

SECURITIES NOTE

DATED 19 DECEMBER 2023

This document is a Securities Note issued in accordance with the provisions of Chapter 4 of the Capital Markets Rules 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 being offered by the Issuer pursuant to the Bond Issue. Application has been made for the admission to listing and trading of the Bonds of the Company 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 Company.

Issue of €15,000,000 6.25% unsecured Bonds 2034
By



**A PUBLIC LIMITED LIABILITY COMPANY REGISTERED IN MALTA
WITH COMPANY REGISTRATION NUMBER C 80722**

Due on the Redemption Date with the joint and several Guarantee* of the Guarantor

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

ISIN: MT0001521211

Legal Counsel

MAMO TCV
ADVOCATES

Sponsor, Manager & Registrar



THIS SECURITIES NOTE HAS BEEN APPROVED BY THE MFSA, AS COMPETENT AUTHORITY UNDER THE PROSPECTUS REGULATION. THE MFSA ONLY APPROVED 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 ISSUER AND THE SECURITIES THAT ARE THE SUBJECT OF THIS SECURITIES NOTE. INVESTORS SHOULD MAKE THEIR OWN ASSESSMENT AS TO THE SUITABILITY OF INVESTING IN THE SECURITIES, THE SUBJECT OF THIS SECURITIES NOTE.

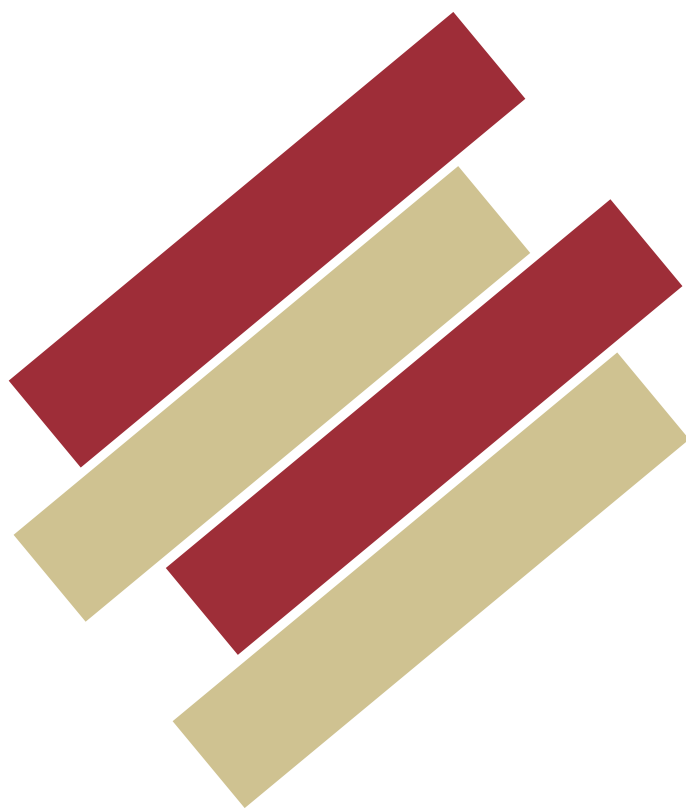
THE MFSA ACCEPTS NO RESPONSIBILITY FOR THE CONTENTS OF THE PROSPECTUS, MAKES NO REPRESENTATIONS AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THE PROSPECTUS, INCLUDING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

APPROVED BY THE DIRECTORS

Anthony Camilleri

in his capacity as Director, and for and on behalf of Christos Barmperis, Michael Borg Costanzi and John Soler



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IMPORTANT INFORMATION

IN ACCORDANCE WITH THE REQUIREMENTS OF THE CAPITAL MARKETS RULES, THE COMPANIES ACT AND THE PROSPECTUS REGULATION, THIS SECURITIES NOTE CONTAINS INFORMATION ON AN ISSUE BY THE ISSUER OF €15,000,000 BONDS 2034 OF A NOMINAL VALUE OF €100 PER BOND ISSUED AT PAR AND BEARING INTEREST AT THE RATE OF 6.25% PER ANNUM PAYABLE ANNUALLY ON 23 FEBRUARY OF EACH YEAR UNTIL THE REDEMPTION DATE. THE NOMINAL VALUE OF THE BONDS WILL BE REPAYABLE IN FULL AT MATURITY ON THE REDEMPTION DATE UNLESS OTHERWISE PREVIOUSLY REPURCHASED FOR CANCELLATION.

NO BROKER, DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORISED BY THE COMPANY OR ITS DIRECTORS TO ISSUE ANY ADVERTISEMENT OR TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THE SECURITIES OF THE COMPANY OTHER THAN THOSE CONTAINED IN THIS REGISTRATION DOCUMENT AND IN THE DOCUMENTS REFERRED TO HEREIN, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY THE COMPANY OR ITS DIRECTORS OR ADVISERS.

THIS SECURITIES NOTE HAS BEEN APPROVED BY THE MFSA AS 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 SHALL NOT BE CONSIDERED AS AN ENDORSEMENT OF THE ISSUER THAT IS THE SUBJECT 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.

IT IS THE RESPONSIBILITY OF ANY PERSON IN POSSESSION OF THE PROSPECTUS AND ANY PERSONS WISHING TO ACQUIRE 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 OF THE COMPANY ADMITTED TO TRADING ON THE MSE SHOULD INFORM THEMSELVES AS TO THE LEGAL REQUIREMENTS OF SO APPLYING FOR ANY SUCH SECURITIES AND OF ANY APPLICABLE EXCHANGE CONTROL REQUIREMENTS AND TAXES IN THE COUNTRIES OF THEIR NATIONALITY, RESIDENCE OR DOMICILE.

SAVE FOR THE OFFERING IN THE REPUBLIC OF MALTA, NO ACTION HAS BEEN OR WILL BE TAKEN BY THE ISSUER THAT WOULD PERMIT A PUBLIC OFFERING OF THE SECURITIES DESCRIBED IN THIS SECURITIES NOTE OR THE DISTRIBUTION OF THE PROSPECTUS (OR ANY PART THEREOF) OR ANY OFFERING MATERIAL IN ANY COUNTRY OR JURISDICTION WHERE ACTION FOR THAT PURPOSE IS REQUIRED.

