SUMMARY

Dated 28 November 2022

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

In respect of an issue of up to
€30,000,000 5% Secured Bonds 2028-2033
of a nominal value of €100 per Bond issued at par and redeemable at the Redemption Value
ISIN: MT0002701200

by

DEVELOPMENT | HOTELS | OFFICES | RETAIL

CF ESTATES FINANCE P.L.C.

with the joint and several Guarantee of CF Estates Ltd.

Sponsor & Co-Manager	Registrar and Co-Manager	Security Trustee	Legal Counsel
Calamatta Cuschieri	BOV Bank of Valletta	CSB trustees& fiduciaries ltd	salibastafrace LEGAL

THIS SUMMARY HAS BEEN APPROVED BY THE MALTA FINANCIAL SERVICES AUTHORITY, AS COMPETENT AUTHORITY UNDER THE PROSPECTUS REGULATION. THE MALTA FINANCIAL SERVICES AUTHORITY ONLY APPROVED THIS SUMMARY AS MEETING THE STARDARDS OF COMPLETENESS, COMPREHENSIBILITY AND CONSISTENCY IMPOSED BY THE PROSPECTUS REGULATION. SUCH APPROVAL SHOULD NOT BE CONSIDERED AS AN ENDORSEMENT OF THE ISSUER AND THE SECURITIES THAT ARE THE SUBJECT OF THIS SUMMARY.

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

APPROVED BY THE DIRECTORS

Francis Agius
in his capacity as director of the Issuer and for and on behalf of
Stephen Muscat, Joseph Portelli, Peter Portelli and Mario Vella

This Summary is prepared in accordance with the requirements of the Prospectus Regulation and the delegated acts issued thereunder. This Summary contains key information which investors require in order to understand the nature and the risks of the Issuer and the Bonds. Except where the context otherwise requires, the capitalised words and expressions used in this Summary shall bear the meanings assigned to them in the Registration Document and the Securities Note, as the case may be.

You are about to purchase a product that is not simple and may be difficult to understand.

1. INTRODUCTION AND WARNINGS

This Summary contains key information on the Issuer, the Guarantor and the Bonds, summarised details of which are set out below:

Issuer	CF Estates Finance p.l.c., a public limited liability company registered in Malta, with company registration number C 102839 and legal entity identifier (LEI) number 391200TP055LTCBL9P32.
Address	CF Business Centre, Level 1, Triq Gort, Paceville, San Giljan, STJ 9023, Malta.
Telephone number	+356 21411000
Issuer Website	www.cf.com.mt
Competent authority approving the Prospectus	The MFSA, established in terms of the Financial Markets Act (Cap. 345 of the laws of Malta)
Address	Malta Financial Services Authority, Triq l-Imdina, Zone 1, Central Business District, Birkirkara, Malta, CBD 1010.
Telephone number	+ 356 2144 1155
MFSA Website	https://www.mfsa.mt/
Name of the securities	5% Secured Bonds 2027-2032
ISIN number of Bonds	MT0002701200
Prospectus approval date	28 November 2022

Prospective investors are hereby warned that:

(i) this Summary should be read as an introduction to the Prospectus. It is being provided to convey the key characteristics and risks associated with the Issuer and the Bonds being offered pursuant to the Prospectus. It is not and does not purport to be exhaustive and investors are warned that they should not rely on the information contained in this Summary in making a decision as to whether to invest in the securities described in this document;

(ii) any decision of the investor to invest in the Bonds should be based on a consideration of the Prospectus as a whole by the investor;

(iii) an investor may lose all or part of the capital invested in subscribing for Bonds;

(iv) where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of Malta, have to bear the costs of translating the Prospectus before the legal proceedings are initiated; and

(v) civil liability attaches only to those persons who have tabled the Summary, including any translation thereof, but only if the Summary, when read together with the other parts of the Prospectus, is misleading, inaccurate, or inconsistent or does not provide key information in order to aid investors when considering whether to invest in the Bonds.

