

SECURITIES NOTE

Dated 9 November 2022

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

In respect of an issue of €15 million 4.75% Secured Bonds 2025 - 2027
of a nominal value of €100 per Bond issued at par by



BEST DEAL PROPERTIES HOLDING P.L.C.

a public limited liability company registered in Malta with company registration number C 88974

Guaranteed* by Best Deal Estates Limited a private limited liability company registered in Malta with company registration number C 102444

**Prospective investors are to refer to the Guarantee contained in Annex II of this Securities Note for a description of the scope, nature and terms of the Guarantee and also to refer to sub-section 5.7.2 of this Securities Note for a description of the Collateral. Reference should also be made to the sections entitled "Risk Factors" contained in the Summary, in the Registration Document and in this Securities Note for a discussion of certain risk factors which should be considered by prospective investors in connection with the Bonds and the Guarantee provided by the Guarantor.*

ISIN: MT0002121219

Legal Counsel

Security Trustee

Sponsor, Manager & Registrar

ZammitPace 



FINCO TRUST SERVICES LIMITED



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

THIS SECURITIES NOTE HAS BEEN APPROVED BY THE MFSA AS THE COMPETENT AUTHORITY UNDER THE PROSPECTUS REGULATION. THE MFSA ONLY APPROVES THE PROSPECTUS AS MEETING THE STANDARDS OF COMPLETENESS, COMPREHENSIBILITY AND CONSISTENCY IMPOSED BY THE PROSPECTUS REGULATION. SUCH APPROVAL SHALL NOT BE CONSIDERED AS AN ENDORSEMENT OF THE QUALITY OF THE SECURITIES THAT ARE THE SUBJECT OF THIS SECURITIES NOTE. IN PROVIDING THIS AUTHORISATION, THE MALTA FINANCIAL SERVICES AUTHORITY DOES NOT GIVE ANY CERTIFICATION REGARDING THE POTENTIAL RISKS IN INVESTING IN THE SAID SECURITIES AND SUCH AUTHORISATION SHOULD NOT BE DEEMED OR BE CONSTRUED AS A REPRESENTATION OR WARRANTY AS TO THE SAFETY OF INVESTING IN SUCH INSTRUMENTS. INVESTORS SHOULD MAKE THEIR OWN ASSESSMENT AS TO THE SUITABILITY OF INVESTING IN THE SECURITIES.

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

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. INVESTORS SHOULD MAKE THEIR OWN ASSESSMENT AS TO THE SUITABILITY OF INVESTING IN THE SECURITIES SUBJECT OF THIS SECURITIES NOTE.

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



Christopher Attard

Approved by the Directors



Pierre Bartolo

signing in their own capacity as directors of the Company and for and on behalf of each of Robert Buttigieg, David Basile, Erskine Vella, James Bullock, Mario P Galea and Marlene Seychell



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1. IMPORTANT INFORMATION

THIS SECURITIES NOTE CONSTITUTES PART OF THE PROSPECTUS DATED 9 NOVEMBER 2022 AND CONTAINS INFORMATION ON BEST DEAL PROPERTIES HOLDING P.L.C. IN ITS CAPACITY AS ISSUER, BEST DEAL ESTATES LIMITED AS GUARANTOR, AND ABOUT THE BONDS IN ACCORDANCE WITH THE REQUIREMENTS OF THE CAPITAL MARKETS RULES, THE COMPANIES ACT (CHAPTER 386 OF THE LAWS OF MALTA) AND THE PROSPECTUS REGULATION, AND SHOULD BE READ IN CONJUNCTION WITH THE REGISTRATION DOCUMENT ISSUED BY THE ISSUER.

THIS SECURITIES NOTE SETS OUT THE CONTRACTUAL TERMS UNDER WHICH THE BONDS ARE ISSUED BY THE ISSUER AND ACQUIRED BY A BONDHOLDER, WHICH TERMS SHALL REMAIN BINDING UNTIL THE REDEMPTION DATE OF THE BONDS OR A DESIGNATED EARLY REDEMPTION DATE, AS APPLICABLE, UNLESS THEY ARE OTHERWISE CHANGED IN ACCORDANCE WITH SUB-SECTION 6.16 OF THIS SECURITIES NOTE.

NO BROKER, DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORISED BY THE ISSUER, THE GUARANTOR OR THEIR RESPECTIVE DIRECTORS, TO PUBLISH OR ISSUE ANY ADVERTISEMENT OR TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THE ISSUER, THE GUARANTOR AND, OR THE SECURITIES OF THE ISSUER OTHER THAN THOSE CONTAINED IN THE PROSPECTUS AND IN THE DOCUMENTS REFERRED TO THEREIN, AND IF PUBLISHED, ISSUED, GIVEN OR MADE, SUCH ADVERTISEMENT, INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY THE ISSUER, THE GUARANTOR OR THEIR RESPECTIVE DIRECTORS OR ADVISERS.

ALL THE ADVISERS TO THE ISSUER NAMED UNDER THE HEADING “ADVISERS” IN SECTION 5.3 OF THE REGISTRATION DOCUMENT HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER IN RELATION TO THE PROSPECTUS AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION TOWARDS ANY OTHER PERSON AND WILL ACCORDINGLY NOT BE RESPONSIBLE TO ANY INVESTOR OR ANY OTHER PERSON WHOMSOEVER IN RELATION TO THE TRANSACTIONS PROPOSED IN THE PROSPECTUS.

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

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

THE DISTRIBUTION OF THE PROSPECTUS IN CERTAIN JURISDICTIONS MAY BE RESTRICTED AND ACCORDINGLY, PERSONS INTO WHOSE POSSESSION IT IS RECEIVED ARE REQUIRED TO INFORM THEMSELVES ABOUT, AND TO OBSERVE, SUCH RESTRICTIONS.

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

THIS SECURITIES NOTE IS VALID FOR A PERIOD OF 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.

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

IT IS THE RESPONSIBILITY OF ANY PERSONS IN POSSESSION OF THIS DOCUMENT AND ANY PERSONS WISHING TO APPLY FOR ANY SECURITIES ISSUED BY THE ISSUER TO INFORM THEMSELVES OF, AND TO OBSERVE AND COMPLY WITH, ALL APPLICABLE LAWS AND REGULATIONS OF ANY RELEVANT JURISDICTION. PROSPECTIVE INVESTORS FOR ANY



SECURITIES THAT MAY BE ISSUED BY THE ISSUER SHOULD INFORM THEMSELVES AS TO THE LEGAL REQUIREMENTS OF APPLYING FOR ANY SUCH SECURITIES AND ANY APPLICABLE EXCHANGE CONTROL REQUIREMENTS AND TAXES IN THE COUNTRIES OF THEIR NATIONALITY, RESIDENCE OR DOMICILE.

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

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

THE VALUE OF INVESTMENTS CAN FALL AS WELL AS RISE, 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 FINANCIAL AND OTHER PROFESSIONAL ADVISERS.

2. DEFINITIONS

Capitalised words and expressions used in this Securities Note and which are defined in the Registration Document forming part of the Prospectus shall, except where the context otherwise requires and except where otherwise defined herein, bear the same meaning herein as the meaning given to such words and expressions in the Registration Document. Furthermore, in this Securities Note the following words and expressions shall bear the following meanings except where otherwise expressly stated or 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	A person or persons (in the case of joint applicants) who subscribe(s) for the Secured Bonds;
Application	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 section 8.2.19 of this Securities Note;
Authorised Financial Intermediaries	The licensed financial intermediaries whose details appear in Annex I 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;
CET	Central European Time;
Civil Code	The Civil Code (Chapter 16 of the laws of Malta);
CSD	The Central Securities Depository of the Malta Stock Exchange having its address at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta;
Designated Early Redemption Dates	Any date falling between 30 November 2025 and 29 November 2027, 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 interests accrued up to the date of prepayment, by giving not less than 30 days' notice to the Bondholders and "Early Redemption" shall be construed accordingly;
Financial Analysis Summary	The financial analysis summary, dated 9 November 2022, compiled by the Sponsor in line with the applicable requirements of the MFSA Listing Policies, a copy of which is set out in Annex III of the Securities Note forming part of the Prospectus;
Interest Payment Date	30 November of each year between and including each of the years 2023 and 2027 provided that if any such day is not a Business Day such Interest Payment Date shall be carried out to the next following day that is a Business Day;
Intermediaries' Offer	An offer for subscription of Bonds made by the Issuer to the Authorised Financial Intermediaries through subscription agreements, as further detailed in sub-section 6.3 of this Securities Note;
Issue Date	9 December 2022;
MIFID II	Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/ EU (recast);
MSE Bye-Laws	The MSE bye-laws issued by the authority of the board of directors of Malta Stock Exchange plc, as may be amended from time to time;
Offer Period	The period between 08.30 hours on 14 November 2022 and 14.00 hours on 29 November 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	The pledge agreement to be entered into by and between the Guarantor 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	30 November 2027;
Redemption Value	The nominal value of each Secured Bond (€100 per Secured Bond);
Registration Document	The registration document issued by the Issuer dated 9 November 2022, forming part of the Prospectus;
Reserve Account	The reserve account maintained by the Security Trustee for the benefit of the Bondholders;



Secured Bonds	Up to €15,000,000 Secured Bonds of a nominal value of €100, redeemable at the Redemption Value on the Redemption Date or a Designated Early Redemption Date, bearing interest at the rate of 4.75% per annum on the nominal value of the Secured Bond, as detailed in this Securities Note;
Securities Note	This document in its entirety;
Suitability Test	Shall have the meaning assigned to it in section 8.2.19 of this Securities Note;
Terms and Conditions	The terms and conditions of the Secured Bonds set out in sections 5.5, 6 and 8 of this Securities Note.

All references in the Prospectus to “Malta” are to the “Republic of Malta”.

Unless it appears otherwise from the context:

- a) words importing the singular shall include the plural and vice-versa;
- b) words importing the masculine gender shall include also the feminine gender and vice-versa;
- c) the word “may” shall be construed as permissive and the word “shall” shall be construed as imperative;
- d) any references to a person include natural persons, firms, partnerships, companies, corporations, associations, organizations, governments, states, foundations or trusts;
- e) any phrase introduced by the term “including”, “include”, “in particular” or any similar expression is illustrative only and does not limit the sense of the words preceding the term; and
- f) any references to a law, legislative act and/or other legislation shall mean that particular law, legislative act and/or legislation as in force at the time of issue 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 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.

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

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

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

PROSPECTIVE INVESTORS SHOULD MAKE THEIR OWN 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 Guarantor’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 Guarantor’s actual results of operations, financial condition and performance, and trading prospects 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 performance, and trading results, of the Issuer and, or the Guarantor 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 and an investment in the Bonds. 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 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 should consult with an investment advisor before investing in the Secured Bonds. In particular, investors should consult with an investment advisor with a view to 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 advisor) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks. An informed investment decision can only be made by investors after they have read and fully understood the risk factors associated with an investment in the Secured Bonds, and the inherent risks associated with the BDP Group’s business.

3.2.2 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 any interest or 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.



3.2.3 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 3.2 of the Registration Document.

3.2.4 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.

3.2.5 Future public offers

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

3.2.6 Subsequent changes in interest rates and potential impact on 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 Bondholder 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.

3.2.7 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 (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.

3.2.8 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.

3.2.9 Amendments to the Terms and Conditions of the Secured Bonds

In the event that the Issuer wishes to amend any of the Terms and Conditions of the Secured Bonds it may call a meeting of Bondholders in accordance with the provisions of section 6.16 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.

3.3 Risks Relating to the Guarantor and the Collateral

3.3.1 Risks relating to the business of the Guarantor

The risk factors contained in section 3.4 of the Registration Document entitled "*Operational Risks relating to the BDP Group and its business*" apply to the business of the Guarantor. If any of the risks mentioned in section 3.4 of the Registration Document were to materialise, they could have a material adverse effect on the ability of the Guarantor to satisfy its obligations under the Guarantee.

3.3.2 Risks relating to the Guarantee and the Collateral granted by the Guarantor

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

The strength of the undertakings given under the Guarantee and, accordingly, the level of recoverability by the Security Trustee from the Guarantor of any amounts due under any of the Secured Bonds, is dependent upon and directly linked to the financial position and solvency of the Guarantor. The Guarantee is further supported by, *inter alia*, the Collateral over the Hypothecated Property belonging to the Guarantor. Whilst this grants the Security Trustee a right of preference and priority for repayment over the relative Hypothecated Property, there can be no guarantee that the value of the relevant Hypothecated Property over the term of the Secured Bonds will be sufficient to cover the full amount of interest and principal outstanding under the Bonds. This may be caused by a number of factors not least of which general economic factors that could have an adverse impact on the value of the relevant Hypothecated Property. If such circumstances were to arise or subsist at the time that the Security Interest is to be enforced by the Trustee, it could have a material adverse effect on the recoverability of all the amounts that may be outstanding under the Secured Bonds.

In addition to the aforesaid, the valuations of the Hypothecated Property so prepared by an independent qualified architect contain 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 the assumptions. There can be no assurance that such property valuations and property-related assets will reflect actual market values at the time of enforcement of the security interests over the Hypothecated Property.

3.3.3 Terms of the Security Trust Deed

By acquiring Secured Bonds, a Bondholder is considered to be bound by the terms of the Security Trust Deed as if he/she/it had been a party to it. The Security Trust Deed contains a number of provisions which prospective investors ought to be aware of prior to acquiring the Secured Bonds. For instance, in terms of the Security Trust Deed:

- the Security Trustee is not liable for any loss or expense attributable to any action taken or omitted to be taken by the Security Trustee, or any person appointed by the Security Trustee, unless the loss or expense is shown to have been caused by the fraud, gross negligence, breach of duty or wilful misconduct of the Security Trustee or the person so appointed;
- the Security Trustee is not bound to take any such steps or proceedings or take any other action to enforce the security constituted by the Security Interest unless the Security Trustee shall have been indemnified to its satisfaction against all actions, proceedings, claims and demands to which it may thereby render itself liable and all costs, charges, damages and expenses which it may incur by so doing;
- the Security Trustee is not bound to declare the Bonds to have become immediately due and repayable in the case of an event of default, described in section 6.13 of this Securities Note, unless requested to do so by not less than seventy-five per centum (75%) in nominal value of the Secured Bonds then outstanding, by notice in writing to the Issuer and Guarantor;
- the Security Trustee may pay itself out of the trust fund all sums owing to it in respect of the remuneration costs, charges, expenses or interest or by virtue of any indemnity from the Company to which it is entitled under the Security Trust Deed or by law or by virtue of any release or indemnity granted to it and all such sums as aforesaid shall be so retained and paid in priority to the claims of the Bondholders and shall constitute an additional charge upon the property charged with the Collateral.