IN RELATION TO EACH MEMBER STATE OF THE EUROPEAN ECONOMIC AREA (OTHER THAN MALTA) WHICH HAS IMPLEMENTED THE PROSPECTUS REGULATION ON THE PROSPECTUS TO BE PUBLISHED WHEN SECURITIES ARE OFFERED TO THE PUBLIC OR ADMITTED TO TRADING OR WHICH, PENDING SUCH IMPLEMENTATION, APPLIES ARTICLE 3.2 OF SAID REGULATION, THE SECURITIES CAN ONLY BE OFFERED TO "QUALIFIED INVESTORS" (AS DEFINED IN SAID REGULATION) AS WELL AS IN ANY OTHER CIRCUMSTANCES WHICH DO NOT REQUIRE THE PUBLICATION BY THE ISSUER OF A PROSPECTUS PURSUANT TO ARTICLE 3 OF SAID REGULATION.

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

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

ALL THE ADVISERS TO THE COMPANY NAMED IN THE REGISTRATION DOCUMENT UNDER THE HEADING "IDENTITY OF DIRECTORS, ADVISERS AND AUDITORS" IN SECTION 4 OF THE REGISTRATION DOCUMENT HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE COMPANY IN RELATION TO THIS PUBLIC OFFER AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION TOWARDS ANY OTHER PERSON AND WILL, ACCORDINGLY, NOT BE RESPONSIBLE TO ANY INVESTOR OR ANY OTHER PERSON WHOMSOEVER IN RELATION TO THE TRANSACTIONS PROPOSED IN THE PROSPECTUS.

THE INFORMATION ON THE ISSUER'S WEBSITE DOES NOT FORM PART OF THE PROSPECTUS UNLESS THAT INFORMATION IS INCORPORATED BY REFERENCE INTO THE PROSPECTUS.

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

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

1 DEFINITIONS

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

Applicant/s	a person or persons whose name or names (in the case of joint applicants) appear in the registration details of an Application Form or who apply for the subscription of Bonds through the Intermediaries' Offer;
Application/s	the application/s to subscribe for the Bonds made by an Applicant/s by (a) completing an Application Form/s and delivering same to any of the Authorised Financial Intermediaries, or (b) applying for the subscription of Bonds through the Intermediaries' Offer;
Application Form	the form of application of subscription for the Bonds by Existing 2017 Orion Prospects Bondholders, a specimen of which is contained in Annex III of this Securities Note;
Authorised Financial Intermediaries	the list of authorised financial intermediaries contained in Annex I of this Securities Note;
Bond Issue Price	the price of €100 per Bond;
Business Day	any day between Monday and Friday (both days included) on which commercial banks in Malta settle payments and are open for normal banking business;
CSD	the Central Securities Depository of the MSE;
Cut-Off Date	close of business on 19 December 2023 (trading session of 15 December 2023);
Existing 2017 Orion Prospects Bondholders	the holders of the 2017 Orion Prospects Bonds as at the Cut-Off Date;
Interest Payment Date	23 February of each year between and including each of the years 2025 and the year 2034, provided that if any such day is not a Business Day such Interest Payment Date will be carried over to the next following day that is a Business Day;
Intermediaries' Offer	shall have the meaning provided in sub-heading 7.5 of this Securities Note;
Intermediaries' Offer Period	the period between 22 January 2024 to 9 February 2024 during which the Bonds are on offer for subscription by the Authorised Financial Intermediaries;
Issue Date	expected on 23 February 2024;
Nominal Amount	means €100 per Bond;
Placement Agreement/s	the conditional placement agreement/s entered into or to be entered into, as the case may be, between the Issuer and the Authorised Financial Intermediaries;
Redemption Date	23 February 2034;
Redemption Premium	1%;
Redemption Value	the nominal value of each Bond (€100 per Bond); and
Terms and Conditions	the terms and conditions of issue of the Bonds set out in section 7 of this Securities Note.

Unless it appears otherwise from the context:

- Words importing the singular shall include the plural and *vice-versa*;
- Words importing the masculine gender shall include also the feminine gender and *vice-versa*;
- The word "may" shall be construed as permissive and the word "shall" shall be construed as imperative.
- The word "person" shall refer to both natural and legal persons.

2 RISK FACTORS

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

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

AN INVESTMENT IN THE BONDS INVOLVES CERTAIN RISKS INCLUDING THOSE DESCRIBED BELOW. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER, WITH THEIR OWN FINANCIAL AND OTHER PROFESSIONAL ADVISORS, THE FOLLOWING RISK FACTORS AND OTHER INVESTMENT CONSIDERATIONS AS WELL AS ALL THE OTHER INFORMATION CONTAINED IN THE PROSPECTUS BEFORE DECIDING TO MAKE AN INVESTMENT IN THE BONDS. THE SEQUENCE IN WHICH THE RISKS BELOW ARE LISTED IS NOT INTENDED TO BE INDICATIVE OF ANY ORDER OF PRIORITY OR OF THE EXTENT OF THEIR CONSEQUENCES.

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

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

2.1 FORWARD LOOKING STATEMENTS

This Securities Note contains "forward looking statements" which include, among others, statements concerning matters that are not historical facts and which may involve projections of future circumstances. These forward-looking statements are subject to a number of risks, uncertainties and assumptions and important factors that could cause actual risks to differ materially from the expectations of the Issuer's Directors. No assurance is given that the future results or expectations will be achieved.

2.2 SUITABILITY OF INVESTMENT

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

- a. has sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in the Prospectus or any applicable supplement;
- b. has sufficient financial resources and liquidity to bear all the risks of an investment in the Bonds, including where the currency for principal or interest payments is different from the prospective investor's currency;
- c. understands thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant indices and financial markets; and
- d. be able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

2.3 RISKS RELATING TO THE BONDS

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

- a. Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds. Investors should also be aware that the price of fixed rate bonds should theoretically move adversely to changes in interest rates. When prevailing market interest rates are rising their prices decline and, conversely, if market interest rates are declining, the prices of fixed rate bonds rise. This is called market risk since it arises only if a Bondholder decides to sell the Bonds before maturity on the secondary market.
- b. A Bondholder will bear the risk of any fluctuations in exchange rates between the currency of denomination of the Bonds (€) and the Bondholder's currency of reference, if different. Any adverse fluctuations may impair the return of investment of the Bondholder in real terms after taking into account the relevant exchange rate.
- c. Even after the Bonds are admitted to trading on the Official List of the MSE, the Issuer is required to remain in compliance with certain requirements relating, *inter alia*, to the free transferability, clearance and settlement of the Bonds in order to remain a listed company in good standing. Moreover, the MFSA has the authority to suspend trading or listing of the Bonds if, *inter alia*, it comes to believe that such a suspension is required for the protection of investors or the integrity or reputation of the market. The MFSA may discontinue the listing of the Bonds on the MSE. Any such trading suspensions or listing revocations/discontinuations could have a material adverse effect on the liquidity and value of the Bonds.
- d. In the event that the Issuer wishes to amend any of the Terms and Conditions of the Bonds it shall call a meeting of Bondholders in accordance with the provisions of sub-section 5.13 of this Securities Note. These provisions permit

defined majorities to bind all Bondholders, including Bondholders who do not attend and vote at the relevant meeting and Bondholders who vote in a manner contrary to the majority.