2. KEY INFORMATION ON THE ISSUER

2.1 Who is the Issuer of the Bonds?

Domicile and legal form, its LEI and country of incorporation

The Issuer is CF Estates Finance p.l.c., a public limited liability company registered in Malta in terms of the Companies Act (Cap. 386 of the laws of Malta). The Issuer was incorporated and is domiciled in Malta and with legal entity identifier (LEI) number 391200TP055LTCBL9P32.

Principal activities of the Issuer

The Issuer does not undertake any trading activities itself and its sole purpose is that of acting as the finance arm of the Group, principally by raising finance and advancing same to members of the Group. The assets of the Issuer therefore principally consist of loans granted to companies forming part of the CF Group.

Organisational structure of the Group

The Issuer is fully owned by CF Estates Ltd. (C 102632), which is the Guarantor of the Bond Issue, except for one (1) share which is held by Joseph Portelli, being one of the ultimate beneficial owners of the Group. Apart from the Issuer, the Guarantor has other subsidiaries, each of which is involved in one or more business sectors of the Group. Such subsidiaries, which are all fully owned by the Guarantor, include Haven Centre Ltd (C 95327), Mistral Hotel Ltd (C 88387), Ratcon Ltd (C 91834), Finish Furnish Limited (C 76264), CF Contracting Ltd. (C 96370), CF Developers Ltd. (C 96073) and CF Hotels Ltd. (C 97986).

Major shareholders of the Issuer

The Issuer's majority shareholder is the Guarantor which holds all of the issued shares except for one (1) share (namely 249,999 ordinary A shares of a nominal value of €1 each), whereas the 1 remaining share (namely 1 ordinary B share of €1 which as no voting rights nor rights to participate in dividend distributions and distribution of assets upon winding up) is held by Joseph Portelli. The Guarantor is in turn owned, and the Group is ultimately beneficially owned, as to 30% by the said Joseph Portelli and 17.5% each by Francis Agius, Clifton Cassar, Duncan Micallef and Stephen Falzon.

Key managing directors
The board of directors of the Issuer is composed of the following persons: Joseph Portelli (Chairman and Executive Director), Francis Agius (Executive Director), Stephen Muscat (Independent Non-Executive Director), Mario Vella (Independent Non-Executive Director) and Peter Portelli (Independent Non-Executive Director).

Statutory Auditors
The auditors of the Issuer as of the date of this Summary are Grant Thornton (Malta) of Fort Business Centre, Level 2, Mriehel Bypass, Birkirkara BKR 3000, Malta. The Accountancy Board registration number of Grant Thornton (Malta) is AB/26/84/22.

2.2 What is the key financial information regarding the Issuer?
The Issuer was incorporated 26 July 2022 and hence, has not published its first set of audited financial statements. The key financial information regarding the Group, of which the Issuer forms part, is found in the relevant section hereunder.

2.3 What are the key risks that are specific to the Issuer?

The most material risk factor specific to the Issuer is the following:

Dependence of the Issuer on the Group
The Issuer does not undertake any trading activities itself and its sole purpose is that of acting as the finance arm of the Group, principally by raising finance and advancing same to members of the Group. Its assets therefore consist primarily of loans issued to Group companies, and the only revenue generating activities of the Issuer is the receipt of principal and interest income received on the said loans. The Issuer is therefore economically dependent on the operational results, financial condition and performance of its borrower Group companies, principally the Guarantor, which will in turn economically depend on the results and performance of its Subsidiaries, which may in turn be negatively affected by various risks affecting them and their business and operations. Therefore, the risks intrinsic in the business and operations of Group companies, and underperformance of these Group companies, may have an adverse effect on the ability of the Issuer to meet its obligations in connection with the payment of interest and principal under the Bonds.

3. KEY INFORMATION ON THE SECURITIES

3.1 What are the main features of the securities?
The Bonds are being issued in an aggregate amount of up to €30,000,000 with a nominal value of €100 per Bond issued at par and redeemable at the Redemption Value on 6 January 2033, this being the Full Term Redemption Date, or at the sole option of the Issuer, earlier, on any date falling between 6 January 2028 and 6 January 2033, this being a Designated Early Redemption Date. The Redemption Value shall be €102.50 per Bond if the Redemption Date occurs at any time between, and including, 6 January 2028 and 5 January 2029, €101.25 per Bond if the Redemption Date occurs at any time between, and including, 6 January 2029 and 5 January 2030 and €100 per Bond if the Redemption Date occurs at any time after 6 January 2030. The Bonds bear interest at the rate of 5% per annum on the nominal value of the Bonds, payable on 6 January of each year, with the first interest payment being due on 6 January 2024 and the last interest payment being due on Redemption Date.

