarantor has agreed to the conclusion and execution of this Guarantee in favour of the Security Trustee.

NOW, THEREFORE, THE GUARANTOR IS HEREBY COVENANTING IN FAVOUR OF THE SECURITY TRUSTEE AS FOLLOWS:

1. INTERPRETATION

In this Guarantee, unless the context otherwise requires:

- (a) terms and expressions defined in or construed for the purposes of the Prospectus shall have the same meanings or be construed in the same manner when used in this Guarantee, unless defined otherwise in this Guarantee;
- (b) “**Guarantors**” means, collectively, (i) the Guarantor; (ii) The Ona Real Estate Ltd (C 83842) (“**TORE**”); and (iii) The Ona Hospitality Ltd (C 101371) (“**TOH**”);
- (c) “**Indebtedness**” means any and all moneys, obligations, and liabilities now or hereafter due, owing or incurred by the Issuer under the Secured Bonds to the Bondholders (whether alone and, or with others) in terms of the Prospectus and in any and all cases whether for principal, interests, capitalised interests, charges, disbursements, or otherwise and whether for actual or contingent liability; and
- (c) “**writing**” or “**in writing**” shall mean any method of visual representation and shall include facsimile transmissions, telexes, and other such electronic methods.

2. GUARANTEE

2.1 Covenant to Pay

In satisfaction of the conditions precedent for the issuance of the Secured Bonds, and in consideration of the Bondholders acquiring the Secured Bonds, the Guarantor, as duly authorised, without proof of liability or evidence and as primary obligor, hereby jointly and severally with the Issuer, TORE and TOH unconditionally and irrevocably guarantees to the Security Trustee, for the benefit of itself and the Bondholders the payment of, and undertakes on first demand in writing made by the Security Trustee on the Guarantor, to pay the Indebtedness to the Security Trustee or any balance thereof at any time due or owing under the Secured Bonds.

2.2 Maximum Liability of the Guarantor

This is a continuing Guarantee for the whole amount due or owing under the Secured Bonds or which may hereafter at any time become due or owing under the Secured Bonds by the Issuer but the amount due by Guarantor to the Security Trustee under this Guarantee shall be up to and shall not be in excess of €16,000,000 (sixteen million Euros) apart from interests due up to the date of payment and costs and expenses relating to the protection, preservation, collection or enforcement of the Security Trustee's rights against the Issuer and the Guarantor which shall be additional to the maximum sum herein stated.

2.3 Indemnity

As a separate and independent stipulation, the Guarantor agrees to indemnify the Security Trustee on demand for any damages, losses (excluding loss of profit), costs and expenses arising from any failure on the part of the Issuer to perform any obligation to the Security Trustee and the Guarantor so agrees to indemnify the Security Trustee even in the event that any obligation of the Issuer to the Security Trustee is invalid or ceases to be valid and enforceable against the Issuer for any reason whatsoever including, but without limitation, any legal limitation or any disability or incapacity of the Issuer. In such an event, the Guarantor shall be liable towards the Security Trustee as if that obligation was fully valid and enforceable and as if the Guarantor were the principal debtor in respect thereof and shall pay all sums due to the Security Trustee within seven (7) days of a demand in writing by the Security Trustee.

3. CONTINUING AND UNCONDITIONAL LIABILITY

The liability of the Guarantor under this Guarantee shall be continuing until such time as the Indebtedness is fully repaid and shall in no way be prejudiced or effected, nor shall it in any way be discharged or reduced by reason of:

- (a) the bankruptcy, insolvency or winding up of the Issuer, or any of the Guarantors; or
- (b) the incapacity of the Issuer or any other person liable for any reason whatsoever; or
- (c) any change in the name, style, constitution, any amalgamation, or reconstruction of either the Issuer, or any of the Guarantors; or
- (d) the Security Trustee conceding any time or indulgence, or compounding with, discharging, releasing or varying the liability of the Issuer or any other person liable or renewing, determining, reducing, varying or increasing any accommodation or transaction or otherwise dealing with the same in any manner whatsoever or concurring in, accepting or in any way varying any compromise, composition, arrangement or settlement or omitting to claim or enforce or exact payment from the Issuer or any other person liable; or
- (e) any event, act or omission that might operate to exonerate the Guarantor without settlement in full of the Indebtedness towards the Security Trustee.

4. WAIVER OF THE GUARANTOR'S RIGHTS AND THE GUARANTOR'S WARRANTIES

4.1 Until the Indebtedness has been paid in full the Guarantor agrees that it will not, without the prior written consent of the Security Trustee,

- (a) exercise any rights of subrogation, reimbursement and indemnity against the Issuer or any other person liable for the Indebtedness;
- (b) demand or accept repayment, in whole or in part, of any indebtedness now or hereafter due to the Guarantor either from the Issuer or from any other person liable for the Indebtedness or demand any collateral in respect of same or dispose of same;
- (c) take any step to enforce any right against the Issuer or any other person liable for the Indebtedness; and
- (d) claim any set-off or counter-claim against the Issuer or any other person liable for the Indebtedness nor shall the Guarantor claim or prove in competition with the Security Trustee in the liquidation of the Issuer or any other person liable for the Indebtedness, or benefit or share any payment from or in composition with the Issuer or any other person liable for the Indebtedness.

4.2 Subject to the overriding provisions of the Prospectus until the Indebtedness has been paid in full the Guarantor further agrees that:

- (a) if an Event of Default under the Prospectus occurs, any sums which may be received by it from the Issuer or any person liable for the Indebtedness shall be held by it on trust exclusively for the Security Trustee and shall be paid to the Security Trustee immediately upon demand in writing or immediately after its receipt if such obligation arises from the documents executed by the Issuer in connection with the Prospectus;

- (b) all rights of relief and subrogation arising in favour of the Guarantor upon a partial payment to the Security Trustee against the Issuer and any other person who may be liable for the Indebtedness, shall be suspended;
- (c) the Security Trustee may and shall receive and retain the whole of the liquidation dividends to the exclusion of the rights (if any) of the Guarantor in competition with the Security Trustee and pursuant to the above the Security Trustee is entitled to hold all payments made by the Guarantor or the Issuer on account of the Indebtedness in suspense for a period of six (6) months from the date of payment and any such payments on account shall not be applied in reduction of the Indebtedness for a period of six (6) months as stated. The Security Trustee may accordingly prove for the whole Indebtedness of the Issuer in liquidation after excluding any and all payments made within a period of six (6) months prior to the liquidation of the Issuer; and
- (d) the Security Trustee shall not be required to exhaust any remedy or remedies it may have against the Issuer or other persons who may be liable for the Indebtedness for the settlement of all the Indebtedness before claiming against the Guarantor under this Guarantee which is to be construed as entirely independent from the relationship between the Security Trustee and the Issuer and providing immediate recourse against the Guarantor under this Guarantee. The Guarantor hereby waives any benefit of discussion or division which may be available under any applicable law.

5. SETTLEMENTS CONDITIONAL

Any release, discharge or settlement between the Guarantor and the Security Trustee shall be conditional upon no security, disposition or payment to the Security Trustee by the Issuer or the Guarantor or any other third party liable to being void or set aside for any reason whatsoever and if, for any reason whatsoever, this condition is not fulfilled, such release, discharge or settlement shall be of no effect whatsoever and this Guarantee shall again come into force for all effects and purposes of law.

6. ADDITIONAL GUARANTEE

This Guarantee is to be construed as being in addition to and in no way prejudicing any other securities or guarantees which the Security Trustee may now or hereafter hold from or on account of the Issuer and is to be binding on the Guarantor as a continuing Guarantee until full and final settlement of all the Issuer's Indebtedness towards the Security Trustee. Moreover, the remedies provided in this Guarantee are cumulative and are not exclusive of any remedies provided by law.

7. BENEFIT OF THIS GUARANTEE AND NO ASSIGNMENT.

7.1 This Guarantee is to be immediately binding upon the Guarantor for the benefit of the Security Trustee and the liability hereunder is not subject to any conditions as to additional security being received by the Security Trustee or otherwise.

7.2 The Guarantor shall not be entitled to assign or transfer any of its obligations under this same Guarantee.

8. REPRESENTATIONS AND WARRANTIES

8.1 The Guarantor represents and warrants:

- (a) that it is duly incorporated and validly existing under the laws of Malta and has the power to carry on its business;
- (b) that it has power to grant this Guarantee and that this Guarantee is duly authorised and all corporate action has been taken by the Guarantor in accordance with its deeds of constitution and the laws of its incorporation and regulation;
- (c) that this Guarantee constitutes and contains valid and legally binding obligations of the Guarantor enforceable in accordance with its terms;
- (d) that this Guarantee does not and will not constitute a default with respect to or run counter to any law, by-law, articles of incorporation, statute, rule, regulation, judgement, decree or permit to which the Guarantor is or may be subject; or any agreement or other instrument to which the Guarantor is a party or is subject or by which it or any of its property is bound;
- (e) that this Guarantee shall not in itself result in or cause the creation or imposition of, or oblige the Guarantor to create any encumbrance on any of that Guarantor's undertakings, assets, rights or revenues;
- (f) that it is in no way engaged in any litigation, arbitration or administrative proceeding of a material nature, nor is it threatened with any such procedures;
- (g) that, the obligations binding it under this Guarantee rank at least *pari passu* with all other present and future unsecured indebtedness of the Guarantor with the exception of any obligations which are mandatorily preferred by law;

- (h) that it is not in breach of or in default under any agreement relating to indebtedness to which it is a party or by which it may be bound nor has any default occurred in its regard;
- (i) that all the information, verbal or otherwise tendered in connection with the negotiation and preparation of this Guarantee is accurate and true and there has been no omission of any material facts; and
- (j) that the granting of this Guarantee is in the commercial interest of the Guarantor and that the Guarantor acknowledges that it is deriving commercial benefit therefrom.

8.2 As from the date of this Guarantee, until such time as the Indebtedness is paid in full to the Security Trustee, and for as long as this Guarantee shall remain in force, the Guarantor shall hold true, good, and valid all the representations and warranties given under this clause.

9. DEMANDS AND PAYMENTS

9.1 All the Indebtedness shall be due by the Guarantor under this Guarantee as a debt, certain, liquidated, and due on the seventh (7th) day following the Security Trustee's first written demand to the Guarantor to pay. All demands shall be sent to the address or facsimile or other numbers as are stated below in clause 10 as the same may be changed by notice in writing by one party to the other.

The demand shall be accompanied by a statement by the Security Trustee confirming that to the best of its knowledge there exist, at the time of the demand, circumstances which constitute an Event of Default or such that may render the underlying obligations of the Issuer to the Security Trustee or any Collateral invalid and unenforceable for any reason whatsoever.

It is expressly agreed that the requirement of such statement is not a condition of liability of the Guarantor under this Guarantee and is entirely without prejudice to the on-demand nature of this Guarantee. Any disagreement by the Guarantor as to the contents of the statement shall not entitle the Guarantor to delay or interrupt the payment of the sum due under this Guarantee for any reason whatsoever.

9.2 The statement by the Security Trustee of the amount due under this Guarantee shall be binding on the Guarantor and shall be conclusive evidence of the sum due, saving only manifest error.

9.3 All payments shall be made to the Security Trustee without any withholding for taxes (and in so far as this obligation exists under any law the payment shall be grossed up by the amount of withholding) and without set-off for any amounts which may be then owing to the Guarantor by the Issuer or the Security Trustee. The Guarantor authorises the Security Trustee to apply any credit balance the Guarantor may have with the Security Trustee towards the satisfaction of the Indebtedness. The Security Trustee shall notify the Guarantor forthwith of the exercise of this right giving full details relating thereto.

10. NOTICES

Any notice required to be given by any party hereto to the other party shall be deemed to have been validly served if delivered by hand or sent by pre-paid registered letter through the post or by facsimile to such other party at his address given herein or such other address as may from time to time be notified to the other party for this purpose and any notice so served shall be deemed to have been served, if delivered by hand, at the time of delivery, or if by post, seven (7) days after posting and if by facsimile, at the time of transmission of the facsimile.