- e. The Bonds and the Terms and Conditions of the Bond Issue are based on the requirements of the Capital Markets Rules, the Act and the Regulation in effect as at the date of the Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in law or administrative practice after the date of the Prospectus.

2.4 RISKS RELATING TO THE GUARANTEE

- a. The Bonds, as and when issued and allotted, shall constitute the general, direct, unconditional and unsecured obligations of the Issuer, guaranteed by the Guarantor and shall at all times rank *pari passu* without any priority or preference among themselves. Whilst the assets of the Issuer are free and unencumbered, the Remaining Encumbrances will remain with respect to the assets of the Guarantor. Moreover, there can be no guarantee that privileges accorded by law in specific situations will not arise during the course of the business of each of the Issuer and the Guarantor which may rank with priority or preference to the Bond Obligations.
- b. Whilst guaranteed by the Guarantee, the Guarantor is not providing any of its assets as security for the bond obligations. Subject to the negative pledge, the Guarantor is not restricted from constituting hypothecs and privileges as security (even over the Properties) for its own and related parties' obligations which are outside the scope of this Bond. In such cases, the rights of the Bond Holders will rank after the aforementioned security that may be constituted by the Guarantor. Furthermore, as a result of the Current Encumbrances and Privileged Debt, in the case of a competition of creditors, the Privileged Debt and, until payment and cancellation, the Current Encumbrances (and subsequently, the Remaining Encumbrances) will rank prior to the claims of the Bondholders.
- c. There can be no guarantee that the value of the assets of the Issuer and/or the Guarantor (as may be provided as security in terms of the immediately preceding paragraph) will be sufficient to cover the full amount of interest and principal outstanding under the Bonds.

3 PERSONS RESPONSIBLE

This document includes information given in compliance with the Capital Markets Rules and the Prospectus Regulation for the purpose of providing prospective investors with information with regard to the Issuer and the Bonds. All of the directors of the Issuer, whose names appear under the sub-heading "Directors" under the heading "Identity of Directors, Advisers and Auditors" in section 4 of the Registration Document, 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 of the Issuer accept responsibility accordingly.

3.1 CONSENT FOR USE OF PROSPECTUS

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

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

- i. in respect of the Bonds subscribed for through Authorised Financial Intermediaries of this Securities Note during the Intermediaries' Offer Period ;
- ii. to any resale or placement of the Bonds taking place in Malta;
- iii. to any resale or placement of the Bonds taking place within the period of 60 days from the date of the Prospectus.

None of the Issuer, the Sponsor, Manager & Registrar or any of their respective advisors 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 Bonds.

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

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.

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

In the event of a resale, placement or other offering of the Bonds by an Authorised Financial Intermediary, the Authorised Financial Intermediary will provide information to investors 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 the Bonds to an investor by an Authorised Financial Intermediary will be made in accordance with any terms and other arrangements in place between such Authorised Financial Intermediary and such investor including as to price, allocations and settlement arrangements. Where such information is not contained in the Prospectus, it will be the responsibility of the applicable Authorised Financial Intermediary at the time of such resale, placement or other offering to provide the investor with that information and neither the Issuer nor the Sponsor, Manager & Registrar has any responsibility or liability for such information.

Any Authorised Financial Intermediary using the Prospectus in connection with a resale, placement or other offering of the 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 the 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 will be made available through a company announcement which will also be made available on the Issuer's website: <https://www.orion.com.mt/>

4 ESSENTIAL INFORMATION

4.1 REASONS FOR THE ISSUE AND USE OF PROCEEDS

For the purpose of this section 4.1, the following definitions are repeated:

"2017 Orion Prospects Bonds" means the €5,000,000 4.75% unsecured bonds 2027 issued by the Issuer pursuant to the 2017 Orion CAD admitted to listing and trading on the Prospects MTF market of the MSE and bearing ISIN MT0001521203. Further details on the 2017 Orion Prospects Bonds are set out in sub-section 5.1 of the Registration Document;

"Group Facilities" means the banking facilities of the Group as set out in sub-section 5.6 of the Registration Document;

"Group Facilities Repayment" means the repayment of BOV Loan I, MeDirect Loan 1 and BOV Loan IV as set out in sub-section 5.6 of the Registration Document;

The proceeds from the Bond Issue, which net of Bond Issue expenses are expected to amount to approximately €14,500,000, will be utilised for the following purposes, in the following amounts and order of priority:

1. an amount of *circa* €4,200,000 of the Bond Issue net proceeds will be used by the Issuer for the redemption of the outstanding amount of 2017 Orion Prospects Bonds remaining in issue as at or about 23 February 2024, being the expected date of redemption of the 2017 Orion Prospects Bonds as determined by the Issuer and duly notified to Existing Orion Prospects Bondholders (the **"Redemption Payment"**);
2. an amount of *circa* €3,200,000 of the Bond Issue net proceeds will be used for the purpose of making the Group Facilities Repayment resulting in the repayment of part of the Group Facilities and the partial release of the Current Encumbrances on the Properties, as described in sub-section 5.7 of the Registration Document;
3. an amount of *circa* €2,150,000 of the Bond Issue net proceeds will be used for the Refurbishment Expenses, as described in sub-section 5.8 of the Registration Document; and
4. an amount of *circa* €4,950,000 will be applied for general corporate funding purposes of the Group.

With respect to the Redemption Payment, in terms of the 2017 Orion CAD, the Issuer will seek to obtain the approval of the Existing 2017 Orion Prospects Bondholders for the early redemption of the 2017 Orion Prospects Bonds. The meeting of the Existing 2017 Orion Prospects Bondholders for this purpose is to be called by the Directors by giving the Existing 2017 Orion Prospects Bondholders listed on the applicable bondholder register as at a date being not more than 30 days preceding the date scheduled for the meeting, 14 days' notice in writing. The notice itself (as well as the results of the Existing 2017 Orion Prospects Bondholders' meeting) shall also be announced to the market via company announcement. The proposal placed before the meeting of Existing 2017 Orion Prospects Bondholders shall only be considered approved if at least 60% in nominal value of the Existing 2017 Orion Prospects Bondholders present at the meeting at the time when the vote is being taken, in person or by proxy, shall have voted in favour of the proposal.