4. PERSONS RESPONSIBLE AND STATEMENT OF APPROVAL

This document includes information given in compliance with the Prospectus Regulation for the purpose of providing prospective investors with information with regards to the Secured Bonds. All of the Directors, whose names appear in sub-section 5.1.1 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. 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.bestdealholdings.com

4.2 Statement of Authorisation

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

5. ESSENTIAL INFORMATION

5.1 Reasons for the Issue and Use of Proceeds

The net proceeds from the Bond Issue will be on-lent by the Issuer to the Guarantor pursuant to the Loan Agreement, and such funds shall be used by the Guarantor for the following purposes, in the amounts and order of priority set out below:

- (i) the amount of *circa* €10.2 million for the purposes of funding the acquisition, by the Guarantor, of the Siggiewi Site over which the Siggiewi Development will be developed, and related costs of acquisition; and
- (ii) the amount of *circa* €4.4 million shall be retained by the Security Trustee to be disbursed to contractors, on behalf of the Guarantor, engaged to undertake excavation and construction works relating to the Siggiewi Development, once the Siggiewi Site is acquired as indicated in (i) above.

The issue and allotment of the Secured Bonds is conditional upon: (a) the Bond Issue being fully subscribed; (b) confirmation of admission of the Secured Bonds to the Official List; and (c) the Security Interest being constituted in favour of the Security Trustee.

In the event that any of the aforesaid conditions (a) to (c) is not satisfied, the Security Trustee shall return the Bond Issue proceeds to the Bondholders.

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 €14.6 million as follows:

- (i) from the amount of €10.2 million, the amount of €9.3 million shall be released to the respective vendors of the portions of land comprising the Siggiewi Site and to the Assignors of the Siggiewi Site Portion 1 on the respective deeds of sale. The Security Trustee shall appear on the said respective deeds of sale pursuant to a delegation of authority granted by the Guarantor in its favour to pay the purchase price of the Siggiewi Site to the vendors and to the Assignors as aforesaid. The remaining amount of €0.8 million shall be utilised to pay stamp duty and notarial fees and shall be released to the notary public responsible for such purpose. Simultaneously upon the entry into the respective deeds of sale pertaining to the Siggiewi Site, each of the Issuer and Guarantor 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) the amount of such loan facility which is intended to be used to finance the excavation and construction of the Siggiewi Development as set out in sub-section 5.1(ii) above, which will be held by the Security Trustee, will be drawn down in one or more subsequent drawdowns following a request by the Guarantor to the Issuer, in order to pay invoices for excavation and construction works on the Siggiewi Development, as such invoices are received from the relevant contractors and against presentation of such invoices and architect's certificate of completion in respect of the relevant works included in the invoice. The said drawdowns will not be paid by the Security Trustee to the Guarantor, but will be paid by the Security Trustee directly to the relevant contractors in satisfaction of the relevant invoices.

5.3 Funding from Other Sources

The Guarantor requires approximately €26 million to acquire the Siggiewi Site and to develop and complete the Siggiewi Development. The amount of €10.2 million from the net proceeds of the Bond Issue to be received by the Issuer shall be on-lent to the Guarantor to purchase the Siggiewi Site. The balance of the net proceeds of the Bond Issue to be received by the Issuer, amounting to €4.4 million, shall be on-lent to the Guarantor to part finance costs required to excavate the Siggiewi Site and construct the Siggiewi Development. The remaining amount required for the construction and finishing of the Siggiewi Development will be funded from sales of units generated from the initial phases of the Siggiewi Development and cash flows generated from unit sales of other projects of the BDP Group.

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 €400,000. There is no particular order of priority with respect to such expenses.



5.5 Issue Statistics

Amount	€15,000,000;
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	MT0002121219;
Minimum amount per subscription	minimum of €5,000 and multiples of €100 thereafter;
Redemption Date	30 November 2027 or on the Designated Early Redemption Date;
Designated Early Redemption Date	any date falling between 30 November 2025 and 29 November 2027, 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 interests accrued up to the date of prepayment, by giving not less than 30 days' notice to the Bondholders and "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 Bonds	the Secured Bonds shall constitute general, direct, secured, and unconditional obligations of the Issuer, to be secured in the manner described in section 5.7.2, guaranteed by the Guarantor and shall at all times rank <i>pari passu</i> and without any preference among themselves. Save for such exceptions as may be provided by applicable law, the Secured Bonds shall be secured by the Security Interest and accordingly, shall rank with priority or preference over other present and future unsecured obligations of the Issuer and the Guarantor;
Guarantee	the joint and several guarantee, dated 9 November 2022, granted by Best Deal Estates Limited as security for the punctual performance of the Issuer's payment obligations under the Bond Issue;
Security Interest	the following security to be constituted prior to or upon the final deeds of sale and acquisition of the sites upon which the Siggiewi Development will be constructed and developed: (i) the first ranking general hypothec for the full nominal value of the Secured Bonds and interests thereon over all the present and future property of the Guarantor; (ii) the first ranking special hypothec for the full nominal value of the Secured Bonds and interests thereon over Siggiewi Site together with all and any constructions to be developed thereon; (iii) the Guarantee; and (iv) the Pledge Agreement;
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;
Intermediaries' Offer	the subscription agreements entered into between the Issuer and Authorised Financial Intermediaries for their own account or on behalf of their clients, as further described in sub-section 6.3 of this Securities Note;
Allocation	Applicants may apply for Secured Bonds through the Authorised Financial Intermediaries during the Offer Period;
Offer Period	08.30 hours on 14 November 2022 to 14.00 hours on 29 November 2022, both days included;
Interest	4.75% per annum;
Interest Payment Date(s)	annually on 30 November as from 30 November 2023 (the first interest payment date);
Governing Law of Secured Bonds	the Secured Bonds are governed by and shall be construed in accordance with Maltese law;
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 (which includes MZ Investment Services Ltd), and any fees payable in connection with the Bond Issue to MZ Investment Services Ltd (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.

5.7 Security Trust Deed and Security Interest

5.7.1 Security Trust Deed

The Issuer and the Guarantor have entered into a Security Trust Deed with the Security Trustee which consists of the covenants of the Issuer and the Guarantor to repay the principal amount under the Secured Bonds on the Redemption Date or a Designated Early Redemption Date and interest thereon and to observe all the covenants and obligations undertaken by the Issuer and the Guarantor under the Security Trust Deed and the Prospectus, as secured by the Security Interest. The Security Interest will 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 Security Interest for the benefit of the Bondholders and the enforcement of the Security Interest 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 Guarantor), save to the extent that the Security Trustee shall apply any amounts available in terms of the Security Interest held by it towards the redemption of the Secured Bonds on the Redemption Date or a Designated Early Redemption Date or upon enforcement of the Security Interest upon the happening of certain events as aforesaid.

The terms and conditions of the Security Trust Deed shall, upon subscription or purchase of any Bonds, be binding on such subscriber or purchaser as a beneficiary under the trust as if the Bondholders had been a party to the Security Trust Deed and as if the Security Trust Deed contained covenants on the part of each Bondholder to observe and be bound by all the provisions therein, and the Security Trustee is authorised and required to do the things required of it by the Security Trust Deed.

5.7.2 Security Interest

Pursuant to the Security Trust Deed and by way of Security Interest, the Guarantor agreed to jointly and severally guarantee the punctual performance by the Company of the Bond Obligations by entering into the Guarantee.

The Guarantor has agreed to further support the joint and several guarantee under the Guarantee as follows:

- (i) 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; and
- (ii) by virtue of a first ranking special hypothec for the full nominal value of the Secured Bonds and interest thereon over the Siggiewi Site.

Following the Bond Issue, the Security Trustee shall retain all Bond net proceeds until the Security Interest has been constituted and the MSE has confirmed that the Bonds will be admitted to the Official List of the MSE.

It is expected that by end December 2022, the Guarantor shall enter into public deeds with the vendors of the respective portions of the Siggiewi Site, for the purchase and acquisition of legal title of the sites over which the Siggiewi Development is to be constructed. The Security Trustee shall appear on said deeds for the purpose of: (i) ensuring that the Guarantor obtains legal title to the respective portions of the Siggiewi Site, free from any privileged or hypothecary rights in favour of third parties; (ii) releasing in favour of the respective vendors the cash amount of the purchase consideration and related costs and releasing in favour of the Assignors the cash amount of the assignment of the promise of sale pertaining to Siggiewi Site Portion 1, as well as releasing the cash amount for the payment of duty on documents and notarial contract expenses, amounting to €10.2 million for the Siggiewi Site; and (iii) obtaining from the Guarantor the Security Interest over the Siggiewi Development.

Following the above-mentioned acquisition, and in terms of the Security Trust Deed, the Guarantor shall take out an insurance policy to cover the full replacement value of the Hypothecated Property and 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.

Out of the Bond Issue net proceeds (described in sub-section 5.1 above), the Security Trustee shall retain the amount of €4.4 million to be disbursed to contractors undertaking works on the Siggiewi Development. All disbursements made by the Security Trustee shall be covered by invoices and, or certificates of an architect confirming that works equivalent to payments disbursed by the Security Trustee have accrued to the Siggiewi Development. This is intended to ensure, as far as practicably possible that the aggregate value of cash held by the Security Trustee and the underlying value of the Security Interest are equivalent to the value of Bonds outstanding. Moreover, a contract for the preservation of the special privilege, in relation to the above-mentioned amounts, shall be entered into between the Guarantor and the Security Trustee in accordance with the provisions of article 2010(b) of the Civil Code.



In order to further protect the Security Interests of the Security Trustee for the benefit of Bondholders and to preserve their ranking over the assets of the Company and Guarantor, the Guarantor will provide the Security Trustee an authentic copy of a public deed registered at the Public Registry in accordance with the provisions of article 1996A of the Civil Code by which the contractor, engaged by the Guarantor to work on the excavation and shell construction of the Hypothecated Property and having a contract value (or the cumulative value of a series of contracts) above €500,000 (five hundred thousand euro), irrevocably renounces to its right to register a special privilege or special legal hypothec on the Hypothecated Property accorded to it by law in terms of article 2010(b) and article 2022 of the Civil Code or to register or secure any other cause of preference or security on the Hypothecated Property to which it may become entitled in terms of law, by virtue of any claim for outstanding dues for supplies, materials, work or services performed or undertaken by it in connection with the development of the Hypothecated Property. Moreover, the aforesaid contractor shall covenant that it shall only be allowed to subcontract to other subcontractors on condition that a similar waiver of rights is agreed as provided hereinabove.

5.8 Releasing Security and the Reserve Account

All sales of residential units forming part of the Hypothecated Property are expected to be executed on the basis that units are sold free and unencumbered, and accordingly released of all hypothecary rights and privileges encumbering those units. For this purpose, the Security Trustee is authorised and empowered, pursuant to the Security Trust Deed, to release individual units of the Hypothecated Property from the Security Interest encumbering such unit/s upon receipt by it from the Company or Guarantor or from a prospective purchaser of a fixed portion of the purchase price of each residential unit, as described in (i) below, or in the absence of the indication of a fixed portion, in accordance with allocation of sales proceeds detailed in (ii) below, in each case subject to any other agreement made from time to time by the Security Trustee, the Issuer and the Guarantor as indicated below. Any shortfall in the amount receivable by the Security Trustee pursuant to the foregoing shall be required to be made up, in whole or in part, out of the available sale proceeds from any subsequent sale or sales until such shortfall shall have been made up in its entirety.

The funds so received by the Security Trustee shall be held by it under trust in a segregated bank account with a licensed credit institution in Malta for the benefit of the Bondholders to be known as the “Reserve Account” and shall be so held with a view to meeting the redemption of the Secured Bonds on the Redemption Date or any Designated Early Redemption Date or otherwise for the Issuer to re-purchase Secured Bonds in the market for cancellation.

The Security Trustee, Issuer and Guarantor have agreed on a list of projected prices for each residential unit (the “Projected Sales Price”) and then established a fixed allocation of the Projected Sales Price from each residential unit in the Siggiewi Development forming part of the Hypothecated Property, based on a percentage allocation of the Projected Sales Price. The Trustee shall only be bound to release the Security Interests registered in its favour over a particular residential unit against receipt by it of the agreed fixed amount that is attributed to that unit in the Security Trust Deed. This is intended to ensure that the security created for the interest of Bondholders is only reduced against a cash payment made by the Issuer to the credit of the Reserve Account to be held by the Security Trustee for the benefit of Bondholders. The Security Trust Deed empowers the Security Trustee at any time, acting in its sole and absolute discretion, to agree amendments with the Issuer and the Guarantor to the agreed fixed amount attributed to any unit in the Security Trust Deed.

Pursuant to the Security Trust Deed, the allocation of sales proceeds shall be made as provided hereunder:

- a. all Payments on Account (as defined below) shall be allocated to the Guarantor for application in meeting the overall development costs of the Siggiewi Development;
- b. a pre-determined amount from the sale of each residential unit forming part of the Siggiewi Development shall be allocated from the Net Balance of Price to the Security Trustee for the benefit of the Reserve Account (subject to any other agreement made from time to time by the Security Trustee, the Issuer and the Guarantor as indicated below); and
- c. the remaining balance of the Net Balance of Price shall be allocated to the Guarantor and shall be applied firstly to meet the overall development costs of the Siggiewi Development.

The proceeds from the sale of a residential unit can be classified as follows:

- The amount paid by a buyer on account of the purchase consideration of any residential unit which shall not (save as indicated below) exceed 10% of the gross sale price of that residential unit (the “Payment on Account”); and
- The outstanding balance of the purchase consideration of a residential unit, after deducting the Payment on Account, sales commissions payable by the Guarantor (and VAT on commissions) and provisional tax or other taxes (whether existing today or in the future), imposts and, or fees payable on or in respect of the full sales price (the “Net Balance of Price”).

The Security Trust Deed empowers the Security Trustee at any time, acting in its sole and absolute discretion, to agree amendments with the Issuer and the Guarantor (i) to the percentage of the gross sale price representing the Payment on Account; and (ii) the pre-determined amount to be allocated from the Net Balance of Price to the Security Trustee for the benefit of the Reserve Account.