The Bonds shall be issued in fully registered and dematerialised form and will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the CSD. On admission to trading the Bonds shall have the following ISIN: MT0002701200. The Bonds shall be freely transferable.

The Bonds constitute the general, direct and unconditional obligations of the Issuer and shall at all times rank *pari passu*, without any priority or preference among themselves and shall rank *pari passu* with all other unsecured and unsubordinated obligations of the Issuer. The Bonds shall be jointly and severally guaranteed in respect of both the interest due and the principal amount by the Guarantor in terms of the Guarantee and they shall also be secured by a first ranking Special Hypothec to be constituted by Ratcon Ltd, Mistral Hotel Ltd and Haven Centre Ltd on the Security Property respectively owned by them (essentially the Levante Hotel, the Scirocco Hotel, the Mistral Hotel and the CF Business Centre) in favour of the Security Trustee for the benefit of the Bondholders. In respect of the said Ratcon Ltd, Mistral Hotel Ltd and Haven Centre Ltd, save for such exceptions as may be provided by applicable law, the Bonds shall rank with priority or preference to all present and future unsecured obligations of the said Ratcon Ltd, Mistral Hotel Ltd and Haven Centre Ltd, by virtue and to the extent of the said first ranking Special Hypothec.

There are no special rights attached to the Bonds other than the right of the Bondholders to (i) repayment of capital and payment of interest on the due dates; (ii) the benefit of the Collateral (namely the Guarantee and the first ranking Special Hypothec over the Security Property) through the Security Trustee; (iii) attend, participate in and vote at meetings of Bondholders in accordance with the Terms and Conditions of the Bond Issue; and (iv) such other rights attached to the Bonds emanating from the Prospectus.

3.2 Where will the securities be traded?

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

3.3 Is there a guarantee attached to the securities?

The Guarantee

Apart from the above-mentioned first ranking Special Hypothec on the Security Property to be granted by Ratcon Ltd, Mistral Hotel Ltd and Haven Centre Ltd, the Bonds will also be secured through the joint and several guarantee of the Guarantor in terms of the Guarantee dated 28 November 2022. Accordingly, the Security Trustee, for the benefit of itself and the Bondholders, shall be entitled to request the Guarantor to pay both the interest due and the principal amount under said Bonds if the Issuer fails to meet any amount, when due. The Guarantee also entitles the Security Trustee to take action against the Guarantor without having to first take action against the Issuer. The Guarantee constitutes a direct and unconditional obligation of the Guarantor, and the Guarantor's obligations under the Guarantee shall rank *pari passu* with all its other unsecured and unsubordinated obligations.

The Guarantor

The Guarantor is CF Estates Ltd., a private limited liability company registered in Malta in terms of the Companies Act (Cap. 386 of the laws of Malta) having company registration number C 102632. The legal entity identifier (LEI) number of the Guarantor is 3912000P4VJJ2FYN8497. The Guarantor is the parent company of the Group and acts mainly as a holding company, holding the shares in its Subsidiaries (including the Issuer).

Key financial information regarding the Guarantor

The Guarantor was incorporated on 30 June 2022 and hence, has not published its first set of audited financial statements. The financial information set out below represents key pro forma consolidated financial information of the Guarantor, of which the Issuer forms part. This pro forma information presents what the Group's financial statements would have looked like had the Group existed in its current form, comprising all its current constituent components, as at 31 December 2021.