With respect to the Group Facilities Repayment, the Group Facilities Repayment will be made so that simultaneous to the said payment, there is the publication (but not registration) of the necessary notarial deeds for the cancellation of the existing charges over the Current Encumbrances so that the Properties are held by the Guarantor subject to the Remaining Encumbrances.

In the event that the Bond Issue is subscribed for an amount of less than €10,000,000 (the **"Minimum Amount"**), no allotment of the Bonds shall be made, the subscription of Bonds shall be deemed not to have been accepted by the Issuer and all money received from Authorised Financial Intermediaries shall be returned by the Issuer acting through the Sponsor, Manager & Registrar, without interest, by direct credit transfer to the respective Authorised Financial Intermediary to the

account number indicated on the respective Application Form by 23 February 2024. Neither the Issuer nor the Sponsor, Manager & Registrar will be responsible for any charges, loss or delays in transmission of the refunds. In this regard, any monies returnable to Authorised Financial Intermediaries may be retained pending clearance of the remittance and any verification of identity as required by the Prevention of Money Laundering Act, 1994 (Chapter 373 of the laws of Malta) and regulations made thereunder. Such monies will not bear interest while retained as aforesaid.

The issue and allotment of the Bonds is conditional upon: (i) the Minimum Amount being subscribed for; (ii) the Guarantee being granted in terms of Annex II to this Securities Note; (iii) the Issuer obtaining the approval of the Existing 2017 Orion Prospects Bondholders for the early redemption of the 2017 Orion Prospects Bonds pursuant to a meeting called for the purpose in terms of the 2017 Orion CAD; and (iv) the Bonds being admitted to the Official List. In the event that any one or more of the aforesaid conditions is not satisfied the Sponsor, Manager & Registrar shall return the proceeds of the Bond Issue to Applicants.

4.2 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 five hundred thousand Euro (€500,000). There is no particular order of priority with respect to such expenses.

4.3 ISSUE STATISTICS

Amount:	€15,000,000;
Form:	The Bonds will 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;
Denomination:	Euro (€);
ISIN:	MT0001521211;
Minimum amount per subscription:	In the case Existing 2017 Orion Prospects Bondholders, a minimum of €1,000 and multiples of €100 thereafter. In all other cases a minimum of €2,000 and multiples of €100 thereafter;
Redemption Date:	23 February 2034;
Redemption Value	At par (€100 per Bond);
Plan of Distribution:	The Bonds are open for subscription by all categories of investors including Existing 2017 Orion Prospects Bondholders and Authorised Financial Intermediaries whether for their own account or those of their clients;
Preferred Allocation:	<p>Existing 2017 Orion Prospects Bondholders applying for Bonds are to settle all of the amount due on the Bonds applied for by the transfer to the Issuer of 2017 Orion Prospects Bonds at par value, subject to a minimum Application of €1,000 in Bonds. Any Existing 2017 Orion Prospects Bondholders whose holding in 2017 Orion Prospects Bonds is less than €1,000 shall be required to pay the difference together with the submission of their Application Form (“Cash Top-Up”).</p> <p>Existing 2017 Orion Prospects Bondholders electing to subscribe for Bonds through the transfer to the Issuer of all of the 2017 Orion Prospects Bonds held by them as at the Cut-Off Date (including any Cash Top-Up necessary as stated above) (“2017 Orion Prospects Bond Transfer”) shall be allocated Bonds for the corresponding nominal value of 2017 Orion Prospects Bonds transferred to the Issuer (including the Cash Top-Up, where applicable).</p> <p>Subject to the payment of the Redemption Premium and any applicable interest to the Existing 2017 Orion Prospects Bondholders, the transfer of 2017 Orion Prospects Bonds to the Issuer in consideration for the subscription for Bonds shall cause the obligations of the Issuer with respect to such 2017 Orion Prospects Bonds to be extinguished, and shall give rise to obligations on the part of the Issuer under the Bonds. Bonds applied for by Existing 2017 Orion Prospects Bondholders by way of 2017 Orion Prospects Bond Transfer as described above shall be allocated prior to any other allocation of Bonds. An Existing 2017 Orion Prospects Bondholder wishing to apply for a number of Bonds exceeding in value the aggregate nominal value of 2017 Orion Prospects Bonds held by him/her/it as at the Cut-Off Date (including the Cash Top-Up, where applicable) may subscribe for such additional Bonds through the Intermediaries’ Offer in terms of sub-section 7.5 below;</p>
Bond Issue Price:	At par (€100 per Bond);
Status of the Bonds:	The Bonds shall constitute the general, direct, and unconditional obligations of the Issuer, guaranteed by the Guarantor;

Listing:	The MFSA has approved the 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 Bonds to be listed and traded on its Official List;
Intermediaries' Offer Period:	The period between 22 January 2024 to 9 February 2024 during which the Bonds are on offer for subscription by the Authorised Financial Intermediaries;
Placement	The Issuer may enter into Placement Agreements with one or more of the Authorised Financial Intermediaries for the placement of up to the aggregate amount of Bonds not subscribed for by the Existing 2017 Orion Prospects Bondholders in terms of sub-section 7.4 below;
Interest:	6.25% per annum;
Intermediaries' Offer:	shall have the meaning provided in sub-heading 7.5 of this Securities Note;
Interest Payment Date(s):	annually on 23 February as from 23 February 2025 (the first interest payment date);
Governing Law of Bonds:	The Bonds are governed by and shall be construed in accordance with Maltese law; and
Jurisdiction:	The Maltese Courts shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Bonds.

4.4 INTEREST OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Save for the possible subscription for the Bonds by Authorised Financial Intermediaries (which includes Calamatta Cuschieri Investment Services Limited), and any fees payable to Calamatta Cuschieri Investment Services Limited in connection with the Bond Issue as Sponsor, Manager & Registrar, so far as the Issuer is aware, no other person involved in the Bond Issue has an interest, conflicting or otherwise, material to the Bond Issue.

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

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

5.1 GENERAL

Each Bond forms part of a duly authorised issue of 6.25%Bonds 2034 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 5.12 "Further Issues"). The Issue Date of the Bonds is expected to be 23 February 2024, subject to dates being postponed or brought forward as per timetable.