In the absence of unforeseen circumstances and subject to there being no material adverse changes in circumstances, the Directors are of the view that, the portion of Projected Sales Price of residential units in the Hypothecated Property allocated to the Security Trustee from available cash flows that will be credited to the Reserve Account will be sufficient to cover the redemption of the Secured Bonds on the Redemption Date.

It is the intention of the Issuer and Security Trustee to apply part of the funds standing to the credit of the Reserve Account with a view to meeting the redemption of the Secured Bonds on the Redemption Date or a Designated Early Redemption Date or otherwise for the Issuer to repurchase Secured Bonds in the market for cancellation or otherwise invested in accordance with the terms and conditions of the Security Trust Deed. The funds standing to the credit of the Reserve Account which are not utilised as aforesaid shall be invested in line with the investment parameters set out in the Security Trust Deed and which are summarised hereinafter. Interest or other income from such investments will accrue to the credit of the Reserve Account.

During the term of the Bonds, the Security Trustee shall be empowered to manage the Reserve Account and invest the amounts standing to the credit of the Reserve Account in its discretion, subject to, *inter alia*, the following restrictions:

- (i) Any amount standing to the credit of the Reserve Account may be held on deposit with a Bank licensed as a credit institution in Malta or any Member State of the European Union, provided that not more than 50 per cent of any amount standing to the credit of the Reserve Account, from time to time, shall be deposited with the same institution if the amount of the deposit exceeds the sum of €8 million; and/or
- (ii) Any amount standing to the credit of the Reserve Account may be invested in debt securities issued by or guaranteed by the Government of Malta or other member state of the European Union or the EEA; and/or
- (iii) An amount of up to 50 per cent of the amount standing to the credit of the Reserve Account may be invested in debt securities admitted to listing and trading on a Regulated market in the European Union, provided that not more than €2 million may be exposed to one or more debt securities issued by the same issuer; and provided that such investment will not expose the Reserve Account to any currency exchange risk.

5.9 Expected Timetable of Principal Events

(1) Offer Period	14 November 2022 to 29 November 2022
(2) Commencement of interest on the Secured Bonds	30 November 2022
(3) Expected date of announcement of basis of acceptance	30 November 2022
(4) Refunds of unallocated monies, if any	2 December 2022
(5) Expected dispatch of allotment letters	9 December 2022
(6) Expected date of admission of securities to listing	9 December 2022
(7) Expected date of commencement of trading in the securities	12 December 2022

6. INFORMATION CONCERNING THE SECURED BONDS

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

6.1 General

Each Secured Bond forms part of a duly authorised issue of 4.75% Secured Bonds 2025 - 2027 of a nominal value of €100 per Bond issued by the Issuer at par up to the principal amount of €15,000,000 (except as otherwise provided under section 6.15 "Further Issues"). The Issue Date of the Secured Bonds is 9 December 2022.

- a) The currency of the Bonds is Euro (€).
- b) Subject to admission to listing of the Bonds to the Official List of the MSE, the Bonds are expected to be assigned ISIN: MT0002121219.
- c) Unless previously re-purchased and cancelled, the Bonds shall be redeemable at par on the Redemption Date or a Designated Early Redemption Date.
- d) The issue of the Bonds is made in accordance with the requirements of the Capital Markets Rules, the Act, and the Prospectus Regulation.
- e) The Bond Issue is not underwritten.
- f) There are no special rights attached to the Secured Bonds other than as specified in section 6.7 hereunder.



In view of the early redemption component referred to in section 6.1(c) above, the Secured Bonds are complex financial instruments for the purposes of MIFID II. Accordingly, the Secured Bonds may only be suitable for investors who have the knowledge and experience to understand the risk related to this type of financial instrument. Potential investors should consult an investment advisor before investing in the Secured Bonds.

6.2 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 Guarantor 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 €15,000,000.

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

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

Completed subscription agreements, together with evidence of payment, are to reach the Registrar by 16:00 hours CET on 29 November 2022 (the "Intermediaries' Offer Date"). The Issuer, acting through the Registrar, shall communicate the amount allocated under each subscription agreement by 12:00 hours CET on 30 November 2022.

Applications shall not be accepted by Authorised Financial Intermediaries unless, based on the results of such Appropriateness Test, the Authorised Financial Intermediary is satisfied that an investment in the Secured Bonds may be considered appropriate for the Applicant. To the extent that an Authorised Financial Intermediary is providing advice in respect of a purchase of the Secured Bonds by an Applicant, such Authorised Financial Intermediary shall also be required to conduct a Suitability Test in respect of the Applicant and based on the results of such test, be satisfied that an investment in the Secured Bonds may be considered suitable for the Applicant. The allocation of the Secured Bonds is subject to the allocation policy of the Issuer set out in section 6.4 of this Securities Note.

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 will not bear interest while retained as aforesaid.

Dealings in the Secured Bonds shall not commence prior to: (i) the Secured Bonds being admitted to the Official List; and (ii) the Security Interest being constituted in favour of the Security Trustee.

6.3 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 €15,000,000 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 2 December 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.

6.4 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 shall announce the result of the Bond Issue through a company announcement by not later than 30 November 2022.

6.5 Ranking of the Secured Bonds

The Bonds shall constitute the general, direct, and unconditional secured obligations of the Issuer, guaranteed by the Guarantor. The payment of the principal under the Bonds and interest thereon shall be secured by the Security Interest, which shall, *inter alia*, initially comprise a first-ranking general hypothec over the Guarantor's assets and a first-ranking special hypothec over the Hypothecated Property, which the Guarantor has agreed to constitute in favour of the Security Trustee for the benefit of Bondholders, the Guarantee and the Pledge Agreement.

The Security Interest shall be held by the Security Trustee for the benefit of the Bondholders, and accordingly, the Bonds shall rank with priority or preference over other present and future unsecured obligations of the Issuer and Guarantor. Notwithstanding the aforesaid, privileges or similar charges accorded by law in specific situations may arise during the course of the business of each of the Issuer and Guarantor which may rank with priority or preference to the Bonds and, or the Security Interest, as applicable. It is further noted that in terms of the Security Trust Deed, the Security Trustee may pay itself out of the trust fund all sums owing to it in respect of the remuneration costs, charges, expenses or interest or by virtue of any indemnity from the Company to which it is entitled under the Security Trust Deed or by law or by virtue of any release or indemnity granted to it, and all such sums as aforesaid shall be so retained and paid in priority to the claims of the Bondholders and shall constitute an additional charge upon the property charged with the Security Interest.

During the course of construction of the Siggiewi Development, situations may arise whereby the contractors or suppliers may become entitled by law to register a special privilege over the Hypothecated Property, thereby obtaining a priority in ranking over the Security Trustee. In this respect, the contractor, engaged by the Guarantor to work on the excavation and shell construction of the Hypothecated Property and having a contract value (or the cumulative value of a series of contracts) above €500,000 (five hundred thousand euro), shall irrevocably renounce to its right to register a special privilege or special legal hypothec on the Hypothecated Property accorded to it by law in terms of article 210(b) and article 2022 of the Civil Code or to register or secure any other cause of preference or security on the Hypothecated Property to which it may become entitled in terms of law, by virtue of any claim for outstanding dues for supplies, materials, work or services performed or undertaken by it in connection with the development of the Hypothecated Property without first obtaining the written consent of the Security Trustee, 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. Whilst this is intended to minimise the possibility that any real rights are created over the aforementioned development that would have the effect of diminishing the value of the Security Interest registered in favour of the Security Trustee, there can be no guarantee that any other contractor conducting other works on the Siggiewi Development does not constitute a special privilege or secure any other preference or security according to law.

Accordingly, following the issue of the Secured Bonds and application of the proceeds as set out above, the Security Trustee for the benefit of Bondholders will have the benefit of a special hypothec over the Hypothecated Property for the full amount of fifteen million Euro (€15,000,000) and interests thereon in addition to the general hypothec over all assets, present and future, of the Guarantor for the full amount of fifteen million Euro (€15,000,000) and interests thereon and the Guarantee. The Guarantor shall also grant a pledge over the proceeds from insurance policies taken out in respect of the said Hypothecated Property pursuant to 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.

6.6 Negative Pledge

The Guarantor undertakes in favour of the Security Trustee, that for as long as any principal or interest under the Secured Bonds or any indebtedness under the Secured Bonds remains outstanding, not to create or permit to subsist any charge, encumbrance, hypothec (whether general or special), privilege or security interest other than the Security Interest or a Permitted Security Interest (as defined below) to secure any Financial Indebtedness (as defined below) of the Issuer and, or the Guarantor.

For the purposes of this clause:

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



“**Permitted Security Interest**” means: (i) any security interest arising by operation of law; (ii) any security interest securing any indebtedness of the Issuer and, or the Guarantor created for the sole purpose of financing or raising finance for the redemption of the Bonds; (iii) any other security interest (in addition to (i) and (ii) above) securing Financial Indebtedness of the Issuer and, or Guarantor (as the case may be), in an aggregate outstanding amount not exceeding 80% of the difference between the value of the net assets of the Guarantor and the aggregate principal amount of Bonds outstanding at the time; provided that any security interest set out in (iii) above shall only be entered into by the Issuer and, or the Guarantor (as the case may be) after written confirmation from an auditor confirming that the conditions set out in (iii) above have been adhered to and observed. Provided further that the aggregate Permitted Security Interests referred to in (i), (ii), and (iii) above do not result in the net assets of the Guarantor being less than the aggregate principal amount of the Bonds still outstanding together with one year’s interest thereon.

6.7 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 Interest through the Security Trustee;
- (iv) the right to attend, participate in and vote at meetings of Bondholders in accordance with the Terms and Conditions of the Bond Issue; and
- (v) the enjoyment of all such other rights attached to the Secured Bonds emanating from the Prospectus.

6.8 Interest

The Secured Bonds shall bear interest from and including 30 November 2022 at the rate of 4.75% per annum on the nominal value thereof, payable annually in arrears on each Interest Payment Date. The first interest payment will be effected on 30 November 2023 (covering the period 30 November 2022 to 29 November 2023). Any Interest Payment Date which falls on a day other than a Business Day will be carried over to the next following day that is a Business Day. 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.

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

6.9 Yield

The gross yield calculated on the basis of the Interest, the Bond Issue Price and the Redemption Value of the Secured Bonds is 4.75% per annum.

6.10 Registration, Form, Denomination and Title

Certificates will not be delivered to Bondholders in respect of the Secured Bonds. The entitlement to Secured Bonds will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer by the CSD. There will be entered in such electronic register the names, addresses, identity card numbers (in the case of natural persons), registration numbers (in the case of companies) and MSE account numbers, and any other relevant information as required from time to time, 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 will 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 submission of a form of Application, 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 on the form of Application. Further detail on the e-portfolio is found on: <https://eportfolio.borzamalta.com.mt/Help>.

The Secured Bonds will be issued in fully registered form, without interest coupons, in denominations of any integral multiple of €100 provided that on subscription the Secured Bonds will be issued 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 Bond is registered may (to the fullest extent permitted by applicable law) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute owner of such Bond. Title to the Secured Bonds may be transferred as provided below under the heading “*Transferability of the Bonds*” in section 6.14 of this Securities Note.

6.11 Payments

Payment of the principal amount of Secured Bonds will 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, 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 charges, 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 Bond will be made to the person in whose name such Bond is registered at the close of business 15 days prior to the Interest Payment Date, by means of a direct credit transfer into such bank account as the Bondholder may designate, from time to time, which is denominated in Euro and held with any licensed bank in Malta. Such payment shall be 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.

6.12 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 30 November 2027 or, earlier, on a Designated Early Redemption Date.

Subject to the provisions of this section 6.12, 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.

6.13 Events of Default

Pursuant to the Security Trust Deed, the Security Trustee may in its absolute and uncontrolled discretion, and shall upon the request in writing of Bondholders holding not less than seventy-five per cent (75%) in nominal value of the Secured Bonds then outstanding, by notice in writing to the Issuer and Guarantor 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 punctually effect the payment of interest under the Bonds on an Interest Payment Date and such failure continues for a period of sixty (60) days after written notice thereof by the Security Trustee to the Issuer;
- (ii) the Issuer fails to pay the principal amount of a Bond on the date fixed for its redemption and such failure continues for a period of sixty (60) days after written notice thereof by the Security Trustee to the Issuer;



- (iii) the Issuer or the Guarantor fails duly to perform or shall otherwise be in breach of any other obligation contained in the Prospectus and such failure shall continue for sixty (60) days after written notice thereof shall have been given to the Issuer and the Guarantor by the Security Trustee;
- (iv) the Issuer or the Guarantor ceases or threatens to cease to carry on its business;
- (v) the Issuer or Guarantor is unable to pay its debts within the meaning of section 214(5) of the Act, or any statutory modification or re-enactment thereof;
- (vi) a judicial or provisional administrator is appointed upon the whole or any part of the property of the Issuer or Guarantor and such appointment is deemed by the Security Trustee to be prejudicial, in its opinion, to the Bondholders;
- (vii) an order is made or an effective resolution is passed for winding up of the Issuer or Guarantor, except for the purpose of a reconstruction, amalgamation or division, the terms of which have been approved in writing by the Security Trustee;
- (viii) the Issuer or Guarantor commits a breach of any of the covenants or provisions contained in the Security Trust Deed and on its part to be observed and performed and the said breach still subsists for sixty (60) days after having been notified by the Security Trustee;
- (ix) the security constituted by any hypothec, pledge or charge upon the whole or any part of the undertaking or assets of the Issuer or Guarantor or upon the Hypothecated Property 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;
- (x) any material representation or warranty made by or in respect of the Issuer or Guarantor is or proves to have been incorrect in any material respect in the sole opinion of the Security Trustee;
- (xi) any material indebtedness of the Issuer which is declared as due in terms of an executive title which is final and not subject to appeal is not paid when properly due and payable or any guarantee or indemnity of the Issuer in respect of indebtedness which is declared as due in terms of an executive title which is final and not subject to appeal is not honoured when properly due and called upon; PROVIDED THAT for the purposes of this provision, material indebtedness shall mean an amount exceeding €1,500,000 (one million five hundred thousand Euro);
- (xii) the Issuer or Guarantor repudiates, or does or causes or permits to be done any act or thing evidencing an intention to repudiate the Bonds and/or the Security Trust Deed; or
- (xiii) the delisting of the Bonds, save with the consent of not less than 15% in value of the Bondholders; or
- (xiv) all, or in the sole opinion of the Security Trustee, a material part, of the undertakings, assets, rights, or revenues of or shares or other ownership interests in the Issuer or Guarantor are seized, nationalised, expropriated or compulsorily acquired by or under the authority of any government. Provided that for the avoidance of doubt, the acquisition by the government (under any title) of any schemed road within the Siggiewi Site shall not constitute an Event of Default.