CF Estates Ltd.	**FY2021**
Pro Forma Statement of Comprehensive Income	
Revenue (€000)	3,420
Operating loss (€000)	(1,227)
Net loss (€000)	(1,310)
Pro Forma Statement of Financial Position	
Total assets (€000)	29,409
Total liabilities (€000)	23,099
Total equity (€000)	6,308

3.4 Key risks relating to the Guarantor and the Collateral

Economic and financial risks

Risks arising from war and/or conflict

Wars and conflicts which may from time to time occur in various parts of the world, including the current Russia – Ukraine armed conflict, may present new risks or exacerbate certain risks to which the operations of the Group are subject, including shortage of and/or increase in prices and delay in importation and delivery of supplies needed for the business operations, apart from the negative effects these may have on the economy as a whole, including hospitality and real estate sectors.

Risks relating to COVID-19

The COVID-19 pandemic has affected the economy as a whole, resulting in a shrinking of the GDP and economic decline around the globe. The virus has resulted in various governmental movement, travel and work-related measures and restrictions, all of which have added challenges, given the rapid pace of change and significant operational demands. The ongoing COVID-19 pandemic and possible future outbreaks, and the macroeconomic effects thereof, may have direct and indirect adverse effects on the current and/or future business and financial performance of the Group, including but not limited to disruption of the business operations of the Group and its contractors and suppliers, through delays in importation and delivery of materials, or a potential spread of disease among the employees of the Group or of its contractors and suppliers and resulting quarantine measures, further increase in costs or materials and shipping costs, as well as potential imposed movement restrictions, all of which may negatively affect the project development, tourism, office leasing and trading sectors in which the Group is involved, and thus the anticipated future operations and revenues of the Group.

Risks relating to financing of the Group

As at the date of this Prospectus, various Group companies have bank debt. Whilst some of these bank facilities will be repaid through the proceeds of issue of the Bonds, the Group's overall financial gearing levels will further increase pursuant to the Bond Issue, and may also increase as a result of further future indebtedness. The increase in the level of financial gearing gives rise to all risks typically associated with higher leverage, including lower asset cover and lower debt service cover levels. This may have an adverse effect on the profitability of the Guarantor or its Subsidiaries. Furthermore, there can be no assurance that the Group will have access to such further debt financing as may be required from time to time at reasonable terms.

Business and operational risks

The Group depends on third parties in connection with its business, giving rise to counter-party risks

The Group relies upon third party or related service providers for the construction and completion and, where applicable, subsequent operation of its property developments. This gives rise to counter-party risks where such third parties default on their contractual obligations, including the resulting development cost overruns or delays in completion or loss of revenue, with the resultant negative impact on the Group's business, financial condition, results of operations and prospects, and may also expose the respective Group company to complaints, claims or litigation by property buyers, owners of neighboring tenements and other third parties for contractual default or for damages. Furthermore, prospective purchasers and tenants of properties may default on their payment and other obligations towards the relevant Group companies, thus causing potential liquidity shortages for the Group and forcing same into potential litigation.

Material risks relating to real estate acquisition, development and sale

There are a number of factors that commonly affect the real estate development industry, many of which are beyond the Group's control, and which could adversely affect the economic performance of the Group and the value of the real estate properties under development within the portfolio of the Group. Such factors include planning permit delays and costs, changes in local market conditions (such as oversupply or reduction in demand for real estate), increased market competition, shortages and/or price increases in raw materials and services leading to cost overruns, insufficiency of resources to complete the projects, penalties or litigation resulting from delays in completion, possible structural and environmental problems, acts of God and other force majeure events, health and safety risks and litigation associated with. Furthermore, real estate investments are generally illiquid.

Risks relating to the hospitality industry

The Group's future hospitality operations and the results thereof are subject to external factors that could adversely affect its business, many of which are common to the hotel industry and beyond the Group's control, including changes in travel patterns and customer trends, the seasonality and cyclical nature of the tourism industry, the impact of outbreaks of contagious diseases and other unexpected calamities on patterns and/or volume of travel, the introduction of legal requirements or restrictions related to the hospitality industry, increases in operating costs and taxes and increasing competition.

Risks relating to the rental business of the Group

The Group is involved in rental of offices and other outlets and properties to third parties. This business sector may be affected by a number of factors, including national economy, political developments, changes in relevant laws, interest rate fluctuations, inflation and other economic, political and social factors. An increase in the supply of offices and commercial premises could impact negatively upon capital values and income streams of the Group's properties, and the Group's ability to source new lessees upon termination or non-renewal of the then current leases. The business, revenue and projected profits of the Group would also be negatively impacted if lessees fail to honour their respective lease obligations.