- 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 MT0001521211.
- c. Unless previously purchased and cancelled the Bonds shall be redeemable at par on the 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. Upon redemption of the 2017 Orion Prospects Bonds, all Existing 2017 Orion Prospects Bondholders will be afforded the Redemption Premium. Existing 2017 Orion Prospects Bondholders will have the Redemption Premium settled in cash upon redemption of the 2017 Orion Prospects Bonds (by direct credit into the Existing 2017 Orion Prospects Bondholders' bank account).
- g. In the event that an Applicant applying for Bonds has not been allocated any Bonds or have been allocated a number of Bonds which is less than the number applied for, the Applicant shall receive a full refund or, as the case may be, the balance of the price of the Bonds applied for but not allocated, without interest by direct credit into the Applicant's bank account as indicated by the Applicant in the Application Form at any time before the Bonds are admitted to listing on the Official List of the MSE. Neither the Issuer nor the Registrar will be responsible for any charges, loss or delays in transmission of the refunds. In this regard, any monies returnable to Applicants may be retained pending clearance of the remittance and any verification of identity as required by the Prevention of Money Laundering Act, 1994 (Chapter 373 of the laws of Malta) and regulations made thereunder. Such monies will not bear interest while retained as aforesaid.

h. There are no special rights attached to the Bonds other than as specified in section 5.3 hereunder.

5.2 RANKING OF THE BONDS

As at the date of the Prospectus, the Issuer does not have any bank financing in place, nor has it granted any security over any of its assets. The Issuer has previously raised finance through the 2017 Orion Prospects Bonds. Shortly after the proceeds from the Bond Issue have been received by the Issuer, €4,200,000, will be utilised to repurchase all 2017 Orion Prospects Bonds.

However, as better described in sub-section 5.6 of the Registration Document, the Guarantor has the Group Facilities in place which are secured by the Current Encumbrances. Whilst the payment of the Group Facilities Repayment will cause the cancellation of the Current Encumbrances, it should be noted that, in the case of a competition of creditors, until such payment and cancellation, the Current Encumbrances will rank prior to the claims of the Bondholders. Following the cancellation, the Remaining Encumbrances shall be in place which will rank prior to the claims of the Bondholders.

Furthermore, as also better described in sub-section 5.6 of the Registration Document, the Guarantor has agreements in place with respect to privileged creditors and therefore, in the case of a competition of creditors, the Privileged Debt will also rank prior to the claims of the Bondholders.

The Bonds constitute the general, direct, unconditional and unsecured obligations of the Issuer, guaranteed by the Guarantor and shall at all times rank *pari passu*, without any priority or preference among themselves and with other unsecured debt, if any. Third party security interests may be registered which will rank in priority to the Bonds against the assets of the Issuer and/or the Guarantor for so long as such security interests remain in effect.

5.3 RIGHTS ATTACHING TO THE BONDS

This Securities Note in its entirety contains the terms and conditions of issue of the Bonds and creates the contract between the Issuer and a Bondholder. Any and all references to the terms and conditions of the 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 Bonds, including:

- i. the repayment of capital;
- ii. the payment of interest;
- iii. ranking with respect to other indebtedness of the Issuer in accordance with the provisions of section 5.2 above;
- 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. enjoy all such other rights attached to the Bonds emanating from the Prospectus.

5.4 INTEREST

The Bonds shall bear interest from and including 23 February 2024 at the rate of 6.25% per annum on the nominal value thereof, payable annually in arrears on each Interest Payment Date. The first interest payment will be made on 23 February 2025 (covering the period 23 February 2024 to 22 February 2025). 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 (Cap. 16 of the Laws of Malta), the right of Bondholders to bring claims for payment of interest and repayment of the principal on the Bonds is barred by the lapse of five (5) years.

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

5.5 YIELD

The gross yield calculated on the basis of the Interest, the Bond Issue Price and the Redemption Value of the Bonds is 6.25% per annum.

5.6 REGISTRATION, FORM, DENOMINATION AND TITLE

Certificates will not be delivered to Bondholders in respect of the Bonds. The entitlement to the 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 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 the Bonds held in the register kept by the CSD.

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

The Bonds will be issued in fully registered form, without interest coupons, in denominations of any integral multiple of €100, provided that on subscription the Bonds will be issued for €1,000 for Existing 2017 Orion Prospects Bondholders and €2,000 in all other cases. Authorised Financial Intermediaries subscribing to the Bonds through nominee accounts for and on behalf of clients shall apply the aforementioned minimum subscription amount to each underlying client.

Any person in whose name a Bond is registered may (to the fullest extent permitted by applicable law) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute owner of such Bond. Title to the Bonds may be transferred as provided below under the heading "*Transferability of the Bonds*" in section 5.11 of this Securities Note.

5.7 REDEMPTION AND REPURCHASE OF THE BONDS

5.7.1 REDEMPTION AT MATURITY

The Issuer shall redeem all, but not only some, of the outstanding Bonds in full on the Redemption Date with an amount per Bond equal to the Nominal Amount together with accrued but unpaid Interest. If the Redemption Date is not a Business Day, then the redemption shall occur on the following applicable Business Day.

5.7.2 ISSUER'S PURCHASE OF BONDS

The Issuer may, subject to applicable law, at any time and at any price purchase Bonds on the market or in any other way, provided that the Bonds will be cancelled by the Issuer.

5.7.3 DISCHARGE OF OBLIGATIONS

In terms of this sub section 5.7.3, the Issuer shall be discharged of any and all payment obligations under the Bonds upon payment made net of any withholding or other taxes due or which may be due under Maltese law and which is payable by the Bondholders.

5.8 PAYMENTS

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

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

Payment of interest on a Bond will be made to the person in whose name such Bond is registered at the close of business fifteen (15) days prior to the Interest Payment Date, by means of a direct credit transfer into such bank account as the Bondholder may designate, from time to time, which is denominated in Euro. Such payment shall be affected within seven (7) 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 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 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. The Issuer shall not be liable for charges, expenses and commissions levied by parties other than the Issuer.

5.9 REDEMPTION AND PURCHASE

Unless previously purchased and cancelled, the Bonds will be redeemed at their nominal value (together with interest accrued to the date fixed for redemption) on 23 February 2034. The Issuer shall be discharged of any and all payment obligations under the Bonds upon payment made net of any withholding or other taxes due or which may be due under Maltese law and which is payable by the Bondholders. Subject to the provisions of this sub section 5.9, the Issuer may at any time purchase Bonds in the open market or otherwise at any price. Any purchase by tender shall be made available to all Bondholders alike. All Bonds repurchased by the Issuer shall be cancelled forthwith and may not be re-issued or re-sold.