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

The Ona Property Development Ltd

Address: Gap Holdings Head Office, Ċensu Scerri Street, Tigné, Sliema SLM 3060, Malta
Tel. No.: 23271000
Contact Person: Justin Cutajar

Equinox International Limited

Address: Level 3, Valletta Buildings, South Street, Valletta VLT 1103, Malta
Tel. No.: 21238989
Fax No: 21223048
Contact Person: Louis de Gabriele

Provided that each party may at any time change such address or telefax number by giving seven (7) days' prior written notice to the other party. Every notice, request, demand, letter, or other communication hereunder shall be in writing and shall be delivered by hand or by post or through any other communication methods including telex, telefax or otherwise and shall be deemed to be received in case of post within seven (7) days of dispatch or in case of other methods immediately upon confirmed transmission.

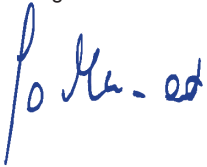
11 AMENDMENTS

The Guarantor has the power to veto any changes to the Terms and Conditions of the Secured Bonds which are issued with the benefit of this Guarantee.

12. APPLICABLE LAW AND JURISDICTION

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

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



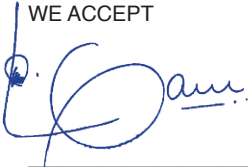
Name: **George Muscat**
duly authorised, for and on behalf of
The Ona Property Development Ltd

Yours faithfully,



Name: **Cliona Muscat**
duly authorised, for and on behalf of
The Ona p.l.c.

WE ACCEPT



Name: **Louis de Gabriele**
duly authorised, for and on behalf of
Equinox International Limited

To: Equinox International Limited
No 9, Level 3, Valletta Buildings,
South Street,
Valletta VLT 1103 – MALTA
(hereinafter, together with its lawful successors and assigns referred to as the “Security Trustee”).

31 May 2022

Dear Sirs,

Re: GUARANTEE & INDEMNITY

I, The Ona Real Estate Ltd, a company registered and existing under the laws of Malta bearing company registration number C 83842 and having its registered office at Gap Holdings Head Office, Ċensu Scerri Street, Tigné, Sliema SLM3060, Malta (hereinafter, together with its lawful successors and assigns, referred to as the “Guarantor”), having noted that:

- A. by virtue of a prospectus dated 31 May 2022 issued by The Ona p.l.c., a public limited liability company registered and existing under the laws of Malta, bearing company registration number C 101370 (hereinafter, the “**Issuer**”) in connection with the issue of up to €16 million secured bonds 2028-2034 (as the same may be amended, varied or supplemented hereinafter referred to as the “**Prospectus**”) the Issuer shall, under the joint and several guarantee of the Guarantors (as defined hereunder), issue up to €16 million secured bonds at an annual interest rate of 4.50% to be redeemed and finally repaid on 21 June 2034, or, at the sole option of the Issuer, on any date falling on or between 21 June 2028 and 20 June 2034, on which the Issuer shall be entitled to prepay all or part of the principal amount of the secured bonds and all interests accrued up to the date of prepayment, subject to the terms and conditions of the Prospectus (the “**Secured Bonds**”);
- B. the Guarantor is a fully owned subsidiary company of the Issuer;
- C. it is a condition precedent for the issuance of the Secured Bonds that, *inter alia*, the Guarantor executes and grants this Guarantee and Indemnity (hereinafter referred to as the “**Guarantee**”) of the obligations of the Issuer above referred to, in favour of the Security Trustee; and
- D. the Guarantor has agreed to the conclusion and execution of this Guarantee in favour of the Security Trustee.

NOW, THEREFORE, THE GUARANTOR IS HEREBY COVENANTING IN FAVOUR OF THE SECURITY TRUSTEE AS FOLLOWS:

1. INTERPRETATION

In this Guarantee, unless the context otherwise requires:

- (a) terms and expressions defined in or construed for the purposes of the Prospectus shall have the same meanings or be construed in the same manner when used in this Guarantee, unless defined otherwise in this Guarantee;
- (b) “**Guarantors**” means, collectively, (i) the Guarantor; (ii) The Ona Hospitality Ltd (C 101371) (“**TOH**”); and (iii) The Ona Property Development Ltd (C 82490) (“**TOPD**”);
- (c) “**Indebtedness**” means any and all moneys, obligations, and liabilities now or hereafter due, owing or incurred by the Issuer under the Secured Bonds to the Bondholders (whether alone and, or with others) in terms of the Prospectus and in any and all cases whether for principal, interests, capitalised interests, charges, disbursements, or otherwise and whether for actual or contingent liability; and
- (c) “**writing**” or “**in writing**” shall mean any method of visual representation and shall include facsimile transmissions, telexes, and other such electronic methods.

2. GUARANTEE

2.1 Covenant to Pay

In satisfaction of the conditions precedent for the issuance of the Secured Bonds, and in consideration of the Bondholders acquiring the Secured Bonds, the Guarantor, as duly authorised, without proof of liability or evidence and as primary obligor, hereby jointly and severally with the Issuer, TOH and TOPD unconditionally and irrevocably guarantees to the Security Trustee, for the benefit of itself and the Bondholders the payment of, and undertakes on first demand in writing made by the Security Trustee on the Guarantor, to pay the Indebtedness to the Security Trustee or any balance thereof at any time due or owing under the Secured Bonds.

2.2 Maximum Liability of the Guarantor

This is a continuing Guarantee for the whole amount due or owing under the Secured Bonds or which may hereafter at any time become due or owing under the Secured Bonds by the Issuer but the amount due by Guarantor to the Security Trustee under this Guarantee shall be up to and shall not be in excess of €16,000,000 (sixteen million Euros) apart from interests due up to the date of payment and costs and expenses relating to the protection, preservation, collection or enforcement of the Security Trustee's rights against the Issuer and the Guarantor which shall be additional to the maximum sum herein stated.

2.3 Collateral supporting Guarantee

The Guarantee shall be further supported by: (i) a first-ranking general hypothec over all the assets of the Guarantor, both present and future; and (ii) a first-ranking special hypothec over the Paceville Site (and any developments and constructions thereon) for the full nominal value of the Secured Bonds and interest thereon.

2.4 Indemnity

As a separate and independent stipulation, the Guarantor agrees to indemnify the Security Trustee on demand for any damages, losses (excluding loss of profit), costs and expenses arising from any failure on the part of the Issuer to perform any obligation to the Security Trustee and the Guarantor so agrees to indemnify the Security Trustee even in the event that any obligation of the Issuer to the Security Trustee is invalid or ceases to be valid and enforceable against the Issuer for any reason whatsoever including, but without limitation, any legal limitation or any disability or incapacity of the Issuer. In such an event, the Guarantor shall be liable towards the Security Trustee as if that obligation was fully valid and enforceable and as if the Guarantor were the principal debtor in respect thereof and shall pay all sums due to the Security Trustee within seven (7) days of a demand in writing by the Security Trustee.

3. CONTINUING AND UNCONDITIONAL LIABILITY

The liability of the Guarantor under this Guarantee shall be continuing until such time as the Indebtedness is fully repaid and shall in no way be prejudiced or effected, nor shall it in any way be discharged or reduced by reason of:

- (a) the bankruptcy, insolvency or winding up of the Issuer, or any of the Guarantors; or
- (b) the incapacity of the Issuer or any other person liable for any reason whatsoever; or
- (c) any change in the name, style, constitution, any amalgamation, or reconstruction of either the Issuer, or any of the Guarantors; or
- (d) the Security Trustee conceding any time or indulgence, or compounding with, discharging, releasing or varying the liability of the Issuer or any other person liable or renewing, determining, reducing, varying or increasing any accommodation or transaction or otherwise dealing with the same in any manner whatsoever or concurring in, accepting or in any way varying any compromise, composition, arrangement or settlement or omitting to claim or enforce or exact payment from the Issuer or any other person liable; or
- (e) any event, act or omission that might operate to exonerate the Guarantor without settlement in full of the Indebtedness towards the Security Trustee.

4. WAIVER OF THE GUARANTOR'S RIGHTS AND THE GUARANTOR'S WARRANTIES

4.1 Until the Indebtedness has been paid in full the Guarantor agrees that it will not, without the prior written consent of the Security Trustee,

- (a) exercise any rights of subrogation, reimbursement and indemnity against the Issuer or any other person liable for the Indebtedness;
- (b) demand or accept repayment, in whole or in part, of any indebtedness now or hereafter due to the Guarantor either from the Issuer or from any other person liable for the Indebtedness or demand any collateral in respect of same or dispose of same;
- (c) take any step to enforce any right against the Issuer or any other person liable for the Indebtedness; and
- (d) claim any set-off or counter-claim against the Issuer or any other person liable for the Indebtedness nor shall the Guarantor claim or prove in competition with the Security Trustee in the liquidation of the Issuer or any other person liable for the Indebtedness, or benefit or share any payment from or in composition with the Issuer or any other person liable for the Indebtedness.

4.2 Subject to the overriding provisions of the Prospectus until the Indebtedness has been paid in full the Guarantor further agrees that:

- (a) if an Event of Default under the Prospectus occurs, any sums which may be received by it from the Issuer or any person liable for the Indebtedness shall be held by it on trust exclusively for the Security Trustee and shall be paid to the Security Trustee immediately upon demand in writing or immediately after its receipt if such obligation arises from the documents executed by the Issuer in connection with the Prospectus;
- (b) all rights of relief and subrogation arising in favour of the Guarantor upon a partial payment to the Security Trustee against the Issuer and any other person who may be liable for the Indebtedness, shall be suspended;
- (c) the Security Trustee may and shall receive and retain the whole of the liquidation dividends to the exclusion of the rights (if any) of the Guarantor in competition with the Security Trustee and pursuant to the above the Security Trustee is entitled to hold all payments made by the Guarantor or the Issuer on account of the Indebtedness in suspense for a period of six (6) months from the date of payment and any such payments on account shall not be applied in reduction of the Indebtedness for a period of six (6) months as stated. The Security Trustee may accordingly prove for the whole Indebtedness of the Issuer in liquidation after excluding any and all payments made within a period of six (6) months prior to the liquidation of the Issuer; and
- (d) the Security Trustee shall not be required to exhaust any remedy or remedies it may have against the Issuer or other persons who may be liable for the Indebtedness for the settlement of all the Indebtedness before claiming against the Guarantor under this Guarantee which is to be construed as entirely independent from the relationship between the Security Trustee and the Issuer and providing immediate recourse against the Guarantor under this Guarantee. The Guarantor hereby waives any benefit of discussion or division which may be available under any applicable law.

5. SETTLEMENTS CONDITIONAL

Any release, discharge or settlement between the Guarantor and the Security Trustee shall be conditional upon no security, disposition or payment to the Security Trustee by the Issuer or the Guarantor or any other third party liable to being void or set aside for any reason whatsoever and if, for any reason whatsoever, this condition is not fulfilled, such release, discharge or settlement shall be of no effect whatsoever and this Guarantee shall again come into force for all effects and purposes of law.

6. ADDITIONAL GUARANTEE

This Guarantee is to be construed as being in addition to and in no way prejudicing any other securities or guarantees which the Security Trustee may now or hereafter hold from or on account of the Issuer and is to be binding on the Guarantor as a continuing Guarantee until full and final settlement of all the Issuer's Indebtedness towards the Security Trustee. Moreover, the remedies provided in this Guarantee are cumulative and are not exclusive of any remedies provided by law.

7. BENEFIT OF THIS GUARANTEE AND NO ASSIGNMENT

7.1 This Guarantee is to be immediately binding upon the Guarantor for the benefit of the Security Trustee and the liability hereunder is not subject to any conditions as to additional security being received by the Security Trustee or otherwise.

7.2 The Guarantor shall not be entitled to assign or transfer any of its obligations under this same Guarantee.

8. REPRESENTATIONS AND WARRANTIES

8.1 The Guarantor represents and warrants:

- (a) that it is duly incorporated and validly existing under the laws of Malta and has the power to carry on its business;
- (b) that it has power to grant this Guarantee and that this Guarantee is duly authorised and all corporate action has been taken by the Guarantor in accordance with its deeds of constitution and the laws of its incorporation and regulation;
- (c) that this Guarantee constitutes and contains valid and legally binding obligations of the Guarantor enforceable in accordance with its terms;
- (d) that this Guarantee does not and will not constitute a default with respect to or run counter to any law, by-law, articles of incorporation, statute, rule, regulation, judgement, decree or permit to which the Guarantor is or may be subject; or any agreement or other instrument to which the Guarantor is a party or is subject or by which it or any of its property is bound;
- (e) that this Guarantee shall not in itself result in, or cause the creation or imposition of, or oblige the Guarantor to create any encumbrance on any of that Guarantor's undertakings, assets, rights or revenues;

- (f) that it is in no way engaged in any litigation, arbitration or administrative proceeding of a material nature, nor is it threatened with any such procedures;
- (g) that, save for any other priority and preference created by virtue of the deed of hypothec, the obligations binding it under this Guarantee rank at least *pari passu* with all other present and future unsecured indebtedness of the Guarantor with the exception of any obligations which are mandatorily preferred by law;
- (h) that it is not in breach of or in default under any agreement relating to indebtedness to which it is a party or by which it may be bound nor has any default occurred in its regard;
- (i) that all the information, verbal or otherwise tendered in connection with the negotiation and preparation of this Guarantee is accurate and true and there has been no omission of any material facts; and
- (j) that the granting of this Guarantee is in the commercial interest of the Guarantor and that the Guarantor acknowledges that it is deriving commercial benefit therefrom.