Upon any such declaration being made as aforesaid the said principal monies and interest accrued under the Bonds shall be deemed to have become immediately payable at the time of the event which shall have happened as aforesaid if the Security Trustee so declares in its declaration.

Provided that in the event of any breach by the Issuer or Guarantor 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 or Guarantor, then the Security Trustee may, but shall be under no obligation so to do, give the Issuer or Guarantor 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 instructions it may receive in a meeting of Bondholders satisfying the conditions set out in the Security 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 Guarantor are observing and performing all the obligations, conditions and provisions on their respective parts of the Secured Bonds and the Security Trust Deed.

6.14 Transferability of the Bonds

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

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

All transfers and transmissions are subject in all cases to any pledge (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 will not register the transfer or transmission of Bonds for a period of 15 days preceding the due date for any payment of interest on the Bonds or the due date for redemption.

The minimum subscription amount of €5,000 shall only apply upon original subscription of the Bonds. No minimum holding requirement shall be applicable once the Bonds are admitted to listing on the Official List of the MSE and commence trading thereafter, subject to trading in multiples of €100.

6.15 Further Issues

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

The Issuer may, with the consent of the Security Trustee, incur further indebtedness on a short to medium term basis that may rank *pari passu* with the Bonds for the purpose of bridging any cash flow shortfalls arising from the proceeds of sales from the Siġġiewi Development.

6.16 Meetings of Bondholders

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

A meeting of Bondholders shall be called by the Directors by giving the Security Trustee not less than twenty-one (21) days' notice in writing. Upon receiving due notice from the Directors, the Security Trustee shall call such meeting by giving all Bondholders listed on the register of Bondholders as at a date being not more than thirty (30) days preceding the date scheduled for the meeting, not less than fourteen (14) days' notice in writing. Such notice shall set out the time, place and date set for the meeting and the matters to be discussed or decided thereat, including, if applicable, sufficient information on any amendment of the Prospectus that is proposed to be voted upon at the meeting and seeking the approval of the Bondholders. Notice of every meeting of the Bondholders shall be given to (a) every Bondholder, (b) the Issuer, (c) the Security Provider, (d) the Security Trustee, and (e) the auditors for the time being of the Issuer and the Security Provider. The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting, by any person entitled to receive notice shall not invalidate the proceedings of a meeting. Following a meeting of Bondholders held in accordance with the provisions contained hereunder, the Issuer shall, acting in accordance with the resolution(s) taken at the meeting, communicate to the Bondholders whether the necessary consent to the proposal made by the Issuer has been granted or withheld. Subject to having obtained the necessary approval by the Bondholders in accordance with the provisions of this section 6.16 at a meeting called for that purpose as aforesaid, any such decision shall subsequently be given effect to by the Issuer.

The amendment or waiver of any of the Terms and Conditions contained in this Securities Note may only be made with the approval of Bondholders at a meeting called and held for that purpose in accordance with the terms hereof.



A meeting of Bondholders shall only validly and properly proceed to business if there is a quorum present at the commencement of the meeting. For this purpose, at least two (2) Bondholders present, in person or by proxy, representing not less than 50% in nominal value of the Bonds then outstanding, shall constitute a quorum. If a quorum is not present within thirty (30) minutes from the time scheduled for the commencement of the meeting as indicated on the notice convening same, the meeting shall stand adjourned to a place, date and time as shall be communicated by the Directors to the Bondholders present at that meeting. The Issuer shall stand within two (2) days from the date of the original meeting publish by way of a company announcement the date, time and place where the adjourned meeting is to be held. An adjourned meeting shall be held not earlier than seven (7) days, and not later than fifteen (15) days, following the original meeting. At an adjourned meeting, the number of Bondholders present, in person or by proxy, shall constitute a quorum, and only the matters specified in the notice calling the original meeting shall be placed on the agenda of, and shall be discussed at, the adjourned meeting.

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

Once a quorum is declared present by the chairman of the meeting, the meeting may then proceed to business and address the matters set out in the notice convening the meeting. In the event of decisions being required at the meeting the directors or their representative shall present to the Bondholders the reasons why it is deemed necessary or desirable and appropriate that a particular decision is taken. The meeting shall allow reasonable and adequate time to Bondholders to present their views to the Issuer and the other Bondholders present at the meeting. The meeting shall then put the matter as proposed by the Issuer to a vote of the Bondholders present at the time at which the vote is being taken, and any Bondholders taken into account for the purpose of constituting a quorum who are no longer present for the taking of the vote shall not be taken into account for the purpose of such vote.

The voting process shall be managed by the Company Secretary of the Issuer under the supervision and scrutiny of the auditors of the Issuer and the Security Trustee. Every Bondholder shall have one vote for each Bond held and any fractional interests shall be disregarded. Voting, whether on a show of hands or on a poll, shall be taken in such manner as the chairman of the meeting shall direct.

The proposal placed before a meeting of Bondholders shall only be considered approved if at least 75% in nominal value of the Bondholders present at the meeting, or at any adjourned meeting, as the case may be, at the time when the vote is being taken, in person or by proxy, shall have voted in favour of the proposal. Minutes shall be made of the proceedings of every meeting, including every Bondholders' Decision and, if signed by the chairman of that meeting or of the next succeeding meeting, shall be conclusive evidence of the proceedings of such meetings.

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

6.17 Authorisations and Approvals

The Board of Directors of the Issuer authorised the Bond Issue pursuant to a board of directors' resolution passed on 28 September 2022. The Guarantee being given by the Guarantor in respect of the Secured Bonds has been authorised by a resolution of the board of directors of the Guarantor dated 28 September 2022.

6.18 Notices

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

6.19 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 Guarantor 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 tax legislation of the investor's country of nationality, residence or domicile and of the Issuer's country of incorporation (Malta) may have an impact on the income received from the 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, Chapter 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, and they will receive interest gross, subject to the requisite declaration/evidence being provided to the Issuer in terms of law.

7.3 Exchange of Information

In terms of applicable Maltese legislation, the Issuer and, or its agent 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.



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.

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 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 (Chapter 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 Early Redemption Option

At the sole option of the Issuer, 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 on any date falling between 30 November 2025 and 29 November 2027, by giving not less than 30 days’ notice to the Bondholders.

8.2 Terms and Conditions of Application

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 Guarantor, on the one hand, and the Security Trustee and Bondholders, on the other.

8.2.1 The issue and allotment of the Secured Bonds is conditional upon: (i) the Bond Issue being fully subscribed; (ii) the Secured Bonds being admitted to the Official List of the MSE; and (iii) the Security Interest being constituted in favour of the Security Trustee. In the event that either of the aforesaid conditions is not satisfied within 15 Business Days from the close of the Offer Period, any Application monies received by the Issuer will be returned without interest by direct credit into the Applicant’s bank account indicated by the Applicant on the relative form of Application.

8.2.2 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 €15,000,000 in nominal value of Secured Bonds to the said Authorised Financial Intermediaries. As described in more detail under section 8.2.3 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 2 December 2022, accompanied by full payment.

8.2.3 By submitting a form of Application to an Authorised Financial Intermediary, the Applicant is thereby confirming to the Issuer, the Sponsor, Manager and 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.

- 8.2.4 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.
- 8.2.5 If an Application is submitted on behalf of another person, whether legal or natural, the person submitting such Application shall be deemed to have duly bound such other person, whether legal or natural, on whose behalf the Application has been submitted. The person submitting such Application shall be deemed also to have given the confirmations, warranties and undertakings contained in these terms and conditions on their behalf. Such representative may be requested to submit the relative power of attorney or resolution, or a copy thereof duly certified by a lawyer or notary public, if so required by the 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.
- 8.2.6 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.
- 8.2.7 In the case of corporate Applicants or Applicants having separate legal personality, it shall not be incumbent on the Issuer or the Registrar to verify whether the person or persons purporting to bind such Applicant is, or are, in fact duly authorised. Applications by corporate Applicants have to include a valid legal entity identifier (LEI) which must be unexpired. Applications without such information or without a valid LEI will not be accepted.
- 8.2.8 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.
- 8.2.9 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).
- 8.2.10 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.
- 8.2.11 In the event that any cheque accompanying a form of Application is not honoured on its first presentation, the Issuer and the Registrar reserve the right to invalidate the relative form of Application.
- 8.2.12 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.

- 8.2.13 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.
- 8.2.14 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.
- 8.2.15 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.
- 8.2.16 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.
- 8.2.17 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.
- 8.2.18 On completing and delivering a form of Application, the Applicant:
- (i) 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;
 - (ii) warrants that the information submitted by the Applicant in the form of Application is true and correct in all respects. All Applications need to include a valid MSE account number in the name of the Applicant/s. Failure to include an MSE account number will result in the Application being cancelled by the Issuer (acting through the Registrar) and subscription monies will be returned to the Applicant in accordance with section 8.2.1 above. In the event of a discrepancy between the personal details (including 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;
 - (iii) 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.gap.com.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;
 - (iv) 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 that the Applicant provides in the form of Application, 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;
 - (v) confirms that in making such Application and, or subscribing for the Secured Bonds, 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;



- (vi) 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 in the form of Application. The Issuer shall not be responsible for any loss or delay in transmission or any charges in connection therewith;
- (vii) 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);
- (viii) 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;
- (ix) 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;
- (x) agrees to provide the Registrar and, or the Issuer, as the case may be, with any information which may be requested in connection with the Application;
- (xi) warrants that all applicable exchange control or other such regulations (including those relating to external transactions) have been duly and fully complied with;
- (xii) 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;
- (xiii) 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;
- (xiv) agrees that the Advisers to the Bond Issue (listed in section 5.3 of the Registration Document) will owe the Applicant no duties or responsibilities concerning the Secured Bonds or the suitability of the Applicant;
- (xv) 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;
- (xvi) 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
- (xvii) 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.

8.2.19 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. Authorised Financial Intermediaries shall, prior to accepting an Application, conduct an Appropriateness Test in respect of the Applicant and based on the results of such test, be satisfied that an investment in the Secured Bonds may be considered appropriate for the Applicant.

To the extent that an Authorised Financial Intermediary is providing advice in respect of a purchase of the Secured Bonds by an Applicant, such Authorised Financial Intermediary shall also be required to conduct a Suitability Test in respect of the Applicant and based on the results of such test, be satisfied that an investment in the Secured Bonds may be considered suitable for the Applicant.

For the purpose of this Securities Note, the term “Appropriateness Test” means the test conducted by any licensed financial intermediary, when providing an investment service (other than investment advice or portfolio management) in relation to the subscription for and the trading of Secured Bonds, for the purpose of such licensed financial intermediary determining (after collecting the necessary information) whether the investment service or the Secured Bonds are appropriate for the prospective Applicant or prospective transferee. In carrying out this assessment, the licensed financial intermediary shall ask the Applicant or the prospective transferee to provide information regarding the Applicant or transferee’s knowledge and experience so as to determine that the Applicant or transferee has the necessary experience and knowledge in order to understand the risks involved in relation to the Secured Bond or investment service offered or demanded, in accordance with the Conduct of Business Rulebook issued by the Malta Financial Services Authority. In the event that the licensed financial intermediary considers, on the basis of the test conducted, that the transfer of Secured Bonds is not appropriate for the Applicant or prospective transferee, the licensed financial intermediary shall reject the prospective Applicant’s request to subscribe for or acquire Secured Bonds, irrespective of whether the Applicant or transferee is warned that the investment in the Secured Bonds is not appropriate for the Applicant or transferee;

For the purpose of this Securities Note, the term “Suitability Test” means the process through which a licensed financial intermediary providing investment advice or portfolio management services in relation to the subscription for and trading of Secured Bonds obtains such information from the Applicant or prospective transferee as is necessary to enable the licensed financial intermediary to recommend to or, in the case of portfolio management, to effect for, the Applicant or prospective transferee, the investment service and trading in Secured Bonds that are considered suitable for him/her, in accordance with Conduct of Business Rulebook issued by the Malta Financial Services Authority. The information obtained pursuant to this test must be such as to enable the licensed financial intermediary to understand the essential facts about the Applicant or prospective transferee and to have a reasonable basis for believing, giving due consideration to the nature and extent of the service provided, that the specific transaction to be recommended, or to be entered into in the course of providing a portfolio management service, satisfies the following criteria: (a) it meets the investment objectives of the Applicant or prospective transferee in question; (b) it is such that the Applicant or prospective transferee is able financially to bear any related investment risks consistent with investment objectives of such Applicant or prospective transferee; and (c) it is such that the Applicant or prospective transferee has the necessary experience and knowledge in order to understand.

9. ADDITIONAL INFORMATION

Save for the Financial Analysis Summary reproduced in Annex III of this Securities Note, the Prospectus 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 Guarantor. 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 – LIST OF AUTHORISED FINANCIAL INTERMEDIARIES

Name	Address	Telephone
Bank of Valletta p.l.c.	Premium Banking Centre, 475, Triq il-Kbira San Guzepp St Venera SVR 1011	22751732
FINCO Treasury Management Ltd	The Bastions, Office No 2, Emvin Cremona Street, Floriana FRN 1281	21220002
MeDirect Bank (Malta) p.l.c.	The Centre, Tigne` Point, Sliema TPO 0001	25574400
Michael Grech Financial Investment Services Ltd	The Brokerage, Level 0A St Marta Street Victoria, Gozo VCT 2550	22587000
MZ Investment Services Ltd	61, St. Rita Street, Rabat RBT 1523	21453739

ANNEX II – THE GUARANTEE

To: Finco Trust Services Limited
The Bastions Office No 2,
Emvin Cremona Street,
Floriana FRN 1281
Malta

(hereinafter together with its lawful successors and assigns referred to as the “Security Trustee”).