5.10 EVENTS OF DEFAULT

The Bonds shall become immediately due and repayable at their principal amount together with any accrued interest, if any of the following events ("**Events of Default**") shall occur:

- a. the Issuer shall fail to pay any interest on any Bond when due and such failure shall continue for sixty (60) days after written notice thereof shall have been given to the Issuer by any Bondholder; or
- b. the Issuer shall fail to pay the principal amount on any Bond when due and such failure shall continue for sixty (60) days after written notice thereof shall have been given to the Issuer by any Bondholder; or
- c. the Issuer shall fail duly to perform or shall otherwise be in breach of any other material obligation contained in the Terms and Conditions of the Bonds and such failure shall continue for sixty (60) days after written notice thereof shall have been given to the Issuer by any Bondholder; or
- d. an order is made or resolution passed or other action taken for the dissolution, termination of existence, liquidation, winding-up or bankruptcy of the Issuer; or
- e. the Issuer, unless contractually entitled to do so or does so with the consent of the counterparty/ies, stops or suspends payments (whether of principal or interest) with respect to all or any class of its respective debts or announces an intention to do so or ceases or threatens to cease to carry on its respective business or a substantial part of its respective business; or
- f. the Issuer is unable, or admits in writing its inability, to pay its debts as they fall due or otherwise becomes insolvent; or
- g. there shall have been entered against the Issuer a final judgment by a court of competent jurisdiction from which no appeal may be or is made for the payment of money in excess of €1,000,000 or its equivalent and ninety (90) days shall have passed since the date of entry of such judgment without its having been satisfied or stayed.

5.11 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 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 take into account the transfer or transmission of Bonds for a period of fifteen (15) days preceding the due date for any payment of interest on the Bonds.

5.12 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 or upon such terms as the Issuer may determine at the time of their issue.

5.13 MEETINGS OF BONDHOLDERS

Bondholders have the following powers, exercisable by a resolution voted for at a meeting of Bondholders, by a majority holding not less than seventy-five per cent (75%) of the nominal value of Bondholders present at the meeting in person or by proxy:

- a. power to authorise the Issuer to amend and modify the Terms and Conditions;
- b. power to approve any scheme of reconstruction of the Issuer or the amalgamation of Issuer with any other company or corporation;

and any such resolution shall be binding on all Bondholders and each Bondholder is bound to give effect to it accordingly.

The Issuer may at any time convene a meeting of the Bondholders. If the Issuer receives a written request by Bondholders holding ten per cent (10%) of the then outstanding principal amount of the Bonds and is indemnified to its satisfaction

against all costs, losses and expenses, the Issuer must convene a meeting of Bondholders. Meetings shall be convened and requested only for the purpose of considering a resolution specified in the immediately preceding paragraph.

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, a quorum shall be considered present if there are Bondholders present, whether in person or by proxy, accounting for at least fifty per cent (50%) in nominal value of the Bonds then outstanding.

Once a quorum is declared present by the Chairman of the meeting (being the person who in accordance with the Memorandum and Articles of Association of the Issuer would chair a general meeting of shareholders) the meeting may then proceed to business and the Directors of the Issuer or the Bondholder(s) who requested the meeting (as the case may be) or their representatives shall present to the Bondholders the reasons for proposing the resolution. The meeting shall allow reasonable and adequate time to the Issuer to present its views to the Bondholders and to the Bondholders to present their views to the Issuer and to the other Bondholders. The meeting shall then put the resolution to a vote of the Bondholders present.

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

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. In the event that the Bonds are listed, and for so long as the Bonds remain listed, any resolution which may be proposed shall be subject to any laws, regulations, rules or bye-laws which may be applicable from time to time.

5.14 NEGATIVE PLEDGE

By means of the Guarantee, the Guarantor has undertaken to not, and shall procure that the other members of the Group shall not, for as long as any principal or interest under the Bonds or any of the Bonds remains outstanding, create or permit to subsist any Security Interest (as defined below), other than a Permitted Security Interest (as defined below), upon the whole or any part of a Group member's present or future assets or revenues to secure any Financial Indebtedness (as defined below) of the relative Group member, unless at the same time or prior thereto the Issuer's indebtedness under the Bonds is secured equally and rateably therewith, and the instrument creating such Security Interest so provides.

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

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

"Permitted Security Interest" means: (A) any Security Interest arising by operation of law; (B) any Security Interest securing temporary bank loans or overdrafts in the ordinary course of business; (C) any other Security Interest (in addition to (A) and (B) above) securing Financial Indebtedness of the Guarantor or any other Group company, in an aggregate outstanding amount not resulting in:

- the value of property, cash and cash equivalents, financial securities actively traded on a recognised market, and 55% of inventory, which inventory does not exceed €6 million, falling below the value of the sum of the principal amount of the bonds still outstanding plus amounts due on which a Security Interest is attached.

5.15 AUTHORISATIONS AND APPROVALS

The Board of Directors of the Issuer authorised the Bond Issue pursuant to a board of directors' resolution passed on 4 December 2023. The MFSA has authorised the Bonds as admissible to the Official List pursuant to the Capital Markets Rules by virtue of a letter dated 19 December 2023.

The Bonds are expected to be admitted to the Malta Stock Exchange with effect from 23 February 2024 and trading may commence as from the next Business Day therefrom.

5.16 NOTICES

Notices will be mailed to Bondholders at their registered addresses and shall be deemed to have been served at the expiration of twenty-four (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.

5.17 GOVERNING LAW AND JURISDICTION

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

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

6 TAXATION

6.1 GENERAL

Investors and prospective investors are urged to seek professional advice as regards both Maltese and any foreign tax legislation which may be applicable to them in respect of the Bonds, including their acquisition, holding and transfer as well as on any income derived therefrom or on any gains derived on the transfer of such 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 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 Bonds from a Maltese tax perspective, and professional advice in this respect should be sought accordingly.

6.2 TAX ON INTEREST

Since interest is payable in respect of a 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 person 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 therein 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 were 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 world-wide 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 should 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 will render an account to the Maltese Commissioner for Tax and Customs 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 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 Tax and Customs 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.

6.3 EXCHANGE OF INFORMATION

In terms of the 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 Tax and Customs. The Maltese Commissioner for Tax and Customs will or may, in turn, automatically or on request, forward the information to other relevant tax authorities subject to certain conditions.