8.2 As from the date of this Guarantee, until such time as the Indebtedness is paid in full to the Security Trustee, and for as long as this Guarantee shall remain in force, the Guarantor shall hold true, good, and valid all the representations and warranties given under this clause.

9. DEMANDS AND PAYMENTS

9.1 All the Indebtedness shall be due by the Guarantor under this Guarantee as a debt, certain, liquidated, and due on the seventh (7th) day following the Security Trustee's first written demand to the Guarantor to pay. All demands shall be sent to the address or facsimile or other numbers as are stated below in clause 10 as the same may be changed by notice in writing by one party to the other.

The demand shall be accompanied by a statement by the Security Trustee confirming that to the best of its knowledge there exist, at the time of the demand, circumstances which constitute an Event of Default or such that may render the underlying obligations of the Issuer to the Security Trustee or any Collateral invalid and unenforceable for any reason whatsoever.

It is expressly agreed that the requirement of such statement is not a condition of liability of the Guarantor under this Guarantee and is entirely without prejudice to the on-demand nature of this Guarantee. Any disagreement by the Guarantor as to the contents of the statement shall not entitle the Guarantor to delay or interrupt the payment of the sum due under this Guarantee for any reason whatsoever.

9.2 The statement by the Security Trustee of the amount due under this Guarantee shall be binding on the Guarantor and shall be conclusive evidence of the sum due, saving only manifest error.

9.3 All payments shall be made to the Security Trustee without any withholding for taxes (and in so far as this obligation exists under any law the payment shall be grossed up by the amount of withholding) and without set-off for any amounts which may be then owing to the Guarantor by the Issuer or the Security Trustee. The Guarantor authorises the Security Trustee to apply any credit balance the Guarantor may have with the Security Trustee towards the satisfaction of the Indebtedness. The Security Trustee shall notify the Guarantor forthwith of the exercise of this right giving full details relating thereto.

10. NOTICES

Any notice required to be given by any party hereto to the other party shall be deemed to have been validly served if delivered by hand or sent by pre-paid registered letter through the post or by facsimile to such other party at his address given herein or such other address as may from time to time be notified to the other party for this purpose and any notice so served shall be deemed to have been served, if delivered by hand, at the time of delivery, or if by post, seven (7) days after posting and if by facsimile, at the time of transmission of the facsimile.

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

The Ona Real Estate Ltd

Address: Gap Holdings Head Office, Ċensu Scerri Street, Tigné, Sliema SLM 3060, Malta
Tel. No.: 23271000
Contact Person: Justin Cutajar

Equinox International Limited

Address: Level 3, Valletta Buildings, South Street, Valletta VLT 1103, Malta
Tel. No.: 21238989
Fax No: 21223048
Contact Person: Louis de Gabriele

Provided that each party may at any time change such address or telefax number by giving seven (7) days' prior written notice to the other party. Every notice, request, demand, letter, or other communication hereunder shall be in writing and shall be delivered by hand or by post or through any other communication methods including telex, telefax or otherwise and shall be deemed to be received in case of post within seven (7) days of dispatch or in case of other methods immediately upon confirmed transmission.


11. AMENDMENTS

The Guarantor has the power to veto any changes to the Terms and Conditions of the Secured Bonds which are issued with the benefit of this Guarantee.

12. APPLICABLE LAW AND JURISDICTION

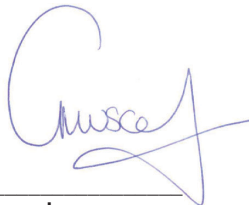
This Guarantee shall be governed by and construed in accordance with Maltese law.

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



Name: **George Muscat**
duly authorised, for and on behalf of
The Ona Real Estate Ltd

Yours faithfully,



Name: **Cliona Muscat**
duly authorised, for and on behalf of
The Ona p.l.c.

WE ACCEPT



Name: **Louis de Gabriele**
duly authorised, for and on behalf of
Equinox International Limited

ANNEX II – AUTHORISED FINANCIAL INTERMEDIARIES

NAME	ADDRESS	TELEPHONE
Bank of Valletta p.l.c.	Premium Banking Centre, 475, Triq il-Kbira San Guzepp, St Venera SVR 1011	2275 1732
Michael Grech Financial Investment Services Ltd	The Brokerage, Level 0 A, St Marta Street, Victoria, Gozo VCT 2551	2258 7000
MZ Investment Services Ltd	61, St Rita Street, Rabat RBT 1523	2145 3739

Financial Analysis Summary

31 May 2022

ISSUER

The Ona p.l.c. (C 101370)



MZ INVESTMENT SERVICES



M Z I N V E S T M E N T S E R V I C E S

The Directors
The Ona p.l.c.
Gap Group Head Office
Ċensu Scerri Street
Tigné, Sliema, SLM 3060
Malta

31 May 2022

Dear Directors,

Financial Analysis Summary

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

The purpose of the financial analysis is that of summarising key financial data appertaining to The Ona p.l.c. (the "**Issuer**", or "**Company**"), and The Ona Property Development Ltd, The Ona Real Estate Ltd and The Ona Hospitality Ltd being the guarantors in relation to the issue of 4.50% secured bonds 2028 – 2034 (ISIN: MT0002661206) (the "**Guarantors**" together with the Issuer, the "**Group**"). The data is derived from various sources or is based on our own computations as follows:

- (a) Historical financial data for the years ended 31 December 2019, 31 December 2020 and 31 December 2021 has been extracted from the audited financial statements of The Ona Property Development Ltd and The Ona Real Estate Ltd.
- (b) Pro forma consolidated statement of financial position of the Issuer as at 31 December 2021.
- (c) The projected consolidated financial data relating to the Issuer for the years ending 31 December 2022, 31 December 2023 and 31 December 2024 have been provided by management.
- (d) Our commentary on the results of the Group and on its financial position is based on the explanations provided by management.
- (e) The ratios quoted in the Analysis have been computed by us applying the definitions set out in Part 4 of the Analysis.
- (f) Relevant financial data in respect of the companies included in Part 3 has been extracted from public sources such as the websites of the companies concerned, financial statements filed with the Registrar of Companies or websites providing financial data.

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

Yours faithfully,

Evan Mohnani
Senior Financial Advisor

MZ Investment Services Ltd
63, St Rita Street,
Rabat RBT 1523,
Malta
Tel: 2145 3739



MZ INVESTMENT SERVICES

TABLE OF CONTENTS

DEFINITIONS	4
PART 1 – INFORMATION ABOUT THE GROUP	4
1. Key Activities	4
1.1 Introduction.....	4
2. Directors and Senior Management	4
2.1 Directors of the Issuer	4
2.2 Directors of the Guarantors	5
2.3 Senior Management	5
3. Organisational Structure	5
3.1 Guarantors.....	6
4. The Projects	6
4.1 Marsascala Project.....	6
4.2 Qawra Project.....	7
4.3 Mellieha Project.....	7
4.4 Birkirkara Project	7
4.5 The Hotel.....	7
5. Leased Property	9
6. Economic and Sector Analysis	9
6.1 Economic Update	9
6.2 Hospitality.....	10
6.3 Property Market.....	11
PART 2 – GROUP PERFORMANCE REVIEW	14
7. Financial Information relating to the Guarantors	14
8. Pro Forma Financial Information relating to the Issuer	20
9. Projected Financial Information Relating to the Issuer	21
PART 3 - COMPARABLES	26
PART 4 - EXPLANATORY DEFINITIONS	28



M Z I N V E S T M E N T S E R V I C E S

DEFINITIONS

Franchise Agreement	the franchise agreement between the Franchisor and TOH;
Franchisor	ACHM Global Hospitality Licensing S.À.R.L., a private company with limited liability, organised and existing under the laws of Luxembourg with its registered office at 33 Rue du Puits Romain, L-8070 Bertrange, Grand-Duchy of Luxembourg and registered with the Luxembourg Trade and Companies Register under number B 157.487;
Issuer	The Ona p.l.c., a public limited liability company duly registered and validly existing under the laws of Malta with company registration number C 101370 and having its registered office at Gap Group Head Office, Ċensu Scerri Street, Tigné, Sliema SLM 3060, Malta;
Group	the Issuer, TOPD, TORE and TOH;
Guarantors	each of TOPD, TORE and TOH;
Hotel	the 106-room four-star hotel to be developed on a site in Lourdes Lane, Swieqi, Limits of St Julians, Malta, measuring approximately 586m ² , and to be operated under the “AC Hotels by Marriott”;
TOH	The Ona Hospitality Ltd (C 101371);
TOPD	The Ona Property Development Ltd (C 82490);
TORE	The Ona Real Estate Ltd (C 83842);

PART 1 – INFORMATION ABOUT THE GROUP

1. KEY ACTIVITIES

1.1 INTRODUCTION

The Issuer was incorporated on 20 January 2022 and is the holding company of the Group. It holds 100% of the shareholding in the Guarantors.

The principal business objectives of the Group are (i) to hold investment property for rental; (ii) to acquire new sites for residential properties for resale; and (iii) to develop and construct properties acquired. The Issuer is the holding and finance company of the Group and was incorporated for the purpose of financing its subsidiaries' respective projects. The Issuer does not carry out any trading activities of its own and its revenue is limited to the dividends it receives from its subsidiaries and interest receivable due under intra-group loan agreements.

As at the date of this report, the Issuer (as lender) has entered into two conditional intra-group agreements with: (i) TORE (as borrower) for the purposes of financing the acquisition as well as the development and construction costs of the Hotel; and (ii) TOH (as borrower) for the purposes of part financing the furnishing and finishing of the Hotel. From time to time, it may enter into additional loan agreements with its subsidiaries to fund their operating requirements, as the case so requires. In view of the financing activities of the Issuer, it is economically dependent on the operational results, the financial position, and the financial performance of its borrowing companies.

2. DIRECTORS AND SENIOR MANAGEMENT

2.1 DIRECTORS OF THE ISSUER

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

Cliona Muscat	Executive Director
George Muscat	Non-Executive Director
Alfred Attard	Independent Non-Executive Director
Francis X Gouder	Independent Non-Executive Director
Ann Marie Agius	Independent Non-Executive Director



M Z I N V E S T M E N T S E R V I C E S

2.2 DIRECTORS OF THE GUARANTORS

The following are the directors of each of TOPD and TORE:

Cliona Muscat	Executive Director
George Muscat	Executive Director

The sole director of TOH is Cliona Muscat.

2.3 SENIOR MANAGEMENT

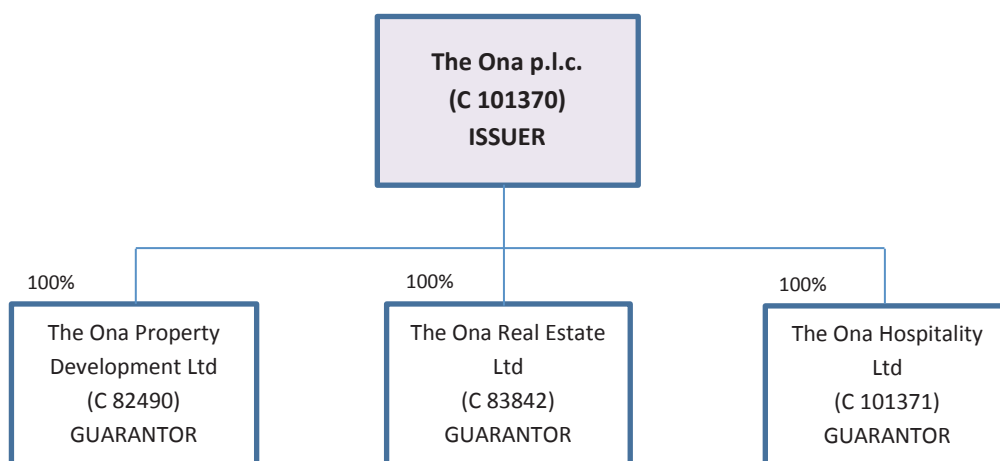
Cliona Muscat is the sole Executive Director of the Issuer entrusted with the day-to-day management of the Group. Ms Muscat is also a director or officer of other companies forming part of the Group. The Executive Director is supported in this role by several consultants and key management, and benefits from the know-how gained by members and officers of the Group.