9 November 2022

Dear Sirs,

Re: GUARANTEE & INDEMNITY

We, Best Deal Estates Limited (C 102444) (hereinafter together with our lawful successors and assigns referred to as the “Guarantor”), having noted that:

- I. by virtue of a prospectus dated 9 November 2022, issued by Best Deal Properties Holding p.l.c. (the “**Issuer**”) in connection with the issue of €15 million 4.75% secured bonds 2025 - 2027 (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 Guarantor, issue up to €15,000,000 in secured bonds at an annual interest rate of 4.75% to be redeemed on 30 November 2027 (the “**Redemption Date**”) or, at the sole option of the Issuer, on any date falling on or between 30 November 2025 and 29 November 2027, 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**”);
- II. by virtue of a Trust Instrument dated 9 November 2022 (the “**Trust Instrument**”) entered into between the Issuer, the Guarantor and the Security Trustee, the parties *inter alia* have agreed that the Guarantor shall enter into this guarantee agreement with the Security Trustee whereby the Security Provider shall stand surety, jointly and severally with the Issuer in favour of the Security Trustee and the Security Provider has further agreed to support its joint and several suretyship with a general hypothec over all its present and future assets, as well as a special hypothec over the Siggiewi Site (as defined in the Trust Instrument), which is the site to be acquired by the Security Provider over which the Siggiewi Development (as also defined in the Trust Instrument) shall be constructed;
- III. the Guarantor is a wholly-owned subsidiary of the Issuer;
- IV. in connection with the issue of the Secured Bonds, the Guarantor has agreed to grant and execute this Guarantee and Indemnity (hereinafter referred to as “**Guarantee**”) in favour of the Security Trustee for the benefit of the Bondholders, and
- V. the Guarantor has agreed to the conclusion and execution of this Guarantee in favour of the Security Trustee for the benefit of the Bondholders.

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

1 INTERPRETATION

1.1 In this Guarantee, unless the context otherwise requires:

- a. terms and expressions defined in or construed for the purposes of the Prospectus shall have the same meanings or be construed in the same manner when used in this Guarantee unless defined otherwise in this Guarantee;
- b. “**Indebtedness**” means any and all moneys, obligations and liabilities now or hereafter due, owing or incurred by the Issuer under the Secured Bonds to the Bondholders 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;
- 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 for the issuance of the Secured Bonds, and in consideration of the Bondholders acquiring the Secured Bonds, the Guarantor, as duly authorised and as primary obligor, hereby jointly and severally with the Issuer, unconditionally and irrevocably guarantees to the Security Trustee for the benefit of the Bondholders, the payment of, and undertakes on first demand in writing made by the Security Trustee on the Guarantor, to pay the Indebtedness or any balance thereof at any time due or owing under the Secured Bonds to the Security Trustee in the event that the Issuer fails to pay any sum payable by it to the Bondholders pursuant to the terms of the Secured Bonds as and when same shall become due.

2.2 Maximum Liability

This is a continuing guarantee for the whole amount due or owing under the Secured Bonds from time to time or which may hereafter at any time become due or owing under the Secured Bonds by the Issuer, but the amount due by the Guarantor to the Security Trustee under this Guarantee shall be up to and shall not be in excess of €15,000,000 (fifteen million Euro) 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, or 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.

3 CONTINUING AND UNCONDITIONAL LIABILITY

3.1 The liability of the Guarantor under this Guarantee shall be continuing until such time as the Indebtedness is fully repaid or until such time as the Guarantor is released from the Guarantee by the Security Trustee, 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
- b. the incapacity or disability of the Issuer; or
- c. any change in the name, style, constitution, any amalgamation or reconstruction of either the Issuer or Guarantor; 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 GUARANTOR'S WARRANTIES

4.1 This Guarantee shall be for the full amount of the Indebtedness due from time to time. The liability of the Guarantor under this Guarantee shall be decreased from time to time to the extent, if any, that the Issuer or the Guarantor shall have made any irrevocable payment of the Indebtedness.

4.2 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; or
- 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; or
- c. take any step to enforce any right against the Issuer or any other person liable for the Indebtedness; or

- 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.

5 ADDITIONAL GUARANTEE

- 5.1 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 or until such time the Guarantor is released from the Guarantee by the Security Trustee. Moreover, the remedies provided in this Guarantee are cumulative and are not exclusive of any remedies provided by law.

6 NO ASSIGNMENT

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

7 REPRESENTATIONS AND WARRANTIES

- 7.1 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 the obligations of the Guarantor under this Guarantee constitute general, direct and unsecured obligations of the Guarantor and rank equally with all its other existing and future unsecured obligations, except for any debts for the time being preferred by law;
- e. that this Guarantee does not and will not constitute default with respect to or run counter to any law, bye-law, articles of incorporation, statute, rule or regulation to which the Guarantor is or may be subject; and
- f. 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.

- 7.2 As from the date of this Guarantee, until such time as the Indebtedness is paid in full to the Security Trustee or until such time as the Guarantor is released from the Guarantee by 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.

8 DEMANDS AND PAYMENTS

- 8.1 All the Indebtedness shall be due by the Guarantor under this Guarantee as a debt, certain liquidated and due on the sixtieth (60th) day following the Security Trustee's first written demand to the Guarantor to pay in the case of an Event of Default under the Prospectus. All demands shall be sent to the address or facsimile or other numbers as are stated below in Article 9 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 under the Prospectus or such that may render the underlying obligations of the Issuer to the Security Trustee invalid and unenforceable for any reason whatsoever.

- 8.2 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.

- 8.3 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.

9 NOTICES

- 9.1 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.



9.2 For the purposes of this Guarantee, the proper addresses and contact numbers of the Parties are:

Best Deal Properties Holding p.l.c.

Address: 63, J.L Buildings, Office 5, Luga Road, Paola PLA 9045, Malta
Telephone No: 2169 2279
Contact Person: Robert Buttigieg

Best Deal Estates Limited

Address: 63, J.L Buildings, Office 5, Luga Road, Paola PLA 9045, Malta
Telephone No: 2169 2279
Contact Person: Robert Buttigieg

Finco Trust Services Limited

Address: The Bastions Office, No.2, Emvin Cremona Street, Floriana FRN 1281, Malta
Telephone No: 2122 0002
Contact Person: Arthur Galea Salomone

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.

10 APPLICABLE LAW AND JURISDICTION

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

10.2 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 (3), 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.

Yours faithfully,

The original copy has been signed by

Name: **Christopher Attard**
duly authorised, for and on behalf of
Best Deal Properties Holding p.l.c.

Name: **Pierre Bartolo**
duly authorised, for and on behalf of
Best Deal Properties Holding p.l.c.

Yours faithfully,

The original copy has been signed by

Name: **Christopher Attard**
duly authorised, for and on behalf of
Best Deal Estates Limited

Name: **Pierre Bartolo**
duly authorised, for and on behalf of
Best Deal Estates Limited

WE ACCEPT.

The original copy has been signed by

Name: **Arthur Galea Salomone**
duly authorised for and on behalf of
Finco Trust Services Limited

Financial Analysis Summary

9 November 2022

ISSUER

BEST DEAL PROPERTIES HOLDING P.L.C. (C 88974)



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
Best Deal Properties Holding p.l.c.
63 J.L. Buildings, Office 5,
Luqa Road,
Paola, PLA 9045,
Malta

9 November 2022

Dear Board Members,

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 Best Deal Properties Holding p.l.c. (the "**Issuer**" or "**Company**" or "**BDP Group**" or "**Group**"), Best Deal Developments Limited (the "**2018 Guarantor**") and Best Deal Estates Limited (the "**2022 Guarantor**"). The data is derived from various sources or is based on our own computations as follows:

- (a) Historical financial data for the period 23 October 2018 to 31 December 2019 and for the years ended 31 December 2020 and 31 December 2021 has been extracted from the audited consolidated financial statements of the Issuer.
- (b) The projected consolidated financial data relating to the Issuer for the years ending 31 December 2022 and 31 December 2023 has been provided by management.
- (c) Our commentary on the results of BDP Group and on its financial position is based on the explanations provided by management.
- (d) The ratios quoted in the Analysis have been computed by us applying the definitions set out in Part 4 of the Analysis.
- (e) Relevant financial data in respect of the companies included in Part 3 has been extracted from public sources such as websites of the companies concerned, financial statements filed with the Registrar of Companies or websites providing financial data.

The Analysis is meant to assist investors in the Issuer's securities and potential investors by summarising the more important financial data of BDP 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

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PART 1 – INFORMATION ABOUT THE BDP GROUP

1. HISTORY AND PRINCIPAL ACTIVITIES OF BDP GROUP

Best Deal Properties Holding p.l.c. (the “**Company**”) was established on 23 October 2018 as the parent company of the BDP Group. Its principal activity is to act as a holding company and to raise finance and advance such financing to its subsidiaries. The BDP Group is engaged in property development of residential units and sale of such units.

In December 2018, BDP Group raised €16 million through the issue of 4.25% secured bonds 2024 for the purposes of acquiring three sites in Żabbar, Mellieħa and Pembroke and developing thereon the following three projects:

- (i) **Żabbar, Development** - the construction, development and finishing over the site known as Il-Wilga tal-Imnigel, measuring approximately 4,149m², of 24 maisonettes, 81 apartments and 22 penthouses, spread over nine blocks and 198 underlying garages;
- (ii) **Mellieħa Development** - the construction, development and finishing over the site known as Tal-Hawlija, Ta’ Masrija and Tas-Salib, measuring in aggregate approximately 1,249m², of 3 maisonettes, 39 apartments and 7 overlying penthouses, as well as 50 underlying garages;
- (iii) **Pembroke I Development** – the construction, development and finishing over the corner site situated at 102 and 103 in Triq Mediterran c/w Triq Gabriele Henin, Pembroke, having a footprint measuring approximately 380m², of 2 maisonettes, 4 three-bedroomed apartments, 2 penthouses and 6 underlying garages.

On 30 October 2019, the Group raised further equity from a new investor – C Developments Limited, which acquired 20% of the Company through an offer for subscription of 625,000 new ordinary shares of a nominal value of €0.10 each at a share issue price of €1.60, in terms of a Company Admission Document dated 21 August 2019. The new ordinary shares, together with the 2,500,000 existing ordinary shares of the Company were admitted to Prospects MTF.

Moreover, C Developments Limited advanced to the Company an amount of €1,200,000 to further assist BDP Group with ongoing working capital requirements.

Each project undertaken by the Group is promoted through the Best Deal Properties brand, which is operated by Best Deal Properties Limited, a company external to the BDP Group and equally owned by Christopher Attard and Erskine Vella.

2. DIRECTORS AND MANAGEMENT STRUCTURE

2.1 DIRECTORS OF THE ISSUER

The Company’s governance principally lies in its Board of Directors, responsible for the general governance of the Company and to set its strategic aims, for its proper administration and management and for the general supervision of its affairs. Its responsibilities include the oversight of the Company’s internal control procedures and financial performance, and the review of the Company’s business risks, thus ensuring such risks are adequately identified, evaluated, managed and minimised. The Board members of the Company as at the date of this report are included hereunder:

Christopher Attard	Executive Director
Pierre Bartolo	Executive Director
Robert Buttigieg	Executive Director
Erskine Vella	Executive Director
David Basile	Executive Director
James Bullock	Non-Executive Director
Mario P. Galea	Independent Non-Executive Director
Maria Carmela k/a Marlene Seychell	Independent Non-Executive Director





MZ INVESTMENT SERVICES

2.2 DIRECTORS OF THE 2018 GUARANTOR

A board of four directors (listed below) is entrusted with the day-to-day management of Best Deal Developments Limited (“**2018 Guarantor**”) and is responsible for the execution of the 2018 Guarantor’s investments and the funding thereof and awarding of project contracts for the development of the 2018 Guarantor’s properties.

Christopher Attard	Director
Pierre Bartolo	Director
Robert Buttigieg	Director
Erskine Vella	Director

2.3 DIRECTORS OF THE 2022 GUARANTOR

A board of five directors (listed below) is entrusted with the day-to-day management of Best Deal Estates Limited (“**2022 Guarantor**”) and is responsible for the execution of the 2022 Guarantor’s investments and the funding thereof and awarding of project contracts for the development of the 2022 Guarantor’s properties.

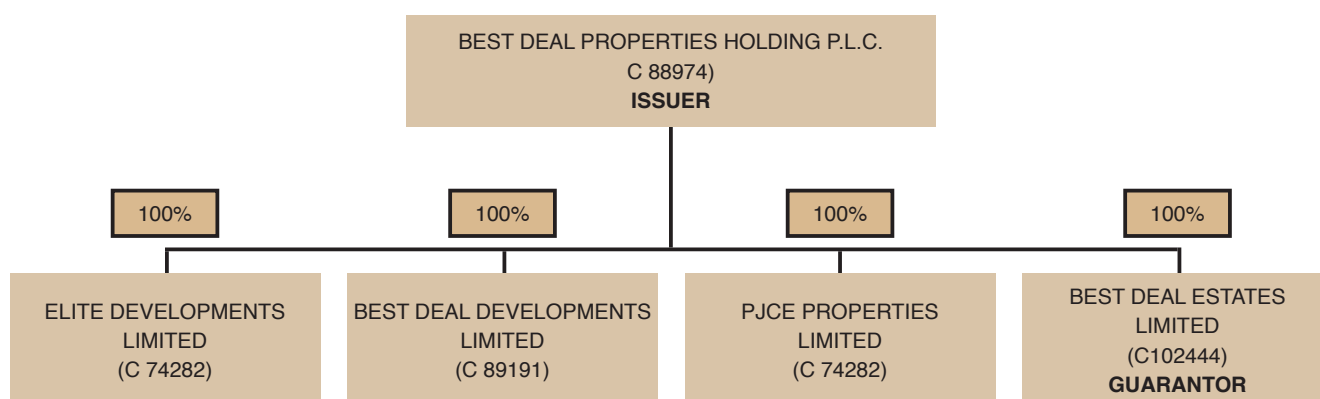
Christopher Attard	Director
Pierre Bartolo	Director
David Basile	Director
Robert Buttigieg	Director
Erskine Vella	Director

2.3 EMPLOYEES AND MANAGEMENT STRUCTURE

The Issuer, the 2018 Guarantor and the 2022 Guarantor have no employees and are managed directly by their respective board of directors. In managing each project, the directors of the 2018 Guarantor and 2022 Guarantor are supported by a number of external consultants who are appointed as required.

3. ORGANISATIONAL STRUCTURE

The diagram hereunder illustrates the organisational structure of the BDP Group.



The principal object of the Issuer is that of a holding company. As such, the Issuer is mainly dependent on the business prospects of its operating subsidiaries.

Elite Developments Limited has been involved in the construction and development of two residential projects - Crystal Court and Blue Moon Court, both of which are located in Marsascala. PJCE Properties Limited has been involved in the construction and development of Garnet Court situated in Mqabba. These projects are fully completed and described in section 4 below.