6.3.1 THE COMMON REPORTING STANDARD AND THE DIRECTIVE ON ADMINISTRATIVE COOPERATION

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

So as to introduce an extended automatic exchange of information regime in accordance with the global standard released by the OECD, CRS has also been adopted in the EU through the implementation of Council Directive 2014/107/EU

of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of tax information in the field of taxation. This has been transposed in Malta by means of Legal Notice 384 of 2015 amending the Cooperation with Other Jurisdictions on Tax Matters Regulations, Subsidiary Legislation 123.127 ('CRS Legislation'), and has been applicable since 1 January 2016. In terms of this legal notice, the automatic exchange of information obligations shall extend to jurisdictions that are not EU Member States with which there is a relevant arrangement in place.

Malta based financial institutions (defined as such for the purposes of CRS) are obliged to identify and annually report to the Maltese Commissioner for Tax and Customs 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 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 Tax and Customs or other relevant overseas tax authorities and automatically exchanged pursuant to these arrangements with the tax administrations of other participating jurisdictions.

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

6.3.2 FOREIGN ACCOUNT TAX COMPLIANCE ACT

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 with 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 Tax and Customs. 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 Tax and Customs, 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 US 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.

6.4 TAXATION ON CAPITAL GAINS ON A TRANSFER OF THE BONDS

On the basis that the 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 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 Bonds.

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 or transmission *causa mortis* of a "marketable security". However, on the basis that the 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 Bonds should not be chargeable to duty.

Furthermore, in terms of article 50 of the Financial Markets Act, Chapter 364 of the Laws of Malta, as the Bonds should constitute qualifying financial instruments of a company quoted on a regulated market (that is, the MSE) any transfers or transmissions of the 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 THE 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 BONDS AS WELL AS INTEREST PAYMENTS MADE BY THE ISSUER. THE ABOVE IS A SUMMARY OF THE ANTICIPATED TAX TREATMENT APPLICABLE TO THE BONDS AND TO BONDHOLDERS. THIS INFORMATION, 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 BONDS FROM A MALTESE TAX PERSPECTIVE.

7 TERMS AND CONDITIONS OF THE BOND ISSUE

7.1 EXPECTED TIMETABLE OF THE BOND ISSUE

1. Meeting of Existing 2017 Orion Prospects Bondholders* ¹	12 January 2024
2. Application Forms available	15 January 2024
3. Opening and closing date for Applications to be received from Existing 2017 Orion Prospects Bondholders	15 January 2024 to 19 January 2024, both days included
4. Opening and closing of Intermediaries' Offer Period* ²	22 January 2024 to 9 February 2024, both days included
5. Announcement of basis of acceptance through a company announcement	16 February 2024
6. Refunds of unallocated monies, if any	23 February 2024
7. Dispatch of allotment letters	23 February 2024
8. Expected date of early redemption of the 2017 Orion Prospects Bonds	23 February 2024
9. Commencement of interest on the Bonds	23 February 2024
10. Expected date of admission of the Bonds to listing	23 February 2024
11. Expected date of commencement of trading in the Bonds	26 February 2024
12. Expected release of Current Encumbrances	Not later than 23 March 2024

¹ In the event that a quorum is not present within thirty (30) minutes from the time scheduled for the commencement of the meeting, the meeting shall stand adjourned to a place, date and time as shall be communicated by the Directors to the Existing 2017 Orion Prospects Bondholders present at that meeting (the number of days between the original and the adjourned Meeting of Existing 2017 Orion Prospects Bondholders the "**Adjournment Days**"). In such eventuality, the events set out in steps 2 to 12 above shall be postponed by the same number of days as the number of Adjournment Days.

² The Issuer reserves the right to close the Intermediaries' Offer of the Bonds before 9 February 2024 at 12:00 hours CET in the event that the Bonds are fully subscribed prior to said date and time. In such eventuality the events set out in steps 5 to 12 above shall be brought forward.

7.2 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 on the one hand and the Applicant on the other.

- a. The issue and allotment of the Bonds is conditional upon: (i) the Minimum Amount being subscribed for; (ii) the Guarantee being granted in terms of Annex II to this Securities Note; (iii) the Issuer obtaining the approval of the Existing 2017 Orion Prospects Bondholders for the early redemption of the 2017 Orion Prospects Bonds pursuant to a meeting called for the purpose in terms of the 2017 Orion CAD; and (iv) the Bonds being admitted to the Official List. In the event that any one or more of the aforesaid conditions is not satisfied the Sponsor, Manager & Registrar shall return the proceeds of the Bond Issue to Applicants.
- b. In relation to the 2017 Orion Prospects Bond Transfer, Existing 2017 Orion Prospects Bondholders may subscribe for Bonds by completing an Application Form and lodging the same with any of the Authorised Financial Intermediaries. The general public or Existing 2017 Orion Prospects Bondholders outside of the 2017 Orion Prospects Bond Transfer may subscribe for Bonds through the Authorised Financial Intermediaries in the manner instructed thereby during the Intermediaries' Offer Period, which will open at 08:30 hours on 22 January 2024 and will close no later than 12:00 hours on 9 February 2024. In the event of an Intermediaries' Offer, the general public may apply for the Bonds through the respective Authorised Financial Intermediary in the manner instructed thereby.
- c. The Bonds will be issued in multiples of €100. The minimum subscription amount of Bonds that can be subscribed for by Applicants is €1,000 for Existing 2017 Orion Prospects Bondholders and €2,000 in all other cases. Applications for the Bonds must be accompanied by the full price of the Bonds applied for, in Euro.
- d. By submitting an Application, the Applicant is thereby confirming to the Issuer and the Authorised Financial Intermediary through whom the Application is made 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 respective Authorised Financial Intermediary and Issuer reserve the right to invalidate the relative Application. Furthermore the Applicant will not be entitled 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).