Risks relating to the Collateral

Risks relating to the Guarantee

The strength of the undertakings on the part of the Guarantor under the Guarantee and therefore, the level of recoverability by the Security Trustee from the Guarantor of any amounts due under any of the Bonds, is dependent upon and directly linked to the financial position and solvency of the Guarantor, which will be affected by the level of indebtedness and liabilities incurred by such Guarantor.

Risks relating to the Collateral and the value of the Collateral

In its existing state, the Security Property has been valued for a total amount which is less than, and which is not sufficient to cover, the full Redemption Value of the Bonds and interest thereon. Accordingly, it is the intention that the proceeds of the Bond Issue intended to be used for the completion and finishing of the hotels comprised within the Security Property as referred to in paragraph (iv) of Section 4.2 of this Summary, although they will constitute a loan by the Issuer to the Guarantor under the Issuer-Guarantor Loan from inception, they will not be transferred to such Guarantor but will be retained in cash by the Security Trustee under trust, who will be irrevocably authorised by the Guarantor to retain the same in cash, and to release and pay the same only to the relevant contractors against invoices for works on the said hotels comprised within the Security Property. The estimated value of such Security Property after completion of works will increase, and should be sufficient to cover payment obligations under the Bonds. There is however no guarantee that factors will not arise which will negatively affect such completion and/or the actual value of the completed works.

Furthermore, whilst the Special Hypothec in respect of the Bonds grants the Security Trustee a right of preference and priority for repayment of the Bonds over the creditors of Ratcon Ltd, Mistral Hotel Ltd and Haven Centre Ltd in respect of the Security Property respectively owned by them, there can be no guarantee that the value of the said Security Property over the term of the Bonds will be and/or remain sufficient to cover the full amount of interest and Redemption Value outstanding under the said Bonds. This may be the result of various factors, including general economic factors that could have an adverse impact on the value of the Security Property. There is also no guarantee that the value of Security Property determined in the independent valuation is necessarily correct or would actually be achieved on the market. The valuation of property is inherently subjective.

Risks relating to ranking of special hypothecs forming part of the Collateral

The first ranking Special Hypothec to be constituted by Ratcon Ltd, Mistral Hotel Ltd and Haven Centre Ltd over the Security Property respectively owned by them in favour of the Security Trustee shall rank after the claims of privileged creditors should a note of inscription of a special privilege be registered with the Public Registry securing the privileged creditor's claim.

3.5 What are the key risks that are specific to the securities?

Suitability of the Bonds

Debt instruments which, like the Bonds, may be redeemed by an issuer prior to their maturity date are considered as having an embedded call option, and the price of the bonds will take this factor into account. In view of their early redemption component, the Bonds are deemed as complex financial instruments for the purposes of MIFID II. An investment in the Bonds may not be suitable for all recipients of the Prospectus and prospective investors are urged to read and understand the Prospectus in full and to consult an investment advisor before making an investment decision with a view to ascertain that s/he has sufficient knowledge and understanding of the Bonds and the merits and risks of investing in the Bonds, and that s/he has sufficient financial resources and liquidity to bear all the risks of an investment in the Bonds. Otherwise there is a risk that such investor may acquire an investment which is not suitable for his/her risk profile.

Trading and liquidity risks

There can be no assurance that an active secondary market for the Bonds will develop or, if it develops, that it will continue. Nor can there be any assurance that an investor will be able to re-sell his/her Bonds at or above the Bond Issue Price or at all. A trading market having the desired characteristics of depth, liquidity and orderliness depends on a number of factors, which are dependent upon the individual decisions of investors and the general economic conditions of the market, over which the Issuer has no control. The outbreak of the COVID-19 pandemic in 2020, has resulted in a highly volatile economy. This volatility may also increase as a result of wars or conflicts between countries, including the current Russia – Ukraine conflict. Continued or increased volatility and disruption in the capital markets may impair the saleability of the Bonds.