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

At present, the 2018 Guarantor is developing the Zabbar Development, Mellieha Development and Pembroke I Development. The aforementioned projects are further described in section 5 below.

The 2022 Guarantor was incorporated on 31 May 2022 for the purposes of acquiring a portion of land in Siġġiewi (the “**Siġġiewi Site**”), and to construct and develop over the Siġġiewi Site a total of 20 maisonettes, 75 apartments and 155 garages spread of eight blocks (the “**Siġġiewi Development**”) as further described in section 6 below.

4. COMPLETED PROJECTS

4.1 CRYSTAL COURT - MARSASCALA

Elite Developments Ltd embarked on developing Crystal Court in June 2016, when it acquired the land situated at Triq Salvu Buhagiar c/w Triq il-Gemmugha c/w Triq il-Qrempuc, Marsascale. The project includes two blocks comprising 5 maisonettes at ground floor, 7 two-bedroomed apartments, 11 three-bedroomed apartments, 2 three-bedroomed penthouses and 30 underlying garages. All units and garages were sold in FY2018 and FY2019, except for 1 garage which was sold in FY2020.

4.2 BLUE MOON COURT - MARSASCALA

In 2017, Elite Developments Limited acquired a second property situated in Triq il-Grigal c/w Triq is-Sajjieda, Marsascale. The property development includes two blocks consisting of 5 maisonettes at ground floor level, 15 three-bedroomed apartments, 3 penthouses and 19 underlying garages. All units and garages were sold in FY2020, except for 1 residential unit and 1 garage which were sold in FY2021.

4.3 GARNET COURT - MQABBA

In 2018, PJCE Properties Limited acquired two parcels of land in Triq il-Familja Brancati, Mqabba. The said project comprises 2 maisonettes at ground floor level, 23 three-bedroomed apartments, 3 penthouses and 33 underlying garages. All units and garages were sold in FY2021, except for 1 residential unit and 1 garage which were sold in FY2022. As at 20 October 2022, 1 apartment is in stock and available for sale.

5. WORKS IN PROGRESS

5.1 ZABBAR DEVELOPMENT

The site measures *circa* 4,149m² and is situated in Triq Ta' Lanza c/w New Street in Triq il-Kahwiela c/w Triq il-Kahwiela, Zabbar and positioned on three roads. The project comprises the development of nine blocks consisting of 24 maisonettes, 81 apartments (spread on three floors) and 22 penthouses and 198 underlying garages. Four of the aforementioned nine blocks enjoy open country views from the front terraces as they face a green area.

As at 30 June 2022, construction of all blocks were 100% complete, while finishes were 86% complete. The Zabbar Development is being financed from proceeds of the 2018 Bond Issue, cash flows generated from unit sales of other projects of the Group and cash flows from sales of units generated from the initial phases of this project.

As at 20 October 2022, 16 units are included in stock and available for sale.

5.2 MELLIEHA DEVELOPMENT

The Mellieha site measures *circa* 1,249m² and is located in Triq Ta' Masrija and New Street off Triq il-Mithna L-Qadima, Mellieha. The project is split in three blocks comprising 2 levels of garages (50 garages), 3 maisonettes at ground floor level, 39 apartments spread over 5 floor levels and 7 penthouses. On completion, the units will include a mix of one-bedroomed, two-bedroomed and three-bedroomed apartments and panoramic views will be visible from the sixth and seventh levels.





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

Full completion of the project is scheduled for 2023 and is principally being financed from proceeds of the 2018 Bond Issue, revenue generated from the Mellieħa Development and other sources of funds of the BDP Group. As at 30 June 2022, the construction of all blocks was 100% complete, while finishes were 10% complete.

Sale of units from the Mellieħa Development are expected to generate *circa* €15.4 million in total revenue. As at 20 October 2022, 31 residential units (being 63% of total inventory) are subject to promise of sale agreements.

5.3 PEMBROKE I DEVELOPMENT

The property comprises a corner plot of land with unobstructed sea and country views situated in Triq il-Mediterran c/w Triq Gabriele Henin, Pembroke. The acquisition cost was funded out of proceeds from the 2018 Bond Issue and *circa* €0.5 million was settled in kind through the assignment of a penthouse at Blue Moon Court.

The Pembroke I Development comprises 6 garages, 2 maisonettes, 4 three-bedroomed apartments and 2 three-bedroomed duplex penthouses. As at 30 June 2022, construction works were 100% complete while finishes were 95% complete.

As at 20 October 2022, only 1 residential unit was in stock and available for sale.

6. NEW DEVELOPMENTS

6.1 PEMBROKE II DEVELOPMENT

The Pembroke II Development is a residential development located in Triq Profs J. E. Debono, Pembroke which will include 6 basement garages, 2 maisonettes at ground floor level, 4 apartments at first and second floor levels, and 2 duplex penthouses at third and fourth floor levels. The said property is subject to a promise of sale agreement where it was agreed to exchange a duplex penthouse and garage forming part of Pembroke I Development for the above-mentioned new location in Pembroke.

The project costs are expected to amount to *circa* €2.0 million and will be financed from the Group's own cash flows. The development is expected to be completed in shell form by Q2 2023 and finishes by Q3 2024.

6.2 SIĠĠIEWI DEVELOPMENT

In 2022, the 2022 Guarantor acquired the rights under 4 promise of sale agreements to acquire 4 parcels of land in Siġġiewi (together, the "**Siġġiewi Site**") for an aggregate consideration of *circa* €10.2 million. The Siġġiewi Site, measuring approximately 5,000m², shall be utilised for the construction of the Siġġiewi Development which, on completion, shall comprise 155 lock-up garages, 2 stores and a substation at basement level, 20 maisonettes, 60 apartments and 15 penthouses spread over 8 blocks. The properties will be sold in a finished state. Each block shall have separate entrances served with passenger lifts accessing both the residential units and the underlying garage levels.

The construction of the Siġġiewi Development is intended to commence in Q1 2023, with construction envisaged to be completed by Q4 2024 and fully finished by Q2 2026. Development works are estimated to amount to €16.6 million. The above-mentioned acquisition of the Siġġiewi Site and development thereon shall be financed from net proceeds of the 4.75% Secured Bonds 2025-2027 and cash flows generated from the sale of units.

Projected revenues to be generated from the sale of units of the Siġġiewi Development is expected to amount to €37.0 million, with the majority of said revenues expected to be recognised in FY2025 and FY2026.

6.3 ĠHADIRA DEVELOPMENT

Best Deal Developments Limited (the "**2018 Guarantor**") has entered into a promise of sale agreement dated 03 October 2022 for the acquisition of the portion of land located in Mellieħa, which extends over and into one half of the fronting streets called Triq it-Tunnara and Triq id-Denci, and slightly less than one half on Triq it-Tumbrell, free and unencumbered from the obligation of payment of or conditions related to groundrent and, or emphyteutical or other burdens, free from third party servitudes, with its airspace and subterranean levels and with guaranteed vacant possession (the "**Target Property**"), for the price of €7.8 million. This is expected to be financed through additional borrowings expected to take place in 2023.





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

The final deed of sale and purchase is conditional, *inter alia*, on the 2018 Guarantor managing to obtain, at its expense, by no later than seventeen (17) months from the date of the above-mentioned promise of sale, a fully executable development permit to be applied for by the 2018 Guarantor. The promise of sale shall remain valid and effective up to 03 April 2024.

The acquisition is intended to be developed into a residential development comprising 72 apartments spanning over nine floors, one large penthouse referred to as 'Sky Villa' and 108 garages. Pursuant to the terms of the said promise of sale, the 2018 Guarantor is vested with a right of substitution and, or assignment in favour of any third-party company/ies in which the ultimate beneficial owners of the 2018 Guarantor have a direct or indirect shareholding. The Board of Directors of the Issuer understands that such right of assignment is due to be exercised with a view to the 2022 Guarantor appearing on the final deed of sale for the acquisition of the Target Property. In addition to the above, the 2022 Guarantor may seek to identify additional properties for acquisition and subsequent development.

7. SECURITY AND THE RESERVE ACCOUNT

7.1 SECURITY

In 2018, the Company issued €16 million 4.25% secured bonds 2024 (the “**2018 Bonds**”) for the purposes of acquiring three sites in Zabbar, Mellieħa and Pembroke and developing thereon the Zabbar Development, the Mellieħa Development and the Pembroke Development, respectively. The balance of said bonds as at 1 August 2022 amounted to €9,183,200.

The 2018 Bonds are guaranteed by the 2018 Guarantor and secured by the following security rights in favour of the Security Trustee for the benefit of the holders of the 2018 Bonds:

- (i) the first ranking general hypothec for the full nominal value of the 2018 Bonds and interests thereon over all the present and future property of the Company and 2018 Guarantor;
- (ii) the first ranking special hypothec for the full nominal value of the 2018 Bonds and interests thereon over the land on which each of the Pembroke Development, the Mellieħa Development and the Zabbar Development has been / is being developed together with all and any constructions to be developed thereon;
- (iii) the special privilege in accordance with the provisions of article 2010(c) of the Civil Code (Chapter 16 of the laws of Malta) for the amounts of: (a) *circa* €0.8 million (or such other amount according to law) over the site of the Pembroke Development; (b) *circa* €3.2 million (or such other amount according to law) over the site of the Mellieħa Development; and (c) *circa* €7.6 million (or such other amount according to law) over the site of the Zabbar Development; and
- (iv) the joint and several guarantee, dated 3 December 2018 granted by 2018 Guarantor as security for the punctual performance of the Issuer's payment obligations relating to the 2018 Bonds, subject to the terms and conditions contained in the security trust deed signed between the Issuer, 2018 Guarantor and the Security Trustee dated 3 December 2018.

In terms of the Prospectus dated 9 November 2022, the Issuer plans to raise €15 million through the issue of 4.75% secured bonds 2025 – 2027 (the “**2022 Bonds**”) for the purposes of funding the acquisition by the Guarantor of the Siġġiewi Site and part-financing the development of the Siġġiewi Development described in section 6.2 above.

The 2022 Bonds shall be guaranteed by the 2022 Guarantor and secured by the following security rights in favour of the Security Trustee for the benefit of the holders of the 2022 Bonds:

- (i) the first ranking general hypothec for the full nominal value of the 2022 Bonds and interests thereon over all the present and future property of the 2022 Guarantor;
- (ii) the first ranking special hypothec for the full nominal value of the 2022 Bonds and interests thereon over the Siġġiewi Site together with all and any constructions to be developed thereon;
- (iii) the pledge on insurance policy relating to the Siġġiewi Site and development thereon; and
- (iv) the joint and several guarantee granted by 2022 Guarantor as security for the punctual performance of the Issuer's payment obligations relating to the 2022 Bonds, subject to the terms and conditions contained in the security trust deed signed between the Issuer, 2022 Guarantor and the Security Trustee dated 9 November 2022.



7.2 RELEASING SECURITY AND THE RESERVE ACCOUNT

All sales of units, including residential units and garages/car spaces, forming part of the hypothecated property (described in section 7.1 above) shall be made on condition that units are released of all hypothecary rights and privileges encumbering the units being sold. For this purpose, the Security Trustee shall be empowered to release individual units of the hypothecated property from the security interest encumbering such unit/s upon receipt by it from the Issuer or from a prospective purchaser of a fixed amount of the purchase price attributed to each unit forming part of the hypothecated property.

All amounts received by the Security Trustee from the sales proceeds of units, forming part of the hypothecated property, shall be credited to the Reserve Account and shall be retained for the purpose of redeeming the 2018 Bonds and, or the 2022 Bonds (as the case may be) on maturity. In the absence of unforeseen circumstances and subject to there being no material adverse changes in circumstances, the directors of the Issuer are of the view that the percentages available for cash flows that will be credited to the Reserve Account will be sufficient to cover the redemption of the outstanding 2018 Bonds and 2022 Bonds on maturity.

8. ECONOMIC AND SECTOR ANALYSIS

8.1 ECONOMIC UPDATE

In 2021, the Maltese economy rebounded strongly by 10.4%, on account of improved business and consumer sentiment and growth in investment and services exports. In 2022, real GDP growth is forecast to reach 4.9%, which is higher than projected in spring (4.2%), given the expected stronger gains in the services sector, although tampered by the negative impacts of Russia's invasion of Ukraine. Growth in 2022 is expected to be driven by domestic consumption and net exports. Based on air passenger data projections by Eurocontrol¹, the export of tourism services is on course to a very rapid rebound in 2022 with full recovery expected by 2023, contributing to growth in both years. In 2023, real GDP is forecast to increase at a slower pace, but still by a robust 3.8%, affected by a general economic slowdown of its main trading partners, but partially compensated by continued growth of tourism and other services exports.

In June 2022, Malta was removed from the list of jurisdictions under increased monitoring by the Financial Action Task Force (the international standard setting body on anti-money laundering/countering the financing of terrorism). This positive outcome removed the related limited downside risks flagged in previous forecast rounds.

Inflation in 2021 increased only moderately by 0.7% as energy prices were kept unchanged by state interventions and hedging contracts for gas supply. While the authorities have committed to continue limiting energy price growth in 2022, the strong increase in inflation in the first two quarters of 2022 indicates that rising international energy and commodity prices are affecting Malta's prices indirectly. Inflation in 2022 is set to rise to 5.6%. The increases in food, transport and imported goods prices, and a continued recovery in the tourism and hospitality services are set to drive up price pressures also in 2023, with inflation remaining elevated at 3.3%.²

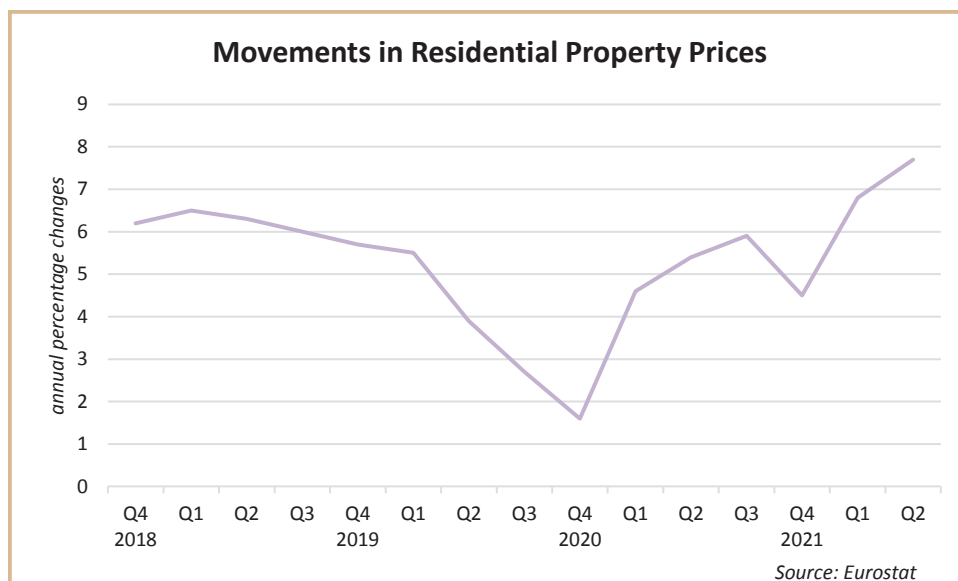
8.2 PROPERTY MARKET

The NSO's Property Price Index (PPI) – which is based on actual transactions involving apartments, maisonettes and terraced houses – continued to increase in annual terms. However, the annual rate of change slowed down to 4.5% in the last quarter of 2021 from 5.9% in the third quarter of 2021. Moreover, house price inflation in Malta remained below that in the euro area where prices increased at an annual rate of 9.4%.