The overall management of each Guarantor is entrusted to its board of directors who are the persons responsible for establishing the strategy of each Guarantor, including the responsibility for the appointment of all executive officers and other key members of management.

In terms of the Franchise Agreement, TORE undertook to lease the Hotel to TOH by 30 June 2023 for the duration of the Franchise Agreement. Once completed and operational, the Hotel (including its car park, pools, wellness centre and restaurant), shall be operated internally by a dedicated management team within TOH in accordance with the terms and conditions set out in the Franchise Agreement.

Management intends to employ a taskforce of approximately 50 employees for the operation of the Hotel. As at the date of this report, the Hotel is not yet operational and will not open its doors until Q3 2023. For this reason, TOH has not yet selected the management team of the Hotel or employed Hotel staff. All management staff and employees of the Hotel are to be, however, of the requisite standard in line with the requirements set out in the Franchise Agreement. Although the employees and the management team of the Hotel are not subject to the approval of the Franchisor, prior to engaging a general manager of the Hotel, TOH is required to consult with the Franchisor to obtain its input. In addition, all Hotel staff are to be suitably qualified and must have completed mandatory training provided by the Franchisor, as applicable.

3. ORGANISATIONAL STRUCTURE



The organisational structure of the Group is depicted above. The Issuer is owned by Ms Cliona Muscat (ID: 224996M) as to 99.9%, whilst one share is held by Mr George Muscat (ID: 312355M).



M Z I N V E S T M E N T S E R V I C E S

3.1 GUARANTORS

3.1.1 The Ona Real Estate Ltd

TORE was established on 5 December 2017 and operates in the property development and property rental sectors. Since the date of its incorporation, TORE has been involved in the following business activities:

- In Q1 2021, TORE acquired a site in Qawra and is in the process of completing the Qawra Project as further described in section 4.2 of this report.
- In Q3 2021, TORE entered into a promise of sale agreement for the purchase of a site in Paceville which will be developed into the Hotel. Following its acquisition, the Hotel will be leased to TOH for a period of approximately 30 years. The project is further described in section 4.5 of this report.
- In Q4 2021, TORE sold a commercial property located in Valley Road, Birkirkara for the price of €5 million. The property, which consisted of a showroom space, an office space, storage facilities and a car parking area, was acquired in Q1 2018 for the aggregate consideration of €2.05 million and thereafter was previously leased to the purchaser of the property.
- In Q4 2021, TORE entered into a promise of sale agreement for the purchase of a site in Mellieha. Following the conclusion of the final deed of sale, TORE plans to develop two semi-detached terraced houses. The project is further described in section 4.3 of this report.

3.1.2 The Ona Property Development Ltd

TOPD was incorporated on 11 September 2017 and operates in the property development and property rental sectors. Since the date of its incorporation, TOPD has been involved in the following business activities:

- In Q4 2017, TOPD acquired a commercial property named “CE House” located in Dun Karm Pirota Street, Birkirkara. TOPD leases the property to a third party on a long-term basis. Further details on the lease agreement are set out in section 5 of this report.
- In Q3 2019, TOPD acquired a site in Marsascala for development. It completed the residential development in Q4 2021. The project is further described in section 4.1 of this report.
- In Q1 2022, TOPD entered into two separate promise of sale agreements for the purchase of two adjacent houses in Guze Orlando Street, Birkirkara. The project is further described in section 4.4 of this report.

3.1.3 The Ona Hospitality Ltd

TOH was incorporated with the purpose of managing the Hotel. It has entered into a franchise agreement with the Franchisor to operate the Hotel as a “AC Hotels by Marriott” hotel. Following the acquisition of the Hotel by TORE, it will lease the Hotel from TORE pursuant to a lease agreement. Further detail on the management of the Hotel and the principal terms of the lease agreement are set out in section 2.3 and section 4.3 to this report.

4. THE PROJECTS

4.1 MARSASCALA PROJECT

TOPD purchased a site in Marsascala on 27 September 2019 which was since developed and finished in Q4 2021. The Marsascala Project consists of a total of 20 residential units and 20 lock-up garages, however, four of the residential units and four of the garages will not be sold by the Group as ownership of the afore-mentioned units and garages was retained by the seller of the said site.

The Marsascala Project comprises one block of residential units, with four maisonettes at ground floor level and 16 apartments at first, second, third and recessed floor levels, 4 of the apartments being penthouses. In addition to the residential units, the development also has 20 lock-up garages spread over basement level of the block.



M Z I N V E S T M E N T S E R V I C E S

TOPD was responsible for the construction, development and finishing of this development. The Marsascala Project was financed through a bank loan and from the company's own funds.

The residential units and garages owned by TOPD forming part of the Marsascala Project (16 residential units and 16 lock-up garages) were placed on the market in Q4 2021 and were primarily targeted at the medium segment of the market, specifically first-time buyers. As at the date of this report, only one garage is available for sale. The aggregate net sales revenue from the Marsascala Project is expected to be in the region of €5.4 million.

4.2 QAWRA PROJECT

On 15 January 2021, TORE purchased a site in Qawra having a superficial area of approximately 1,008m², of which only 358m² has been designated as building area. TORE was responsible for the construction, development and finishing of the block, which project is now completed. The Qawra Project was financed through a bank loan and from the company's own funds.

The development consists of 15 residential units spread over seven floors and three lock-up garages and six car spaces. The residential units include two maisonettes at ground floor level and 13 apartments and are all being sold in a finished state (without internal doors and bathrooms). All residential units are served with a passenger lift, which also accesses the underlying garage level.

As at the date of this report, all of the units forming part of the Qawra Project are subject to promise of sale agreements. All sales are expected to be finalised by Q3 2022. The aggregate net sales revenue from the Qawra Project is expected to be in the region of €3.3 million.

4.3 MELLIEHA PROJECT

On 14 December 2021, TORE entered into a promise of sale agreement for the purchase of a site in Mellieha, which it intends to develop into two semi-detached terraced houses. The Group intends to place the two houses on the market for resale once both houses are completed. The houses shall be sold in a finished state. The Group has since submitted an application for development permits with the Planning Authority which as at the date of this report has not yet been approved.

The expected date of completion of the Mellieha Project is Q4 2023 and aggregate net sales revenue is expected to be in the region of €1.8 million. The Group expects to finance the development through a mix of bank financing from local banks and own funds.

4.4 BIRKIRKARA PROJECT

In Q1 2022, TOPD entered into two promise of sale agreements for the purchase of two adjacent houses in Guze Orlando Street, Birkirkara. The Group intends to demolish the two houses, which together have an area of approximately 695m², and develop the site into a block of apartments having 19 residential units and 15 lock up garages. The Group has submitted an application for development permits with the Planning Authority which as at the date of this report has not yet been approved.

The total amount of development costs is expected to be in the region of €4 million and the Group expects to finance the development through a mix of bank financing from local banks and own funds.

The Group intends to place such units and garages on the market for resale once the development is completed. The expected date of completion of the Birkirkara Project is Q1 2024. The aggregate net sales revenue from the Birkirkara Project is expected to be in the region of €5.4 million.

4.5 THE HOTEL

The Group plans to enter the hospitality sector through the construction, development and operation of the Hotel. The Hotel will form part of the "AC Hotels by Marriott" chain of hotels pursuant to the Franchise Agreement. The Hotel will be the first hotel in Malta forming part of this international chain of hotels which has over 150 hotels around the world and several new hotels currently in the pipeline.



M Z I N V E S T M E N T S E R V I C E S

The hotels forming part of this chain are characterised by classic modern design stemming from the brand's Spanish roots, attracting both business and leisure clientele. The Hotel will include a wellness centre which shall comprise a gym and indoor pool. For this purpose, the Hotel shall be equipped with state-of-the-art equipment and machinery, which meet the highest quality standards. Access to the wellness centre shall be available to Hotel patrons throughout their stay at the Hotel. In addition to the wellness centre, the Hotel shall also have one restaurant which shall be open exclusively to Hotel patrons. The restaurant "Ona Restaurant" shall be managed by TOH's own team of chefs and catering staff.

The Hotel is set to open its doors and commence operations in Q3 2023.

Acquisition of the Site

By virtue of a promise of sale agreement dated 6 September 2021, TORE undertook to purchase a site in Paceville from Bilom Properties Limited (C 48515) for a total consideration of €11 million with an additional €0.8 million to be incurred in relation to purchase expenses and tax due. The deed of sale is anticipated to take place by Q2 2022. As at the date of this report, The Ona Real Estate Ltd has paid €5 million to Bilom Properties Ltd on account of the purchase price. Accordingly, on the final deed of sale, The Ona Real Estate Ltd will be required to pay Bilom Properties Ltd the balance of €6 million.

The site on which the Hotel shall be built has a direct façade and access on Sqaq Lourdes (also referred to as Lourdes Lane), located in Swieqi, in the limits of St Julians and has a total site area of 586m². As detailed in promise of sale agreement, the vendor agreed to transfer the site together with its subterrain and airspace on the final deed of sale. The site will be purchased free and unencumbered from any security interests and shall be freehold.

Construction and Development

Following its acquisition, the site shall be developed into a 4-star 106-room hotel which will comprise four levels below road level (two floors for parking spaces), an intermediate level between ground floor and basement level, and nine levels of hotel rooms and hotel amenities.

The construction, finishing and furnishing of the Hotel is expected to be completed by Q2 2023. The costs for the overall construction and finishing expenditure of the Hotel is expected to be in the region of €9 million, as detailed below.

Construction	€1.80 million
Finishing and furnishing	€6.40 million
Financial/commission/ancillary costs	€0.80 million

For the purposes of the development and construction of the Hotel, TORE has engaged a local construction company - Elbros Construction Limited (C 10925) - pursuant to a contract of works entered into between TORE and Elbros Construction Limited (C 10925) for a value of approximately €1.8 million. Finishing and furnishing of the Hotel will be carried out by TOH which will lease the Hotel from TORE.

The acquisition and development costs of the Hotel shall be part-financed through the net proceeds of the proposed €16 million 4.50% Secured Bonds 2028 - 2034. The Issuer will on-lend the amount of €13.6 million of the net bond proceeds to TORE for the purposes of funding the full acquisition costs and development costs. The balance of *circa* €2.08 million of the net bond proceeds shall be on-lent by the Issuer to TOH to part finance the finishing and furnishing of the Hotel. The remaining balance required to complete the Hotel will be financed from the Group's own funds.

The Franchise Agreement

Pursuant to the Franchise Agreement, TOH has been granted a non-exclusive licence to use the intellectual property, brand, and systems (including electronic systems, loyalty programs, training programs and sales and marketing programs) owned by the Franchisor and its affiliates for the purposes of operating the Hotel under the "AC Hotels by Marriott" brand. The non-exclusive licence granted under the Franchise Agreement commenced on 31 January 2022 and is for a period of twenty years, renewable automatically for two additional five-year periods. In consideration for the grant of the non-exclusive licence, The Ona Hospitality Ltd must pay the Franchisor fees which are computed in accordance with a percentage of gross sales revenue of hotel rooms and gross sales revenue of food and beverage sales at the Hotel.



M Z I N V E S T M E N T S E R V I C E S

The Franchise Agreement sets out requirements and restrictions on the design and finishing of the Hotel as well as the expected standards of operation and maintenance of the Hotel once the Hotel opens its doors to guests. Marketing strategies adopted by the Hotel must also be in line with the standards and requirements of the Franchise Agreement and the Franchisor's material must be used for advertising and marketing purposes. Most of the marketing campaigns shall focus on the international market with limited marketing activities in the domestic market. The Franchisor is entitled to carry out quality assurance inspections to ensure that the standards that were contractually agreed to in the Franchise Agreement are consistently maintained throughout the term of the Franchise Agreement and is entitled to terminate the Franchise Agreement should such standards not be maintained.