Interest rate risk

Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds. In particular, if interest rates rise, the prices that market participants will generally be willing to pay for the Bonds can be expected to decline. Moreover, price risks for longer maturity bonds tend to be higher than for shorter maturity bonds.

Risks relating to inflation

Inflation, namely the rising level of prices for goods and services, is currently on the rise. This can have two negative impacts on those who invest in bonds. Inflation typically leads to a rise in short-term interest rates, and intermediate and longer-term rates also tend to go up as a consequence. This rise in interest rates will lead to a fall in the prices of bonds. Furthermore, inflation can wipe away the yields generated by a bond, in view of the loss of purchasing power brought about by inflation.

4. KEY INFORMATION ON THE OFFER OF SECURITIES TO THE PUBLIC AND THE ADMISSION TO TRADING ON A REGULATED MARKET

4.1 Under which conditions and timetable can I invest in this security?

Application for the Bonds

Application for the Bonds, including applications for Bonds to be issued pursuant to an Existing Secured Notes Conversion, must be lodged with any of the Authorised Financial Intermediaries. All Applications are subject to a minimum subscription amount of €5,000 in nominal value of Bonds and in multiples of €100 thereafter.

Existing Noteholders may elect to convert all or any of the Existing Secured Notes held by them respectively as of the Cut-Off Date into Bonds pursuant to an Existing Secured Notes Conversion, at their discretion, subject to the minimum subscription amount of Bonds per investor of €5,000. Such conversion shall take place on the Issue Date by the redemption of the relevant Existing Secured Notes held (which shall consequently be cancelled by the Issuer) in consideration for the simultaneous issue by the Issuer of a number of Bonds having an aggregate nominal value equal to the total redemption value of such Existing Secured Notes being converted, on the basis of €103 per Existing Secured Note. Any Existing Noteholder whose holding of Existing Secured Bonds has a total redemption value, based on €103 per Existing Secured Note, of less than the minimum subscription amount of Bonds per investor of €5,000, shall be required to pay the difference in cash ("Cash Top-Up").

Expected timetable

1	Opening of Offer Period:	30 November 2022
2	Placement Date:	28 December 2022
3	Commencement of interest:	6 January 2023
4	Announcement of basis of acceptance:	6 January 2023
5	Dispatch of allotment letters:	9 January 2023
6	Latest date of constitution of special hypothecs on Security Property:	13 January 2023
7	Latest date of admission of Bonds to listing:	13 January 2023
8	Latest date of commencement of trading in the Bonds:	16 January 2023

The dates specified in steps 6 onwards are latest dates for the occurrence of the events mentioned therein, which events may in actual fact take place earlier than such latest dates.

Plan of distribution and allotment and allocation policy

The Issuer has entered or, as the case may be, shall enter into a Placement Agreement with each of the Authorised Financial Intermediaries listed in Annex I of the Securities Note, for the subscription of the total amount of €30 million in nominal value of Bonds being issued, to be subscribed by each such Authorised Financial Intermediary either in its own name or in the name of its underlying clients.

The Bonds will be available for subscription by all categories of investors including the general public. A preference in allocation shall however be given to Existing Noteholders in subscribing for Bonds pursuant to an Existing Secured Notes Conversion, which preferred allocation shall be limited up to the relevant Existing Noteholder's holding in the Existing Secured Bonds subject to Cash Top-Ups where applicable.

The issue and final allotment of the Bonds is conditional upon the following events, in the chronological order set out below: (1) the Collateral being constituted in favour of the Security Trustee, in accordance with the provisions of the Security Trust Deed, within 12 Business Days of the close of the Offer Period; and (2) the Bonds being admitted to the Official List. In the event that any of the aforesaid Conditions Precedent is not satisfied, any Application monies received by the Issuer will be returned without interest by direct credit into the Applicant's bank account.

Total estimated expenses

The total estimated expenses of the Bond Issue are €600,000.