¹ The European Organisation for the Safety of Air Navigation, commonly known as Eurocontrol, is an international organisation working to achieve safe and seamless air traffic management across Europe.

² Economic Forecast – Summer 2022 (European Commission Institutional Paper 183 July '22).





Notwithstanding the slower growth recorded in the fourth quarter of 2021, the annual average house price inflation remains close to that recorded in the last four years before the pandemic. At the same time, residential property prices seem to have returned to a growth trend following the slowdown in growth during the initial stages of the pandemic. In Q1 2022 and Q2 2022, the annual percentage rate of change increased from 4.5% in Q4 2021 to 6.8% and 7.7% respectively.

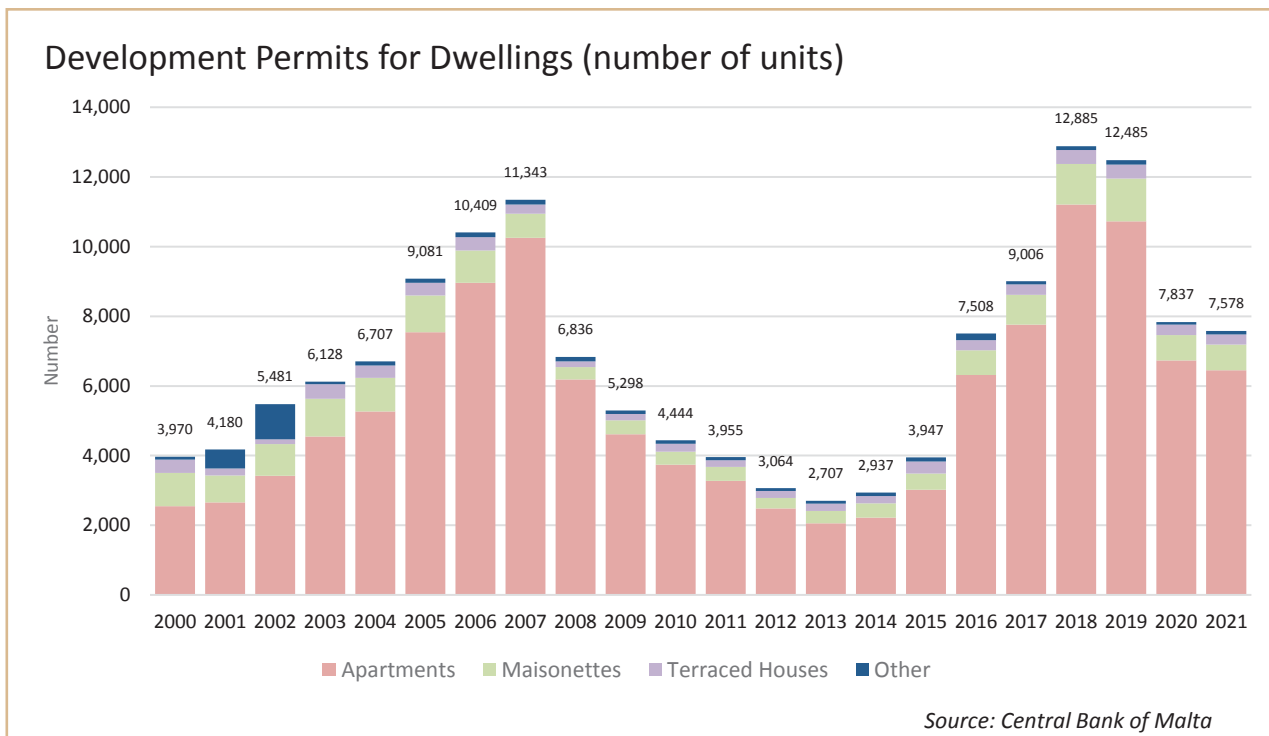
Residential property prices are being supported by numerous factors including the low-interest rate environment and a number of Government schemes, which include the temporary measures launched following the pandemic. Such schemes reflect, for example, lower property tax rate and stamp duty to eligible transfers of immovable property. In particular, in 2020, 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. Moreover, Budget 2021 and Budget 2022 extended or introduced more incentives supporting the property market that were in place before the pandemic.

In 2021, the number of final deeds of sale relating to residential property amounted to 14,368 compared to 11,057 deeds in 2020 (+30%). The value of deeds completed in 2021 amounted to €3,155.3 million, an increase of 48% when compared to the prior year (2020: €2,126.6 million).

During the first 9 months of 2022, 10,516 final deeds of sale were concluded, an increase of 44 deeds from the same period a year earlier (Q1 to Q3 2021: 10,472 deeds). The value of the afore-mentioned deeds amounted to €2,363.6 million compared to €2,303.4 million in Q1 to Q3 2021 (+€60.2 million or +2.6%).¹

The number of residential building permits issued in 2021 amounted to 1,633 permits (2020: 1,675 permits) 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.

¹ National Statistics Office Malta – News Release 180/2022.



During the first half of 2022, 1,047 building permits for a total of 5,367 new dwellings were approved. When compared to the corresponding 6-month period of 2021, the number of building permits and approved new dwellings increased by 15% (+137 permits) and 39% (+1,500 new dwellings) respectively.¹

¹ National Statistics Office Malta – News Release 145/2022.





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

PART 2 – BDP GROUP PERFORMANCE REVIEW

9. FINANCIAL HIGHLIGHTS

The following financial information is extracted from the audited consolidated financial statements of the Issuer for the period 23 October 2018 to 31 December 2019 and for the years ended 31 December 2020 and 31 December 2021. The projected consolidated financial information for the years ending 31 December 2022 and 31 December 2023 of BDP Group has been provided by management of the Issuer.

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

Best Deal Properties Holding plc					
Condensed Consolidated Income Statement					
for the years ending 31 December					
	2019	2020	2021	2022	2023
	14 months	12 months	12 months	12 months	12 months
	Audited	Audited	Audited	Projection	Projection
	€'000	€'000	€'000	€'000	€'000
Revenue	883	10,952	20,060	18,750	13,773
Cost of sales	(764)	(8,760)	(15,603)	(13,704)	(10,267)
Administrative expenses	(620)	(712)	(595)	(405)	(418)
EBITDA	(501)	1,480	3,862	4,641	3,088
Depreciation and amortisation	(73)	(67)	(67)	-	-
Operating profit/(loss)	(574)	1,413	3,795	4,641	3,088
Finance income	-	4	30	-	-
Finance costs	(28)	(104)	(152)	(130)	(30)
Gain on bargain purchase	515	-	-	-	-
Profit/(loss) before tax	(87)	1,313	3,673	4,511	3,058
Taxation	(38)	(551)	(908)	(1,112)	(939)
Profit/(loss) for the year	(125)	762	2,765	3,399	2,119

Key Accounting Ratios

	2019	2020	2021	2022	2023
	14 months	12 months	12 months	12 months	12 months
	Audited	Audited	Audited	Projection	Projection
Operating profit margin (EBITDA/revenue)	-57%	14%	19%	25%	22%
Net profit margin (Profit after tax/revenue)	-14%	7%	14%	18%	15%
Earnings per share (€) (Profit after tax/number of shares)	-0.04	0.24	0.88	1.09	0.68
Return on equity (Profit after tax/shareholders' equity)	-4%	18%	40%	34%	18%
Return on capital employed (EBITDA/total assets less current liabilities)	-2%	7%	18%	13%	6%
Return on assets (Profit after tax/total assets)	0%	3%	11%	10%	4%

Source: MZ Investment Services Limited



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

In FY2020, BDP Group generated revenue of €11.0 million, principally from the sale of units in Blue Moon Court (€6.8 million) and the Zabbar development (€4.0 million). EBITDA margin in FY2020 was at 14% and EBITDA amounted to €1.5 million. Overall, the Group reported a net profit after tax of €0.8 million and thereby registered a net profit margin of 7%.

In FY2021, BDP Group generated revenue amounting to €20.1 million compared to €11.0 million in FY2020 (+83%). Approximately 57% of revenue was derived from sales of units forming part of the Zabbar Development and *circa* 34% from Garnet Court. Operating profit for the year amounted to €3.9 million, an increase of €2.4 million from a year earlier, and total comprehensive income amounted to €2.8 million (FY2020: €0.8 million).

Operating profit margin improved from 14% in FY2020 to 19% in FY2021, while net profit margin increased from 7% in FY2020 to 14%. The efficiency ratios being a measure of a company's ability to use one's assets to generate income have also increased year-on-year. In fact, return on equity increased from 18% to 40% in FY2021, return on capital employed improved by 11 percentage points to 18% while return on assets increased from 3% in FY2020 to 11%.

In FY2022 and FY2023, BDP Group is projected to generate revenue of €18.8 million and €13.8 million respectively primarily from the sale of units forming part of the Zabbar Development (54%), Mellieha Development (32%) and Pembroke I Development (10%). The sales expected to the end of 2022 are in the vast majority subject to promise of sale agreements. Revenue in FY2023 is expected to decrease by €5.0 million due to declining levels of property available for sale (inventory). Sale of units situated in Pembroke II Development and Siġġiewi Development are expected to commence as from FY2024.

The Group's operating profit margin is projected to improve y-o-y by 6 percentage points in FY2022 to 25% but decrease to 22% in FY2023. Overall profitability is expected to increase by 23% (€0.6 million) in FY2022 from €2.8 million in the previous year to €3.4 million. In the following projected year, net profit is expected to amount to €2.1 million compared to €3.4 million (FY2022), reflecting the decrease in revenue from a year earlier. The return on capital employed is estimated at 13% and 6% in FY2022 and FY2023 respectively compared to 18% in FY2021. The lower expected return in the projected two years is in consequence of the timing of property development projects. In FY2022 and FY2023, the Group shall be committing capital resources towards Pembroke II Development and Siġġiewi Development but related revenue and operating profit will be accounted for as of FY2024.





MZ INVESTMENT SERVICES

Best Deal Properties Holding plc

Condensed Consolidated Statement of Financial Position

as at 31 December

	2019	2020	2021	2022	2023
	Audited	Audited	Audited	Projection	Projection
	€'000	€'000	€'000	€'000	€'000
ASSETS					
Non-current assets					
Property, plant and equipment	1	1	1	1	1
Goodwill	43	43	43	43	43
Deferred tax asset	21	111	108	30	2
Sinking fund reserve	-	875	3,365	4,244	7,577
	<u>65</u>	<u>1,030</u>	<u>3,517</u>	<u>4,318</u>	<u>7,623</u>
Current assets					
Inventories	26,432	25,682	19,626	21,682	23,302
Trade and other receivables	156	279	1,148	-	-
Income tax assets	-	-	23	-	-
Cash and cash equivalents	801	462	247	9,111	21,476
	<u>27,389</u>	<u>26,423</u>	<u>21,044</u>	<u>30,793</u>	<u>44,778</u>
Total assets	<u>27,454</u>	<u>27,453</u>	<u>24,561</u>	<u>35,111</u>	<u>52,401</u>
EQUITY					
Capital and reserves					
Called up share capital	313	313	313	313	313
Share premium	938	938	938	938	938
Shareholders' loans	2,324	2,324	2,324	2,325	2,325
Retained earnings/(accumulated losses)	(209)	553	3,318	6,455	8,313
	<u>3,366</u>	<u>4,128</u>	<u>6,893</u>	<u>10,030</u>	<u>11,888</u>
LIABILITIES					
Non-current liabilities					
Secured bonds	15,671	15,022	13,296	23,513	23,659
Borrowings	2,548	1,200	1,200	1,200	15,807
	<u>18,219</u>	<u>16,222</u>	<u>14,496</u>	<u>24,713</u>	<u>39,466</u>
Current liabilities					
Borrowings	3,050	3,574	660	-	-
Trade and other payables	2,817	3,509	2,512	368	987
Current income tax liabilities	2	20	-	-	60
	<u>5,869</u>	<u>7,103</u>	<u>3,172</u>	<u>368</u>	<u>1,047</u>
	<u>24,088</u>	<u>23,325</u>	<u>17,668</u>	<u>25,081</u>	<u>40,513</u>
Total equity and liabilities	<u>27,454</u>	<u>27,453</u>	<u>24,561</u>	<u>35,111</u>	<u>52,401</u>



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

Key Accounting Ratios

	2019	2020	2021	2022	2023
	14 months	12 months	12 months	12 months	12 months
	Audited	Audited	Audited	Projection	Projection
Gearing ratio (Total net debt/net debt and shareholders' equity)	86%	82%	63%	53%	47%
Gearing ratio 2 (times) (Net debt/shareholders' equity)	6.08	4.47	1.67	1.13	0.88
Net debt to EBITDA (years) (Net debt/EBITDA)	n/a	12.47	2.99	2.45	3.37
Net assets per share (€) (Net asset value/number of shares)	1.08	1.32	2.21	3.21	3.80
Liquidity ratio (times) (Current assets/current liabilities)	4.67	3.72	6.63	83.68	42.77

Source: MZ Investment Services Limited

BDP Group's statement of financial position as at 31 December 2021 comprised total assets of €24.5 million (FY2020: 27.5 million), primarily made up of inventory (being property development work-in-progress) and cash balances (including sinking fund reserve).