5. LEASED PROPERTY

TOPD owns a commercial property located in Dun Karm Pirotta Street, Birkirkara named "CE House". The property has a total built-up area of approximately 953m² and comprises a corner commercial outlet on three levels, a receded floor, and a semi basement level. The layout of the property consists of a showroom at elevated ground floor level and offices with a separate entrance on the first, second and receded floor levels. The property is located in a prime location and enjoys a front garden onto Dun Karm Pirotta Street. The offices and showroom are in a finished state and the offices are serviced with a passengers' lift which accesses all levels.

The property is currently being leased to a local service provider and is being utilised as office space and showroom space. The remaining duration of the lease agreement is for a period of approximately 11 years, with the lease terminating on 23 March 2033. The property currently generates *circa* €107,000 in annual rental income, which is contracted to increase at a compound annual growth rate of 4.50% per annum.

6. ECONOMIC AND SECTOR ANALYSIS

6.1 ECONOMIC UPDATE

Real GDP growth in Malta is estimated to have rebounded strongly to 5.9% in 2021 after a considerable decline (-8.2%) in 2020. Growth was driven by the strong performance in the first three quarters of the year, when the improvement of the public health situation in Malta allowed for a significant relaxation of restriction measures. Improved business and consumer sentiment, as well as a recovery in tourism supported the economy. Growth is estimated to have been negative in the last quarter of 2021 and to remain muted in the first quarter of 2022, affected by the surge in infections in late 2021, the tightening of restrictions, low tourist numbers, continued disruptions in global value chains and negative effects of price increases in shipping and transport.

In the course of 2022, growth is expected to pick up again as domestic demand recovers, supported also by the implementation of the Recovery and Resilience Plan¹. Prior to Russia's invasion of Ukraine on 24 February 2022, real GDP was forecasted to grow by 6.0% in 2022 and 5.0% in 2023. Malta was expected to reach pre-pandemic levels of economic activity around mid-2022².

The war in Ukraine has created a new negative supply shock for the world economy, just when some of the supply-chain challenges seen since the beginning of the pandemic appeared to be starting to fade. The effects of the war will operate through many different channels and are likely to evolve if the conflict deepens further. In some respects, the direct role of Russia and Ukraine in the global economy is small. However, both countries are large producers and exporters of key food items, minerals and energy. The prices of many of these commodities have increased sharply since the onset of the war, even in the absence of any significant disruption of production or export volumes.

The authorities in Malta have expressed a commitment to continue to limit energy prices growth in 2022. Nonetheless, the increase in food, transport and imported goods prices and a gradual recovery in the tourism and hospitality sectors are set to drive up price pressures in 2022.

¹ The Recovery and Resilience Facility will make €672.5 billion in loans and grants available to support reforms and investments undertaken by Member States. The aim is to mitigate the economic and social impact of the coronavirus pandemic and make European economies and societies more sustainable, resilient and better prepared for the challenges and opportunities of the green and digital transitions.

² European Economic Forecast – Winter 2022 (European Commission Institutional Paper 169 Feb'22)



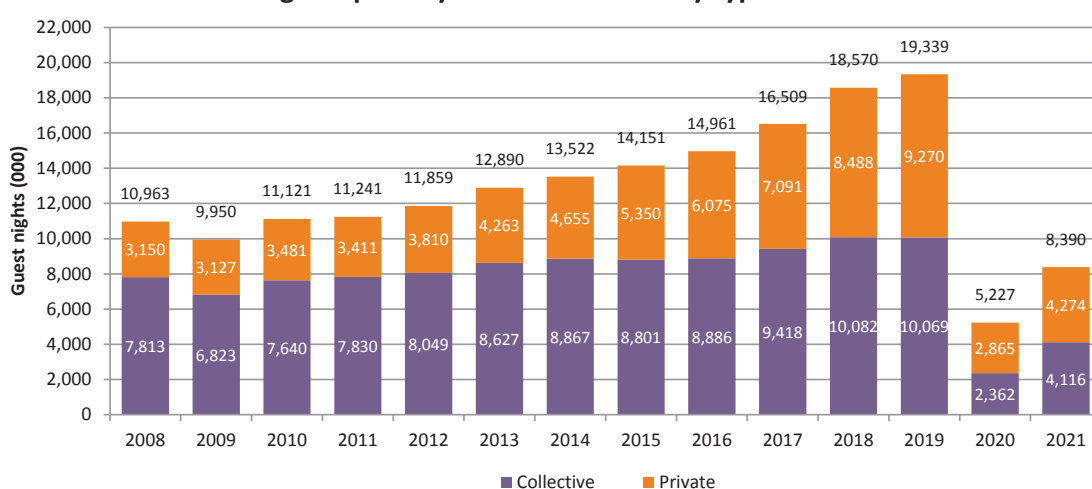
MZ INVESTMENT SERVICES

6.2 HOSPITALITY ³

Although COVID-19 related travel restrictions remained in place, 2021 registered a marked improvement in the number of inbound tourists, nights stayed and tourist expenditure in Malta relative to those recorded in the corresponding period of 2020. Nonetheless, activity indicators for the sector generally remain well below 2019 levels.

In 2021, the number of inbound tourists increased by 47% over 2020, reaching 968,136 (2019: 2.8 million inbound tourists). In absolute terms, tourists visiting Malta for leisure purposes accounted for most of the year-on-year increase in arrivals although the number of visitors with business and other motives also increased. Meanwhile, the total number of guest nights that tourists spent in Malta during 2021 increased to around 8.4 million, from 5.2 million a year earlier (+62%) (2019: 19.3 million guest nights). Guest nights at collective accommodation made up 51% of the aggregate (2020: 55%), while rented accommodation (other than collective accommodation) held a 49% share (2020: 45%).

Total nights spent by inbound tourists by type of accommodation



Source: National Statistics Office Malta

The total occupancy rate in collective accommodation establishments in 2021 increased to 33.1% from 25.4% in 2020 (2019: 65.7%). The 5-star category reported the largest increase – of 11.3 percentage points – followed by a rise of 8.8 percentage points in the 3-star category. Meanwhile, the smallest increase – of 1.2 percentage points – was recorded in the 2-star category.

Tourist expenditure in Malta almost doubled in 2021 to €870.7 million relative to the prior year. The increase relative to 2020 was driven by higher other expenditure (being expenditure other than package and non-package expenditure) and non-package expenditure (comprising air/sea fares and accommodation), although spending on package holidays also increased significantly. Following this increase, tourist expenditure in Malta was 61% below its level two years earlier.

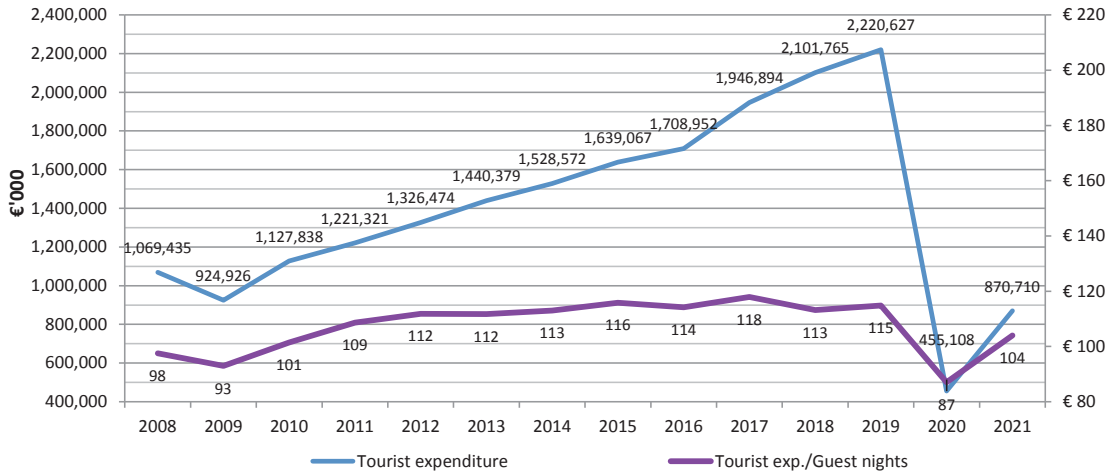
³National Statistics Office Malta – News Release 019/2022 and 033/2022



MZ INVESTMENT SERVICES

Expenditure per capita increased to €899 from €691 in 2020, while average length of stay also increased from 7.9 nights in 2020 to 8.7 nights in 2021.

Total expenditure by inbound tourists



Source: National Statistics Office Malta

6.3 PROPERTY MARKET

The Property Price Index (PPI) – which is based on actual transactions involving apartments, maisonettes and terraced houses – continued to increase in annual terms. The annual rate of change reached 5.9% in the third quarter of 2021, up from 5.4% in the previous quarter (see chart below). Nevertheless, house price inflation in Malta remained below that in the euro area where prices increased at an annual rate of 8.8%. Notwithstanding the acceleration in the third quarter of 2021, house price recorded in the years before the pandemic.



MZ INVESTMENT SERVICES

Movements in Residential Property Prices



Source: Eurostat

From a shorter-term perspective, residential property prices seem to have returned to a growth trend following the sharp slowdown during the initial stages of the pandemic. Residential property prices continue to be supported by numerous factors including the low-interest rate environment that makes property more attractive as an investment as well as the Government's schemes related to the property market. Property prices were also supported by the enhancement of government support in response to the pandemic such as lower property tax rate and stamp duty to eligible transfers of immovable property. In particular, the property tax and stamp duty on the first €400,000 of the value of the transfer were reduced to 5.0% and 1.5% respectively. These measures were initially intended for final transfers made before 1 April 2021 but were later extended. Moreover, Budget 2021 extended or introduced more favourable terms on several schemes supporting the property market that were in place before the pandemic.⁴

In 2021, the number of final deeds of sale relating to residential property amounted to 14,349 compared to 11,057 deeds in 2020 (+30%). The value of deeds completed in 2021 amounted to €3,120.3 million, an increase of 47% when compared to the prior year (2020: €2,125.7 million).⁵

The number of permits issued in 2021 for the construction of residential dwellings amounted to 4,956 permits, compared to 4,938 permits in the prior year, for the development of 7,578 residential units (2020: 7,837 residential units). As shown in the below chart, the number of units in 2021 (7,578) reflects a decrease of 41% from the all-time high of 12,885 units in 2018.

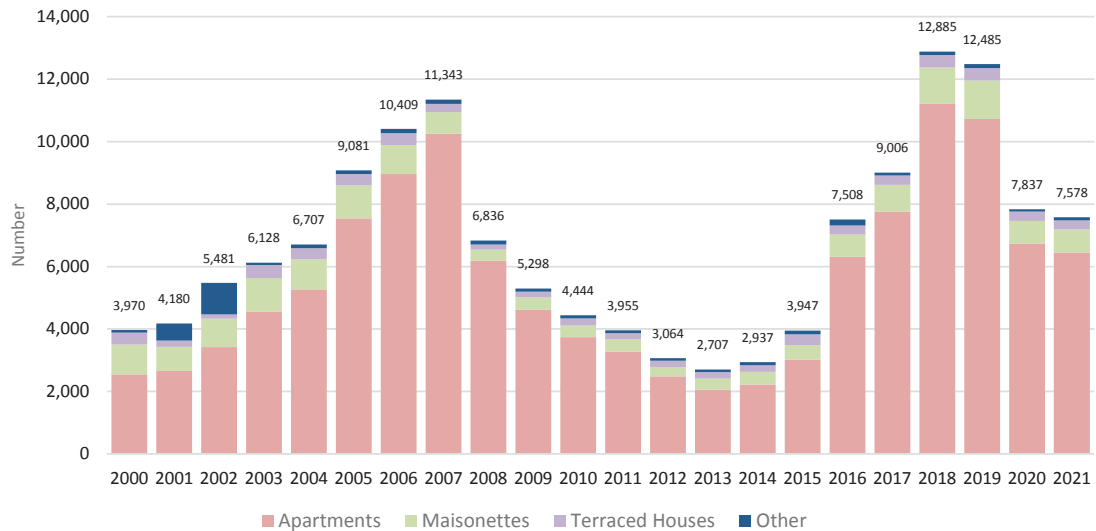
⁴ Central Bank of Malta Quarterly Review – 2022 Vol. 55 No. 1

⁵ National Statistics Office Malta – News Release 006/2022



MZ INVESTMENT SERVICES

Development Permits for Dwellings (number of units)



Source: Central Bank of Malta

Market data relating to commercial property in Malta (which includes industrial, logistics, warehousing, retail, hospitality and a predominant portion in the office asset class) is not available and thus makes it more difficult to gauge the health of this sector.