4.2 Why is this Prospectus being issued?

Use and estimated net amount of proceeds

The proceeds from the Bond Issue, will be used by the Issuer to provide a loan facility to the Guarantor, namely the Issuer-Guarantor Loan, to be used as provided below. The Issuer-Guarantor Loan will bear interest at 6% per annum payable on 2 January of each year, and the principal amount thereof shall be repayable by not later than 2 January 2033 or earlier, upon the request in writing made by the Issuer to the Guarantor by giving not less than 20 days' notice to the said Guarantor in case the Bonds are redeemed on a Designated Early Redemption Date.

In turn, the Issuer-Guarantor Loan will be used by the Guarantor for the following purposes, in the amounts and order of priority set out below:

(i) **Conversion of Existing Secured Notes into Bonds:** an amount of up to €3,605,000 will be used to finance the conversion of Existing Secured Notes into Bonds, whereby Existing Noteholders who exercise their right to have any of their Existing Secured Notes converted into Bonds pursuant to the Existing Secured Notes Conversion shall have such Existing Secured Notes redeemed as of the Issue Date in consideration for the simultaneous issue by the Issuer of a number of Bonds having an aggregate nominal value equal to the total redemption value of the relevant Existing Secured Notes being converted, based on a redemption value of €103 per Existing Secured Note;

(ii) **Re-financing of Relevant Bank Loans:** an amount of *approximately* €11,300,000 will be used to re-finance the outstanding Relevant Bank Loans due by Ratcon Ltd to BNF Bank plc and by Mistral Hotel Ltd and Haven Centre Ltd respectively to MeDirect Bank (Malta) plc, which bank loans were originally principally utilised to finance part of the development costs, including site acquisition costs, relating to the hotels within the Group, namely the Levante Hotel, the Scirocco Hotel and the Mistral Hotel, and to the CF Business Centre, and which Relevant Bank Loans are secured *inter alia* by the Bank Security Interests over the Security Property or parts thereof;

(iii) **Re-financing of outstanding indebtedness under the loan agreement between the Issuer and the Guarantor dated 31 August 2022:** an amount equivalent to the difference between €3,605,000 and the amount used to finance the conversion of Existing Secured Notes into Bonds as referred to in paragraph (i) above (where not all Existing Noteholders choose to have all their Existing Secured Notes converted into Bonds), shall be used to re-finance the outstanding indebtedness remaining after such conversion under the loan agreement between the Issuer and the Guarantor dated 31 August 2022 by virtue of which the Issuer made the proceeds of the Existing Secured Notes available by way of loan to the Guarantor. The amount so used to re-finance such outstanding indebtedness under the said loan agreement will be held by the Issuer and used by the Issuer to finance the redemption, on the due date of redemption, of the Existing Secured Notes which were not subject to an Existing Secured Notes Conversion;

(iv) **Development costs of the Hotels:** an amount of *approximately* €2,800,000 will be used to finance the remaining development (completion and finishing) costs of the hotels within the Group, namely the Levante Hotel, the Scirocco Hotel and the Mistral Hotel;

(v) **Development costs of certain residential projects:** an amount of *approximately* €4,200,000 will be used to finance part of the development costs, including part of acquisition costs paid or payable in respect of the respective sites, of the following residential projects being undertaken by CF Developers Ltd., namely: (a) the Mayfair residences in Attard, (b) the Macael Apartments in Paola, (c) the Sunrise Corner is Swatar, and (d) the Vermont Court in Pieta'; and

(vi) **General corporate funding:** the amount of *approximately* €8,095,000 together with any residual amounts not utilised for the purposes identified in paragraphs (i) to (v) above, shall be utilised for general corporate funding purposes of the Group.

The expenses of the Bond Issue (expected to amount to €600,000), have been agreed to be borne by the Guarantor, and will thus still form part of the loan made thereto under the Issuer-Guarantor Loan and shall be included under (vi) above.

Underwriting

The Bond Issue is not subject to an underwriting agreement on a firm commitment basis.

Conflicts of interest

Save for the subscription for Bonds by the Authorised Financial Intermediaries (which include the Sponsor and the Registrar), and any fees payable in connection with the Bond Issue to the Sponsor and the Registrar, so far as the Issuer is aware no person involved in the Bond Issue has any material conflicts of interest pertaining to the offer of Bonds or their admission to trading.