Total equity increased by €2.8 million to €6.9 million on account of the net profit registered during the year. Aggregate liabilities amounted to €17.7 million, a decrease of €5.7 million compared to FY2020. During the year, secured bonds and short-term borrowings were reduced by €4.6 million to €14.0 million. Other liabilities include deposits received on promise of sale agreements amounting to €0.8 million (FY2020: €1.6 million).

The gearing ratio of the BDP Group decreased from 82% in FY2020 to 63% in FY2021, whilst net debt to EBITDA, which is an alternative measure to assess leverage, was at 2.99 years in FY2021 compared to 12.47 years in the prior year. The liquidity ratio of the BDP Group in FY2021 was at 6.63 times in FY2021 (FY2020: 3.72 times). The relatively high liquidity ratio emanates from the fact that the majority of the BDP Group's funding facilities are repayable after more than one year.

Equity in FY2022 and FY2023 is projected to increase sequentially by €3.1 million and €1.9 million on account of the profit expected to be generated in the said financial years.

Liabilities are expected to increase by €22.8 million primarily in consequence of the issue of €15 million 4.50% secured bonds 2025-2027 in FY2022 to acquire the Siġġiewi Site and an increase in borrowings of €15 million in FY2023 for the proposed acquisition of the Ghadira Site. Furthermore, the outstanding amount of 4.25% secured bonds 2024 has to date been reduced from €14.5 million as at 31 December 2021 to circa €9.0 million and is assumed to remain unchanged until maturity date in 2024. It is however observed that the Group will continue to build the sinking fund reserve to be utilised to redeem the afore-mentioned bonds (included in non-current assets). In this regard, the balance of the sinking fund reserve is projected to amount to €7.6 million by FY2023.

Apart from the sinking fund reserve, the other assets of the Group principally comprise cash balances and property being developed (classified as inventories). In FY2022, inventories are projected to amount to €21.7 million and includes the proposed acquisition of the Siġġiewi Site for circa €10.2 million. In the subsequent year, inventories comprise the purchase of the Ghadira Site for circa €7.8 million.

Due to the consistent increase in equity and cash balances, the Group's gearing ratio is expected to decrease from 63% in FY2021 to 53% and 47% in FY2022 and FY2023 respectively.





MZ INVESTMENT SERVICES

Best Deal Properties Holding plc

Condensed Consolidated Cash Flow Statement

for the years ending 31 December

	2019	2020	2021	2022	2023
	14 months	12 months	12 months	12 months	12 months
	Audited	Audited	Audited	Projection	Projection
	€'000	€'000	€'000	€'000	€'000
Net cash from operating activities	(24,001)	2,178	7,134	466	1,225
Net cash from investing activities	(2)	(875)	(2,490)	(879)	(3,333)
Net cash from financing activities	24,788	(1,650)	(4,835)	9,277	14,473
Net movement in cash and cash equivalents	785	(347)	(191)	8,864	12,365
Cash and cash equivalents at beginning of year	-	785	438	247	9,111
Cash and cash equivalents at end of year	785	438	247	9,111	21,476

In FY2020, net movement in cash and cash equivalents amounted to an adverse balance of €0.3 million. Cash generated from operating activities amounted to €2.2 million, of which €1.3 million related to working capital movements. Net cash outflows from investing activities represented transfers to the sinking fund reserve. Net cash used in financing activities amounted to €1.6 million and mainly related to net repayments of bank borrowings.

In FY2021, net movement in cash and cash equivalents amounted to an adverse balance of €0.2 million. Net cash from operating activities amounted to €7.1 million compared to €2.2 million in the previous year, mainly on account of a positive movement in working capital (+€4.2 million). Net cash used in investing activities of €2.5 million and represented amounts paid into the sinking fund reserve (FY2020: €0.9 million). During the year, the Issuer transferred a further €1.8 million to the security trustee (in aggregate, €4.3 million) for the purposes of repurchasing bonds from the capital market and which are accounted for as financing activities.

Net cash outflow from financing activities amounted to €4.8 million compared to outflows of €1.6 million in FY2020. Cash used mainly comprised the repurchase of €1.8 million of bonds outstanding and net repayment of other borrowings.

In FY2022, the Group is projected to generate €0.5 million of net cash from operating activities which is expected to comprise operating profit of €3.6 million and the remaining balance being net adverse movement in working capital changes. In investing activities, the amount of €0.9 million is expected to be paid into the sinking fund reserve.

Net cash from financial activities is projected to amount to €9.3 million on account of net increase in bonds and other borrowings of €9.6 million and dividend payments amounting to €0.3 million.

Net movement in cash in FY2023 is projected to amount to €12.4 million mainly on account of an increase in net borrowings of €14.8 million and cash generated from operating activities amounting to €1.2 million. On the other hand, payments to the sinking fund reserve (accounted for as investing activities) is estimated to amount to €3.3 million.

INFORMATION RELATING TO THE ISSUER'S EQUITY

The 2,500,000 ordinary shares of the Issuer, having a nominal value of €0.10 per share, are listed on Prospects MTF pursuant to a Company Admission Document dated 21 August 2019. Key market data relating to the said ordinary shares is provided hereunder:

Key Market Data

	31 Dec'19	31 Dec'20	31 Dec'21	31 Dec'22	31 Dec'23
	Actual	Actual	Actual	Projection	Projection
Total shares outstanding	3,125,000	3,125,000	3,125,000	3,125,000	3,125,000
Year-end share price (€)	1.60	1.60	1.60	1.60	1.60
Market capitalisation [A]	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Net debt (€) [B]	20,468,000	18,459,000	11,544,000	11,358,000	10,413,000
Enterprise value [A + B]	25,468,000	23,459,000	16,544,000	16,358,000	15,413,000
Price/earning ratio (times)	-40.00	6.56	1.81	1.47	2.36
Dividends payable to shareholders (€)	-	-	-	250,000	250,000
Dividend cover (Net profit/dividends paid) (times)	-	-	-	13.60	8.48

Source: MZ Investment Services Limited



MZ INVESTMENT SERVICES

PART 3 - COMPARABLES

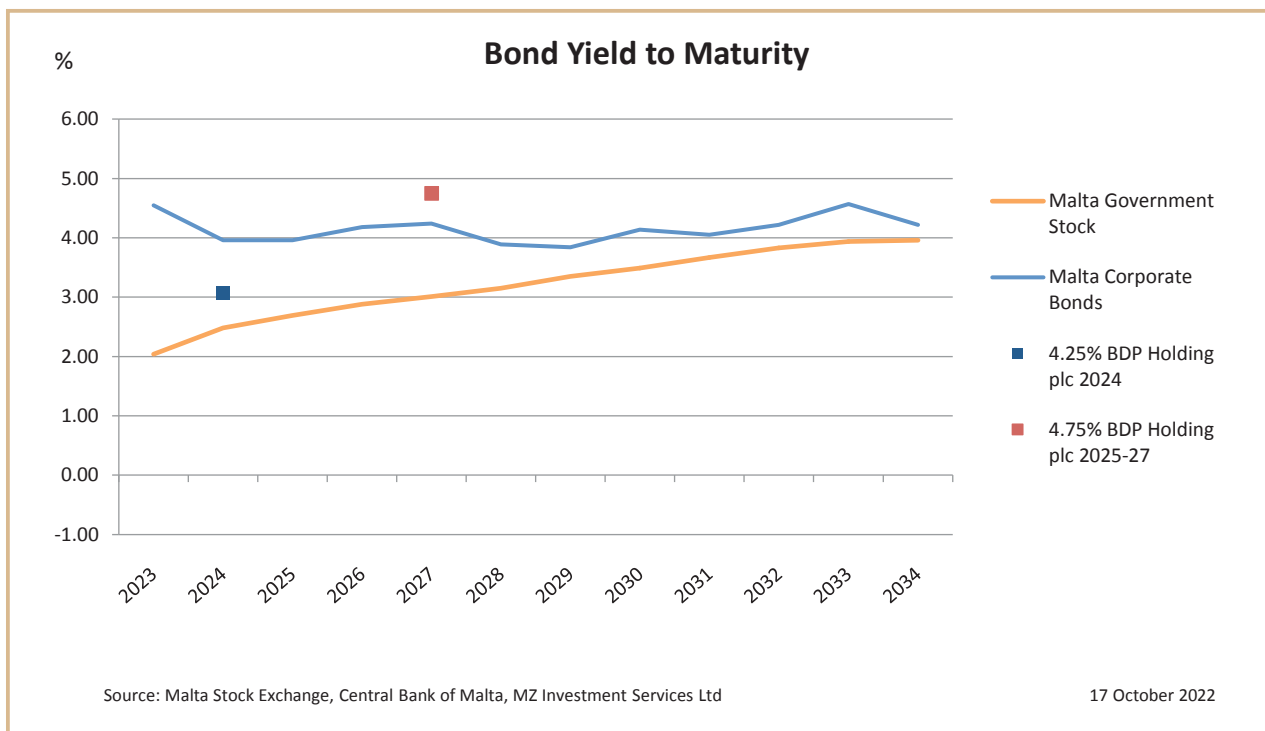
The table below compares the Issuer and its bond issues to other debt issuers listed on the Malta Stock Exchange and their respective debt securities. The list includes issuers (excluding financial institutions) that have listed bonds. Although there are significant variances between the activities of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

Comparative Analysis	Nominal Value (€)	Yield to Maturity (%)	Interest Cover (times)	Total Assets (€'000)	Net Asset Value (€'000)	Gearing Ratio (%)
4.25% GAP Group plc Secured € 2023	8,349,900	5.29	14.81	112,173	21,575	60.31
5.30% United Finance Plc Unsecured € Bonds 2023	8,500,000	4.55	1.68	37,992	9,916	65.59
5.80% International Hotel Investments plc 2023	10,000,000	4.33	1.06	1,695,229	838,216	40.59
6.00% AX Investments Plc € 2024	40,000,000	3.33	1.69	374,099	237,143	25.10
6.00% International Hotel Investments plc € 2024	35,000,000	3.97	1.06	1,695,229	838,216	40.59
5.30% Mariner Finance plc Unsecured € 2024	35,000,000	4.05	3.30	102,348	52,929	46.65
5.00% Hal Mann Vella Group plc Secured € 2024	30,000,000	3.96	2.60	123,752	48,512	53.05
5.10% 1923 Investments plc Unsecured € 2024	36,000,000	4.84	4.58	149,687	52,831	49.89
4.25% Best Deal Properties Holding plc Secured € 2024	9,137,200	3.03	-	24,561	6,893	62.61
3.70% GAP Group plc Secured € 2023-2025 Series 1	21,000,000	3.53	14.81	112,173	21,575	60.31
5.75% International Hotel Investments plc Unsecured € 2025	45,000,000	5.73	1.06	1,695,229	838,216	40.59
5.10% 6PM Holdings plc Unsecured € 2025	13,000,000	4.70	52.47	155,313	70,709	14.82
4.50% Hili Properties plc Unsecured € 2025	37,000,000	3.96	1.41	208,696	110,881	32.31
4.35% Hudson Malta plc Unsecured € 2026	12,000,000	4.18	4.51	58,951	12,557	68.49
4.25% Corinthia Finance plc Unsecured € 2026	40,000,000	4.16	0.83	1,863,456	899,566	40.81
4.00% International Hotel Investments plc Secured € 2026	55,000,000	3.96	1.06	1,695,229	838,216	40.59
3.75% Premier Capital plc Unsecured € 2026	65,000,000	3.75	11.70	317,675	60,118	74.24
4.00% International Hotel Investments plc Unsecured € 2026	60,000,000	4.13	1.06	1,695,229	838,216	40.59
3.25% AX Group plc Unsec Bds 2026 Series I	15,000,000	3.51	1.69	374,099	237,143	25.10
3.90% GAP Group plc Secured € 2024-2026	21,000,000	4.16	14.81	112,173	21,575	60.31
4.75% Best Deal Properties Holding plc Secured € 2025-27	15,000,000	4.75	-	24,561	6,893	62.61
4.35% SD Finance plc Unsecured € 2027	65,000,000	3.98	4.60	349,955	142,068	27.22
4.00% Eden Finance plc Unsecured € 2027	40,000,000	4.24	3.63	193,529	109,284	28.55
4.00% Stivala Group Finance plc Secured € 2027	45,000,000	4.00	3.25	362,955	235,392	26.66
4.00% Hili Finance Company plc Unsecured € 2027	50,000,000	3.87	4.48	727,669	154,632	71.84
3.85% Hili Finance Company plc Unsecured € 2028	40,000,000	3.89	4.48	727,669	154,632	71.84
3.65% Stivala Group Finance plc Secured € 2029	15,000,000	3.36	3.25	362,955	235,392	26.66
3.80% Hili Finance Company plc Unsecured € 2029	80,000,000	4.05	4.48	727,669	154,632	71.84
3.75% AX Group plc Unsec Bds 2029 Series II	10,000,000	3.75	1.69	374,099	237,143	25.10
3.65% International Hotel Investments plc Unsecured € 2031	80,000,000	4.60	1.06	1,695,229	838,216	40.59
3.50% AX Real Estate plc Unsec Bds 2032	40,000,000	3.89	-	238,228	78,698	63.41
4.50% The Ona plc € 2028 - 2034	16,000,000	4.22	44.94	29,758	8,719	51.62

17-Oct-22

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





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 2024 Bonds are trading at a yield of 3.08%, which is 88 basis points lower when compared to other corporate bonds maturing in the same year. The premium over FY2024 Malta Government Stock is 60 basis points.

The 2025-27 Bonds have a yield of 4.75%, which is 51 basis points higher when compared to other corporate bonds maturing in the same year. The premium over FY2027 Malta Government Stock is 174 basis points.



PART 4 - EXPLANATORY DEFINITIONS

INCOME STATEMENT

Revenue	Total revenue generated by the Issuer from its business activities during the financial year.
Cost of sales	Operating expenses include the cost of construction and other related expenses.
EBITDA	EBITDA is an abbreviation for earnings before interest, tax, depreciation and amortisation. EBITDA can be used to analyse and compare profitability between companies and industries because it eliminates the effects of financing and accounting decisions.
Profit after tax	Profit after tax is the profit made by the 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 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 and disposal 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.

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 sinking fund reserve.
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 (inventories), accounts receivable, cash and bank balances.





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

Current liabilities	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	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.

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.
Net debt to EBITDA	The net debt to EBITDA ratio is a measurement of leverage, calculated as a company's interest bearing liabilities minus cash or cash equivalents, divided by its EBITDA. This ratio shows how many years it would take for a company to pay back its debt if net debt and EBITDA 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.