A trend accelerated by the pandemic is the rise of e-commerce across consumers. Not only does more online shopping challenge traditional brick and mortar retailers, but it raises the demand for warehousing and distribution centres.

With regard to the office sector, its future performance is highly uncertain. Debate is ongoing on the longevity of the pandemic-driven work-from-home (WFH) phenomenon. While WFH provides flexibility, convenience, no commuting, and a reduced wardrobe budget, there are obvious downsides: the difficulty in building teams, innovating, mentoring, and creating and sustaining culture. The longer people are isolated away from the office environment, the less they will develop relationships with their co-workers and feel connected to their companies. At some point, likely sooner than later, businesses will discover that full-time WFH arrangements simply cannot work and retaining talent will become an even greater challenge.

It is likely that most businesses will require their employees to come to the office for teamwork, company meetings, training and other collaborative activities with the remainder of the time retaining the flexibility of WFH if desired by the employee. That means office space will be configured for more group interactive and therefore companies will need less space. As such, tenants will be thinking harder about space needs and configuration going forward, and many companies may take the opportunity to upgrade to smaller, higher quality office space.

The hospitality industry is expected to fully recover in 2024, with business and conference travel gaining momentum so long as COVID variants stop emerging. The biggest issue the sector is dealing with at the moment is a labour shortage and the need to pay higher wages to attract talent. Due to the expected sector recovery, both equity and debt capital is set to continue to flow to the hospitality industry.



M Z I N V E S T M E N T S E R V I C E S

PART 2 – GROUP PERFORMANCE REVIEW

7. FINANCIAL INFORMATION RELATING TO THE GUARANTORS

TOH was incorporated on 20 January 2022 and, accordingly, as at the date of this report has not filed any audited financial statements. The historical financial information pertaining to TOPD and TORE relates to the financial years ended 31 December 2019, 31 December 2020, and 31 December 2021.

The Ona Property Development Ltd (previously Cliventi (I) Limited)

Income Statement

for the year ended 31 December

	2019	2020	2021
	Audited	Audited	Audited
	(€'000)	(€'000)	(€'000)
Turnover	-	-	940
Cost of sales	-	-	(695)
Gross profit	-	-	245
Rental income	92	95	106
Administrative expenses	(8)	(8)	(42)
Operating profit	84	87	309
Gain on revaluation of investment property	-	-	620
Interest payable	(69)	(22)	(29)
Profit before taxation	15	65	900
Taxation	-	(14)	(61)
Profit after taxation	15	51	839



MZ INVESTMENT SERVICES

The Ona Property Development Ltd (previously Cliventi (I) Limited)

Statement of financial position

as at 31 December

	2019	2020	2021
	Audited	Audited	Audited
	(€'000)	(€'000)	(€'000)
Non-current assets			
Property, plant and equipment	20	15	10
Investment property	1,864	1,864	2,700
	<u>1,884</u>	<u>1,879</u>	<u>2,710</u>
Current assets			
Inventory - development project	1,639	2,395	3,381
Trade and other receivables	13	34	358
Cash and cash equivalents	107	34	89
	<u>1,759</u>	<u>2,463</u>	<u>3,828</u>
Total assets	<u>3,643</u>	<u>4,342</u>	<u>6,538</u>
EQUITY			
Capital and reserves			
Called up share capital	1	1	1
Retained earnings (accumulated losses)	(18)	33	872
	<u>(17)</u>	<u>34</u>	<u>873</u>
LIABILITIES			
Non-current liabilities			
Bank loans	2,056	1,355	1,480
Deferred tax	-	-	216
	<u>2,056</u>	<u>1,355</u>	<u>1,696</u>
Current liabilities			
Bank loans	271	753	302
Trade and other payables	69	38	1,369
Other financial liabilities	1,264	2,162	2,298
	<u>1,604</u>	<u>2,953</u>	<u>3,969</u>
	<u>3,660</u>	<u>4,308</u>	<u>5,665</u>
Total equity and liabilities	<u>3,643</u>	<u>4,342</u>	<u>6,538</u>



M Z I N V E S T M E N T S E R V I C E S

The Ona Property Development Ltd (previously Cliventi (I) Limited)

Cash Flow Statement

for the year ended 31 December

	2019	2020	2021
	Audited	Audited	Audited
	(€'000)	(€'000)	(€'000)
Net cash from (used in) operating activities	(1,387)	(736)	244
Net cash from (used in) financing activities	1,422	663	(189)
Net movement in cash and cash equivalents	35	(73)	55
Cash and cash equivalents at beginning of year	72	107	34
Cash and cash equivalents at end of year	107	34	89

During the years under review, the business activities of TOPD primarily involved the acquisition of a site in Marsascalea measuring *circa* 924 sqm for the consideration of €2.05 million plus a barter of four maisonettes and four garages. The development project comprised 20 residential units and 20 garages, which was completed in November 2021 and financed from bank borrowings and other financial liabilities (related parties balances).

In FY2021, TOPD completed the sale of 3 residential units and generated revenue amounting to €940,000. As at year end, 7 residential units were subject to promise of sale agreements, with another 4 units to be exchanged as part of a barter agreement on acquisition of the site. Management indicated that as at the date of this report, only 1 garage remains unsold.

Rental income relates to the lease of a commercial property to a third party situated at CE House, Triq Dun Karm Pirota, Birkirkara. The lease contract commenced on 23 November 2017 and expires on 23 March 2033. The said property is classified in the balance sheet as investment property at a value of €2.70 million (FY2020: €1.86 million). The said property was revalued during the year and thus a net gain of €620,000 was recognised in the income statement.

For the year ended 31 December 2021, TOPD registered a profit after tax of €0.84 million (FY2020: €0.05 million).

The company's inventory (being costs incurred in the development of residential property relating to the Marsascalea project) as at 31 December 2021 amounted to €3.38 million (FY2020: €2.40 million).

Outstanding bank loans amounted to €1.78 million compared to €2.1 million in FY2020. Repayments are being made from proceeds derived from the sale of residential property. Other financial liabilities amounted to €2.3 million in FY2021 (FY2020: €2.2 million) and comprise transactions entered into with related undertakings arising in the ordinary course of business.



M Z I N V E S T M E N T S E R V I C E S

The Ona Real Estate Ltd (previously Cliventi (II) Limited)

Income Statement

for the year ended 31 December

	2019	2020	2021
	Audited	Audited	Audited
	(€'000)	(€'000)	(€'000)
Turnover	-	357	211
Cost of sales	-	(357)	(211)
Gross profit	-	-	-
Rental income	61	145	150
Profit on disposal of property	-	-	2,745
Administrative expenses	(7)	(8)	(22)
Operating profit	54	137	2,873
Interest payable	(69)	(68)	(60)
Profit (loss) before taxation	(15)	69	2,813
Taxation	-	21	(292)
Profit (loss) after taxation	(15)	90	2,521

The Ona Real Estate Ltd (previously Cliventi (II) Limited)

Cash Flow Statement

for the year ended 31 December

	2019	2020	2021
	Audited	Audited	Audited
	(€'000)	(€'000)	(€'000)
Net cash from (used in) operating activities	75	(43)	(3,767)
Net cash from investing activities	(1)	-	5,000
Net cash from (used in) financing activities	-	59	(445)
Net movement in cash and cash equivalents	74	16	788
Cash and cash equivalents at beginning of year	49	123	139
Cash and cash equivalents at end of year	123	139	927



M Z I N V E S T M E N T S E R V I C E S

The Ona Real Estate Ltd (previously Cliventi (II) Limited)

Statement of financial position

as at 31 December

	2019	2020	2021
	Audited	Audited	Audited
	(€'000)	(€'000)	(€'000)
Non-current assets			
Property, plant and equipment	80	80	-
Investment property	2,175	2,175	-
Deferred taxation	-	21	-
	<u>2,255</u>	<u>2,276</u>	<u>-</u>
Current assets			
Inventory - development project	-	-	1,645
Deposit and related costs on hotel property	-	-	2,678
Deposit and related costs on Mellieha site			61
Trade and other receivables	1	102	9
Cash and cash equivalents	123	139	927
	<u>124</u>	<u>241</u>	<u>5,320</u>
Total assets	<u>2,379</u>	<u>2,517</u>	<u>5,320</u>
EQUITY			
Capital and reserves			
Called up share capital	175	300	300
Retained earnings (accumulated losses)	(97)	(6)	2,515
	<u>78</u>	<u>294</u>	<u>2,815</u>
LIABILITIES			
Non-current liabilities			
Bank loans	1,443	1,459	1,015
Other financial liabilities	300	300	268
	<u>1,743</u>	<u>1,759</u>	<u>1,283</u>
Current liabilities			
Bank loans	82	-	16
Trade and other payables	41	31	143
Other financial liabilities	435	433	1,063
	<u>558</u>	<u>464</u>	<u>1,222</u>
	<u>2,301</u>	<u>2,223</u>	<u>2,505</u>
Total equity and liabilities	<u>2,379</u>	<u>2,517</u>	<u>5,320</u>



M Z I N V E S T M E N T S E R V I C E S

During the years under review, turnover and cost of sales reflected the invoicing and back-to-back recharge with other related parties for services rendered. Rental income was generated from the lease of the Dino Fino Showroom in Valley Road, Msida, which property was sold in November 2021 for the consideration of €5.0 million. Profit on disposal of said showroom amounted to €2.74 million. As a result, in FY2021, TORE reported a net profit amounting to €2.5 million (FY2020: €0.09 million).

In January 2021, TORE acquired a plot in Qawra for the development of 15 residential units and 9 garages/car spaces. The project is fully completed and has been financed from a bank loan facility and other financial liabilities (related parties and shareholder's funds). All sales are expected to be finalised by Q3 2022.

On 6 September 2021, TORE entered into a promise of sale agreement for the purchase of a site in Triq Sqaq Lourdes, Swieqi, St Julians which will be developed into the Hotel. A deposit of €2.50 million was paid as part of the said agreement. Once developed, the Hotel will be leased to TOH and operated as a 4-star hotel under the "AC Hotels by Marriott" brand.

On 14 December 2021, TORE entered into a promise of sale agreement for the purchase of a site in Mellieħa, which it intends to develop into two semi-detached terraced houses.

As at 31 December 2021, inventory amounted to €1.65 million (FY2020: nil) and outstanding bank loans amounted to €1.03 million (FY2020: €1.46 million). At year end, all units were subject to promise of sale agreements except for one residential unit and five garages.

Other financial liabilities amounted to €1.3 million in FY2021 (FY2020: €0.7 million) and comprise transactions entered into with related undertakings arising in the ordinary course of business.



M Z I N V E S T M E N T S E R V I C E S

8. PRO FORMA FINANCIAL INFORMATION RELATING TO THE ISSUER

The Group came into existence in April 2022 following the acquisition of TORE, TOH and TOPD by virtue of a share for share exchange process. The financial information set out in this review represents pro forma consolidated financial information. This pro forma information presents what the Issuer's consolidated statement of financial position would have looked like had the Group existed in its current form, comprising all its current constituent components, as at 31 December 2021.

A statement of financial position of the Group as at 31 December 2021, reflecting the combined balance sheets of TOPD

The Ona p.l.c.

**Pro forma consolidated statement of financial position
as at 31 December 2021**

	Combined (€'000)	Adjustments								Group (€'000)
		(I) (€'000)	(II) (€'000)	(III) (€'000)	(IV) (€'000)	(V) (€'000)	(VI) (€'000)	(VII) (€'000)	(VIII) (€'000)	
Non-current assets										
Investment property	2,700	-	-	-	-	-	-	-	-	2,700
Property, plant and equipment	10	-	-	-	-	-	-	-	-	10
Investment in subsidiaries	-	-	-	3,689	-	(3,689)	-	-	-	-
	<u>2,710</u>	<u>-</u>	<u>-</u>	<u>3,689</u>	<u>-</u>	<u>(3,689)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,710</u>
Current assets										
Inventory - development project	5,027	-	-	-	-	-	-	-	-	5,027
Trade and other receivables	3,106	-	-	-	-	-	(308)	-	(31)	2,767
Cash and cash equivalents	1,016	1	1	-	-	-	43	(18)	-	1,043
	<u>9,149</u>	<u>1</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(265)</u>	<u>(18)</u>	<u>(31)</u>	<u>8,837</u>
Total assets	<u>11,859</u>	<u>1</u>	<u>1</u>	<u>3,689</u>	<u>-</u>	<u>(3,689)</u>	<u>(265)</u>	<u>(18)</u>	<u>(31)</u>	<u>11,547</u>
EQUITY										
Capital and reserves										
Called up share capital and reserves	301	1	1	3,689	3,581	(302)	-	-	-	7,271
Retained earnings	3,387	-	-	-	-	(3,387)	-	-	-	-
	<u>3,688</u>	<u>1</u>	<u>1</u>	<u>3,689</u>	<u>3,581</u>	<u>(3,689)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,271</u>
LIABILITIES										
Non-current liabilities										
Bank loans	2,495	-	-	-	-	-	-	-	-	2,495
Other financial liabilities	268	-	-	-	(250)	-	-	(18)	-	-
Deferred tax	216	-	-	-	-	-	-	-	-	216
	<u>2,979</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(250)</u>	<u>-</u>	<u>-</u>	<u>(18)</u>	<u>-</u>	<u>2,711</u>
Current liabilities										
Bank loans	318	-	-	-	-	-	(265)	-	-	53
Trade and other payables	1,461	-	-	-	-	-	-	-	-	1,461
Other financial liabilities	3,362	-	-	-	(3,331)	-	-	-	(31)	-
Taxation due	51	-	-	-	-	-	-	-	-	51
	<u>8,171</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,581)</u>	<u>-</u>	<u>(265)</u>	<u>(18)</u>	<u>(31)</u>	<u>4,276</u>
Total equity and liabilities	<u>11,859</u>	<u>1</u>	<u>1</u>	<u>3,689</u>	<u>-</u>	<u>(3,689)</u>	<u>(265)</u>	<u>(18)</u>	<u>(31)</u>	<u>11,547</u>

The pro forma adjustments include the following:

- (I) Being the incorporation of the Issuer;
- (II) Being the incorporation of TOH;
- (III) Relates to the transfer of TOPD, TORE and TOH to the Issuer through an exchange of shares which is assumed to be carried out at net asset value (excluding related party balances);
- (IV) Includes the capitalisation of amounts due to the shareholder following adjustment (III) above, and the capitalisation of amounts due to related parties;
- (V) Reflects the consolidation adjustment eliminating investment in subsidiary balances and pre-acquisition reserves.



M Z I N V E S T M E N T S E R V I C E S

- (VI) To account for the receipt of €43,000 undeposited cheque and €265,000 held by a notary following a contract of sale which funds have been released following year end;
- (VII) Management indicated that €18,000 was paid to Cliona Muscat (as shareholder) in Q1 2022 prior to capitalising the remaining shareholder's loan balances;
- (VIII) Some reclassifications were done in the pro forma statement of financial position to account for differences in the individual audited financial statements.

On a pro forma basis, total equity of the Group as at 31 December 2021 amounted to €7.3 million.

Total liabilities amounted to €4.3 million, primarily made up of outstanding bank loans amounting to €2.5 million and capital creditors of €1.2 million (including in trade and other payables).

Total assets amounted to €11.5 million and principally comprised a commercial property amounting to €2.7 million in Dun Karm Street, Birkirkara (investment property), inventory of development projects in Marsascala and Qawra of €5.0 million, deposit and related costs amounting to €2.8 million relating to the Hotel and cash balances of €1.0 million.

9. PROJECTED FINANCIAL INFORMATION RELATING TO THE ISSUER

The projected consolidated financial information for the years ending 31 December 2022, 31 December 2023 and 31 December 2024 of the Group has been provided by management of the Issuer.

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

The Ona p.l.c.

Consolidated Statement of Comprehensive Income for the year ending 31 December

	2022	2023	2024
	Forecast	Projection	Projection
	€'000	€'000	€'000
Revenue - property development	7,824	-	7,499
Revenue - hotel operations	-	2,021	4,020
Rental income	95	107	109
Cost of sales	(5,762)	(1,136)	(7,735)
Net operating expenses	-	(544)	(96)
Operating profit	2,157	448	3,797
Depreciation	-	(194)	(392)
Finance costs	(48)	(380)	(780)
Profit (loss) before tax	2,109	(126)	2,625
Taxation	(662)	(18)	(640)
Profit (loss) for the year	1,447	(144)	1,985
Other comprehensive income			
Movement in fair value of property, net of tax	-	1,564	352
Total comprehensive income for the year	1,447	1,420	2,337



M Z I N V E S T M E N T S E R V I C E S

Key Accounting Ratios

	FY2022 Forecast	FY2023 Projection	FY2024 Projection
Operating profit margin (Operating profit/revenue)	27%	21%	33%
Interest cover (times) (Operating profit/net finance cost)	44.94	1.18	4.87
Interest cover 2 (times) (Operating profit/finance cost)	44.94	1.18	4.87
Net profit margin (Profit after tax/revenue)	18%	-7%	17%
Earnings per share (€) (Profit after tax/number of shares)	0.23	-0.02	0.31
Return on equity (Profit after tax/shareholders' equity)	17%	-1%	16%
Return on capital employed (Operating profit/total assets less current liabilities)	8%	2%	13%
Return on assets (Profit after tax/total assets)	5%	0%	6%

Source: MZ Investment Services Limited

In FY2022, the Group expects to generate revenue amounting to €7.8 million from the sale of residential units and car spaces forming part of the Qawra Project and Marsascale Project, all of which are already subject to promise of sale agreements except for 1 garage at the Marsascale Project. Rental income from the lease of "CE House" in Birkirkara is projected to amount to €95,000. Overall, profit for the year is estimated to amount to €1.4 million.

No property sales have been projected for FY2023 since the Mellieha Project is expected to be completed in Q4 2023 while the Birkirkara Project is due for completion in Q1 2024. Revenue for the said year is estimated at €2.0 million and is expected to be generated from Hotel operations between July 2023 (being the date of commencement of operations) and December 2023. Rental income is projected to amount to €107,000 (FY2022: €95,000). The Group expects to register an operating profit of €0.4 million (FY2022: €2.2 million) but incur a net loss for the year of €0.1 million (FY2022: €1.4 million) after accounting for depreciation, finance costs and taxation.

On completion of the Hotel and commencement of operations thereof in FY2023, the Group anticipates that the fair value of the property will increase by €1.6 million to €23.0 million.

In FY2024, the Group is projected to dispose of all residential units and garages at the Mellieha Project and Birkirkara Project and as such expects to generate gross revenue of €7.5 million. The said financial year will be the Hotel's first full year of operation whereby it is projected to achieve €4.0 million in revenue. Aggregate revenue of the Group is expected to reach €11.6 million compared to €2.1 million in the prior year.



M Z I N V E S T M E N T S E R V I C E S

Given the increase in operational activities, operating profit is projected to increase from €0.4 million in FY2023 to €4.8 million in FY2024. The Group expects to realise an operating profit margin of 33% in FY2024 (FY2023: 21%), while interest cover is estimated at 4.87 times (FY2023: 1.18 times).

Profit for the year is expected to amount to €2.0 million (FY2023: loss of €0.1 million). After accounting for an uplift in the carrying value of the Hotel of €0.35 million, the Group is projected to report total comprehensive income of €2.3 million compared to €1.4 million a year earlier.

The Ona p.l.c.

Consolidated Statement of Financial Position

as at 31 December

	2022	2023	2024
	Forecast	Projection	Projection
	€'000	€'000	€'000
ASSETS			
Non-current assets			
Property, plant and equipment	15,650	23,010	23,010
Investment property	2,700	2,700	2,700
	<u>18,350</u>	<u>25,710</u>	<u>25,710</u>
Current assets			
Inventory	2,861	4,840	2,264
Trade and other receivables	29	193	193
Cash and cash equivalents	8,518	2,980	3,903
	<u>11,408</u>	<u>8,013</u>	<u>6,360</u>
Total assets	<u>29,758</u>	<u>33,723</u>	<u>32,070</u>
EQUITY			
Capital and reserves			
Called up share capital	7,272	7,272	7,272
Revaluation reserve	-	1,564	1,916
Retained earnings	1,447	1,303	3,289
	<u>8,719</u>	<u>10,139</u>	<u>12,477</u>
LIABILITIES			
Non-current liabilities			
Bank borrowings	2,066	301	-
Debt securities	15,702	15,736	15,769
Deferred taxation	216	1,006	1,006
Other non-current liabilities	-	278	-
	<u>17,984</u>	<u>17,321</u>	<u>16,775</u>
Current liabilities			
Bank borrowings	53	2,500	1,616
Trade and other payables	523	648	648
Capital creditors	2,479	2,491	278
Other current liabilities	-	624	276
	<u>3,055</u>	<u>6,263</u>	<u>2,818</u>
	<u>21,039</u>	<u>23,584</u>	<u>19,593</u>
Total equity and liabilities	<u>29,758</u>	<u>33,723</u>	<u>32,070</u>



M Z I N V E S T M E N T S E R V I C E S

Key Accounting Ratios

	FY2022 Forecast	FY2023 Projection	FY2024 Projection
Gearing ratio <i>(Total net debt/net debt and shareholders' equity)</i>	52%	61%	52%
Gearing ratio 2 (times) <i>(Total net debt/shareholders' equity)</i>	1.07	1.53	1.08
Net debt to Operating profit (years) <i>(Net debt/Operating profit)</i>	4.31	34.73	3.55
Net assets per share (€) <i>(Net asset value/number of shares)</i>	1.20	1.39	1.72
Liquidity ratio (times) <i>(Current assets/current liabilities)</i>	3.73	1.28	2.26

Source: MZ Investment Services Limited

Total assets as at 31 December 2022 is forecasted to amount to €29.8 million and shall mainly comprise the Hotel and "CE House" valued at €15.7 million and €2.7 million respectively, inventory (work-in-progress on property development) of €2.9 million and cash balances of €8.5 million. In FY2023, total assets are expected to increase by €4.0 million primarily on account of an increase in value of the Hotel of €7.4 million and inventory of €2.0 million, while cash balances are expected to decrease by €5.5 million.

As at 31 December 2024, total assets are projected to amount to €32.1 million and shall principally comprise the Hotel and "CE House" amounting to €25.7 million and cash balances of €3.9 million. Furthermore, inventory is estimated at €2.3 million and in the main will include property development works-in-progress.

The Group's equity is projected to amount to €8.7 million in FY2022 and increase to €10.1 million in the subsequent financial year due to an uplift in the carrying value of the Hotel. On account of an increase in retained earnings in FY2024, total equity is projected to increase by 23% y-o-y to €12.5 million.

Total liabilities of the Group shall mainly comprise the proposed bond issue amounting to €15.7 million, while bank loans and capital creditors which primarily relate to property developments are expected to amount to €4.5 million and €5.3 million in FY2022 and FY2023 respectively.

In FY2024, no material movements are projected in total liabilities compared to the prior year, other than a decrease in bank loans from €2.8 million in FY2023 to €1.6 million.

The leverage of the Group (gearing) is expected to reach 61% in FY2023 on account of an increase in borrowings used for the purposes of developing residential units and the Hotel, which should improve to 52% in FY2024 as cash balances accumulate from Hotel operations and disposal of residential units. The liquidity ratio is projected at 1.28 times in FY2023 and 2.26 times in the subsequent financial year.



M Z I N V E S T M E N T S E R V I C E S

The Ona p.l.c.

**Consolidated Cash Flow Statement
for the year ending 31 December**

	2022	2023	2024
	Forecast	Projection	Projection
	€'000	€'000	€'000
Net cash from (used in) operating activities	2,392	227	4,491
Net cash from (used in) investing activities	(10,085)	(5,629)	(1,571)
Net cash from (used in) financing activities	15,168	(136)	(1,997)
Net movement in cash and cash equivalents	7,475	(5,538)	923
Cash and cash equivalents at beginning of year	1,043	8,518	2,980
Cash and cash equivalents at end of year	8,518	2,980	3,903
Free cash flow¹	(7,693)	(5,402)	2,920

¹ Free cash flow is arrived at by deducting capital expenditure from cash generated from operating activities.

Net cash from operating activities in FY2022 is expected to amount to €2.4 million, principally reflecting net cash inflows to be generated from property sales. In FY2023, net cash from operating activities will comprise a half year's operation of the Hotel and an adverse movement in working capital on account of property development works-in-progress. As such, net cash inflows for the year is expected to amount to €0.2 million.

In the subsequent year (FY2024), net cash inflows from operating activities is projected to increase to €4.5 million on account of a full year's operation of the Hotel and the execution of sale contracts relating to all units within the Mellieha Project and Birkirkara Project.

Net cash used in investing activities is estimated to amount to €15.7 million during FY2022 and FY2023 (in aggregate) and relates to the acquisition of the site in Swieqi, limits of St Julians and development thereon of the Hotel. The final payments relating to the development of the Hotel amounting to €1.6 million are projected to be settled in FY2024.

In FY2022, net cash from financing activities is projected to amount to €15.2 million and shall mainly comprise net proceeds from the proposed bond issue of €15.7 million. The Group is expected to effect bank loan repayments of €0.4 million and incur bank loan interest of €0.1 million. In FY2023, net cash used is estimated to amount to €0.1 million and includes bond and bank loan interests of €0.8 million which is expected to be partly offset by bank loan drawdowns of €0.7 million.

Net cash used in financing activities in FY2024 is estimated at €2.0 million and shall comprise the settlement in full of bank loans amounting to €1.2 million in relation to the Mellieha Project and Birkirkara Project and interest payments on account of bank borrowings and bonds of €0.8 million.



MZ INVESTMENT SERVICES

PART 3 - COMPARABLES

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

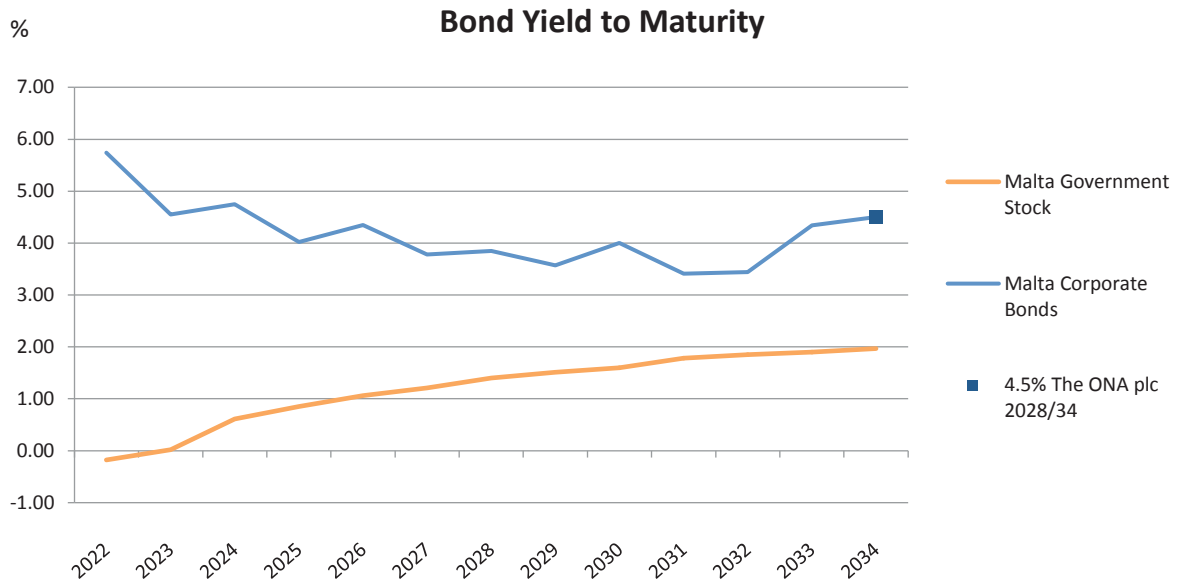
Comparative Analysis	Nominal Value (€)	Yield to Maturity (%)	Interest Cover (times)	Total Assets (€'000)	Net Asset Value (€'000)	Gearing Ratio (%)
6.00% Pendergardens Developments plc Secured € 2022 Series	21,093,400	5.74	1.79	60,578	29,491	36.39
4.25% GAP Group plc Secured € 2023	8,367,900	5.29	14.81	112,173	21,575	60.31
5.30% United Finance Plc Unsecured € Bonds 2023	8,500,000	4.55	0.67	37,298	6,677	75.91
5.80% International Hotel Investments plc 2023	10,000,000	4.54	1.06	1,695,229	838,216	40.59
5.5% Mediterranean Investments Holding plc € 2023	20,000,000	4.64	2.01	310,941	188,651	27.06
6.00% AX Investments Plc € 2024	40,000,000	3.57	1.69	374,099	237,143	25.10
6.00% International Hotel Investments plc € 2024	35,000,000	5.47	1.06	1,695,229	838,216	40.59
5.30% Mariner Finance plc Unsecured € 2024	35,000,000	4.75	3.30	102,348	52,929	46.65
5.00% Hal Mann Vella Group plc Secured € 2024	30,000,000	3.72	2.60	123,752	48,512	53.05
5.10% 1923 Investments plc Unsecured € 2024	36,000,000	4.36	4.58	149,687	52,831	49.89
4.25% Best Deal Properties Holding plc Secured € 2024	12,136,700	2.45	-	24,561	6,893	62.61
3.70% GAP Group plc Secured € 2023-2025 Series 1	21,000,000	3.55	14.81	112,173	21,575	60.31
5.75% International Hotel Investments plc Unsecured € 2025	45,000,000	4.66	1.06	1,695,229	838,216	40.59
5.10% GPM Holdings plc Unsecured € 2025	13,000,000	4.59	52.47	162,889	74,159	14.82
4.50% Hili Properties plc Unsecured € 2025	37,000,000	4.02	1.41	208,696	110,881	32.31
4.35% Hudson Malta plc Unsecured € 2026	12,000,000	4.35	4.51	58,951	12,557	68.49
4.25% Corinthia Finance plc Unsecured € 2026	40,000,000	4.11	0.51	1,717,057	828,470	42.64
4.00% International Hotel Investments plc Secured € 2026	55,000,000	3.36	1.06	1,695,229	838,216	40.59
5.00% Dizz Finance plc Unsecured € 2026	8,000,000	4.99	0.45	72,112	4,763	91.27
3.75% Premier Capital plc Unsecured € 2026	65,000,000	3.51	11.70	317,675	60,118	74.24
4.00% International Hotel Investments plc Unsecured € 2026	60,000,000	4.02	1.06	1,695,229	838,216	40.59
3.25% AX Group plc Unsec Bds 2026 Series I	15,000,000	3.25	1.69	374,099	237,143	25.10
3.90% GAP Group plc Secured € 2024-2026	21,000,000	3.90	14.81	112,173	21,575	60.31
4.35% SD Finance plc Unsecured € 2027	65,000,000	4.35	0.88	328,464	131,504	30.32
4.00% Eden Finance plc Unsecured € 2027	40,000,000	3.78	3.63	193,529	109,284	28.55
4.00% Stivala Group Finance plc Secured € 2027	45,000,000	3.49	3.25	362,955	235,392	26.66
3.85% Hili Finance Company plc Unsecured € 2028	40,000,000	3.85	3.44	624,222	106,811	78.42
3.65% Stivala Group Finance plc Secured € 2029	15,000,000	3.57	3.25	362,955	235,392	26.66
3.80% Hili Finance Company plc Unsecured € 2029	80,000,000	3.88	3.44	624,222	106,811	78.42
3.75% AX Group plc Unsec Bds 2029 Series II	10,000,000	3.79	1.69	374,099	237,143	25.10
3.65% International Hotel Investments plc Unsecured € 2031	80,000,000	3.68	1.06	1,695,229	838,216	40.59
3.50% AX Real Estate plc Unsec Bds 2032	40,000,000	3.44	-	238,228	78,698	63.41
4.50% The Ona plc € 2028 - 2034	16,000,000	4.50	44.94	29,758	8,719	51.62

29-Apr-22

Source: Malta Stock Exchange, Audited Accounts of Listed Companies, MZ Investment Services Ltd



MZ INVESTMENT SERVICES



Source: Malta Stock Exchange, Central Bank of Malta, MZ Investment Services Ltd

29 April 2022

To date, there are no corporate bonds which have a redemption date beyond 2034. The Malta Government Stock yield curve has been included as it is the benchmark risk-free rate for Malta.

The Bonds are priced at a yield of 4.50%, which is at par when compared to other corporate bonds maturing in the same year. The premium over FY2034 Malta Government Stock is 253 basis points.



MZ INVESTMENT SERVICES

PART 4 - EXPLANATORY DEFINITIONS

INCOME STATEMENT

Revenue	Total revenue generated by the Group from its business activities during the financial year.
Cost of sales	Operating expenses include the cost of construction, cost of hotel operations and other related expenses.
Operating profit	Operating profit can be used to analyse and compare profitability between companies and industries because it eliminates the effects of financing and accounting decisions.
Profit after tax	Profit after tax is the profit made by the Issuer during the financial year both from its operating as well as non-operating activities.

PROFITABILITY RATIOS

Operating profit margin	Operating profit margin is operating income or EBITDA (earnings before interest, tax, depreciation & amortisation) as a percentage of total revenue.
Net profit margin	Net profit margin is profit after tax achieved during the financial year expressed as a percentage of total revenue.

EFFICIENCY RATIOS

Return on equity	Return on equity (ROE) measures the rate of return on the shareholders' equity of the owners of issued share capital, computed by dividing profit after tax by shareholders' equity.
Return on capital employed	Return on capital employed (ROCE) indicates the efficiency and profitability of a company's capital investments, estimated by dividing operating profit by capital employed.
Return on assets	Return on assets (ROA) is computed by dividing profit after tax by total assets.

EQUITY RATIOS

Earnings per share	Earnings per share (EPS) is the amount of earnings per outstanding share of a company's share capital. It is computed by dividing net income available to equity shareholders by total shares outstanding as at balance sheet date.
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CASH FLOW STATEMENT

Cash flow from operating activities	Cash generated from the principal revenue-producing activities of the Group.
Cash flow from investing activities	Cash generated from activities dealing with the acquisition, disposal and development of long-term assets and other investments of the Issuer.
Cash flow from financing activities	Cash generated from the activities that result in change in share capital and borrowings of the Issuer.



M Z I N V E S T M E N T S E R V I C E S

BALANCE SHEET

Non-current assets	Non-current assets are the Issuer's long-term investments, which full value will not be realised within the accounting year. Non-current assets are capitalised rather than expensed, meaning that the Issuer amortises the cost of the asset over the number of years for which the asset will be in use, instead of allocating the entire cost to the accounting year in which the asset was acquired. Such assets include property, plant & equipment, and investment property.
Current assets	Current assets are all assets of the Issuer, which are realisable within one year from the balance sheet date. Such amounts include development stock, accounts receivable, cash and bank balances.
Current liabilities	Current liabilities are all liabilities payable by the Issuer within a period of one year from the balance sheet date, and include accounts payable and short-term debt, including current portion of bank loans.
Non-current liabilities	Non-current liabilities are the Issuer's long-term financial obligations that are not due within the present accounting year. The Issuer's non-current liabilities include long-term borrowings and debt securities.
Total equity	Total equity includes share capital, reserves & other equity components, and retained earnings.
Net assets per share	Net assets per share are the total assets less total liabilities divided by the number of equity shares in issue.

FINANCIAL STRENGTH RATIOS

Liquidity ratio	The liquidity ratio (also known as current ratio) is a financial ratio that measures whether or not a company has enough resources to pay its debts over the next 12 months. It compares a company's current assets to its current liabilities.
Interest cover	The interest coverage ratio is calculated by dividing a company's operating profit of one period by the company's interest expense of the same period.
Net debt to operating profit	The net debt to operating profit ratio is a measurement of leverage, calculated as a company's interest bearing liabilities minus cash or cash equivalents, divided by its operating profit. This ratio shows how many years it would take for a company to pay back its debt if net debt and operating profit are held constant.
Gearing ratio	The gearing ratio indicates the relative proportion of shareholders' equity and debt used to finance a company's assets, and is calculated by dividing a company's net debt by net debt plus shareholders' equity. Alternatively, the gearing ratio can be calculated by dividing a company's net debt by shareholders' equity. Shareholders' equity comprises 'other capital' as defined hereinabove.

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