- e. The contract created by the Issuer's acceptance of an Application submitted by a prospective bondholder through an Authorised Financial Intermediary shall be subject to all the terms and conditions set out in this Securities Note and the Memorandum and Articles of Association of the Issuer.
- f. If an Application is submitted on behalf of another party or on behalf of a corporation or corporate entity or association of persons, the person submitting such Application will be deemed to have duly bound his principal, or the relative corporation, corporate entity, or association of persons, and will be deemed also to have given the confirmations, warranties and undertakings contained in these terms and conditions on their behalf. Such representative may be requested to submit the relative power of attorney/resolution or a copy thereof duly certified by a lawyer or notary public if so required by the Issuer and the Registrar, but it shall not be the duty or responsibility of the Registrar or Issuer to ascertain that such representative is duly authorised to submit an Application.
- g. Legal entities (including corporations or corporate entities or associations of persons) applying for the Bonds need to have a valid Legal Entity Identifier ("LEI") which needs to be valid and unexpired, at least, until the admission to listing of the Bonds. Without a valid LEI code the Application would be cancelled by the respective Authorised Financial Intermediary or the Issuer acting through the Registrar and subscription monies will be returned to the Applicant.
- h. In the case of joint applicants, reference to the Applicant in these terms and conditions is a reference to each of the joint Applicants, and liability therefor is joint and several. The person first-named in the register of Bondholders shall, for all intents and purposes, be deemed to be such nominated person by all joint Applicants. Such person shall, for all intents and purposes, be deemed to be the registered holder of the Bond/s so held. It shall not be incumbent on the Registrar or the Issuer to verify the signatory/ies on any Application Form submitted.
- i. In respect of a Bond held subject to usufruct, the name of the bare owner and the usufructuary shall be entered in the register. The usufructuary shall, for all intents and purposes, be deemed vis-à-vis the Issuer to be the holder of the Bond/s so held and shall have the right to receive interest on the Bond/s and to vote at meetings of the Bondholders but shall not, during the continuance of the Bond/s, have the right to dispose of the Bond/s so held without the consent of the bare owner, and shall not be entitled to the repayment of principal on the Bond (which shall be due to the bare owner). It shall not be incumbent on the Registrar or the Issuer to verify the signatory/ies on any Application Form submitted.
- j. Applications in the name of deceased persons shall not be accepted by the Issuer and Authorised Financial Intermediaries.
- k. Applications in the name and for the benefit of minors shall be allowed provided that they are signed by both parents or the legal guardian/s and may be required to be accompanied by a Public Registry birth certificate of the minor in whose name and for whose benefit the Application is submitted. Any Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest and redemption monies payable to the parents / legal guardian/s signing the Application Form until such time as the minor attains the age of 18 years, following which all interest and redemption monies shall be paid directly to the registered holder, provided that the Issuer is duly notified in writing of the fact that the minor has attained the age of eighteen (18) years. It shall not be incumbent on the Registrar or the Issuer to verify the signatory/ies on any Application Form submitted.
- l. The Bonds have not been and will not be registered under the Securities Act of 1933 of the United States of America and accordingly may not be offered or sold within the United States or to or for the account or benefit of a U.S. person.
- m. No person receiving a copy of the Prospectus or an Application Form in any territory other than Malta may treat the same as constituting an invitation or offer to such person nor should such person in any event use such Application Form, unless, in the relevant territory, such an invitation or offer could lawfully be made to such person or such Application Form could lawfully be used without contravention of any registration or other legal requirements.
- n. It is the responsibility of any person outside Malta wishing to make any Application to satisfy himself/herself as to full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.
- o. Subject to all other terms and conditions set out in the Prospectus, the Issuer through the Registrar or the Authorised Financial Intermediary reserve the right to reject, in whole or in part, or to scale down, any Application and to present any cheques and/or drafts for payment upon receipt. The right is also reserved to refuse any Application which, in the opinion of the Issuer through the Registrar or the Authorised Financial Intermediary, is not properly completed in all respects in accordance with the instructions or is not accompanied by the required documents.
- p. By not later than 16 February 2024, the Issuer shall announce the result of the Issue through an announcement on its website. The result of the Bond Issue will also be made public via a company announcement upon listing of the Bonds.
- q. In the event that an Applicant has not been allocated any Bonds or has been allocated a number of Bonds which is less than the number applied for, the Applicant shall receive a full refund or, as the case may be, the balance of the

price of the Bonds applied for but not allocated, without interest, by cheque sent by mail to the address shown on the Application Form, or by credit transfer to such account indicated in the Application Form, at the Applicant's sole risk within 10 Business Days from the date of final allocation. The Authorised Financial Intermediaries, the Registrar and the Issuer shall not be responsible for any charges, loss or delay arising in connection with such direct credit transfer.

- r. For the purposes of the Prevention of Money Laundering and Funding of Terrorism Regulations 2008 (Legal Notice 180 of 2008, as subsequently amended), all 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 of the MSE Bye-Laws, irrespective of whether the Authorised Financial Intermediaries are MSE members or not. Such information shall be held and controlled by the Malta Stock Exchange in terms of the Data Protection Act (Cap. 586 of the laws of Malta) and the General Data Protection Regulation (GDPR)(EU) 2016/679 for the purposes and within the terms of the MSE's data protection and privacy policy as published from time to time.
- s. It shall be incumbent on the respective Authorised Financial Intermediary to ascertain that all other applicable regulatory requirements relating to subscription of Bonds by an Applicant are complied with, including without limitation the obligation to comply with all applicable anti-money laundering and counter-terrorist financing rules and regulations, all applicable MiFIR requirements as well as applicable MFSA Conduct of Business Rules and MFSA Rules for investment services providers.
- t. By submitting an 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 Bonds contained therein;
 - ii. warrants that the information submitted by the Applicant is true and correct in all respects and in the case where an MSE account number is provided by the Applicant, such MSE account number is the correct account of the Applicant. In the event of a discrepancy between the personal details (including name and surname and the Applicant's address) appearing on any Application Form submitted and those held by the MSE in relation to the MSE account number indicated on the Application Form, the details held by the MSE shall be deemed to be the correct details of the Applicant authorises the Issuer, the Registrar and the MSE to process the personal data that the Applicant provides on Application, for all purposes necessary and subsequent to the Bond Issue applied for, in accordance with the Data Protection Act (Cap. 586 of the laws of Malta) and the General Data Protection Regulation (GDPR)(EU) 2016/679. The Applicant has the right to request access to, and rectification of, the personal data relating to him/her as processed in relation to the Bond Issue. Any such requests must be made in writing and sent to the MSE. The requests must further be signed by the Applicant to whom the personal data relates;
 - iii. confirms that in making such Application no reliance was placed on any information or representation in relation to the Issuer or the issue of the 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;
 - iv. agrees that the registration advice and other documents and any monies returnable to the Applicant may be retained pending clearance of his/her/its remittance or surrender of the 2017 Orion Prospects Bonds, as the case may be, and any verification of identity as required by the Prevention of Money Laundering Act (Chapter 373 of the laws of Malta) and regulations made thereunder, and that such monies will not bear interest;
 - v. agrees to provide the Authorised Financial Intermediary, the Registrar and/or the Issuer, as the case may be, with any information which may be requested in connection with the Application;
 - vi. warrants, in connection with the Application, to have observed all applicable laws, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with his/her Application in any territory, and that the Applicant has not taken any action which will or may result in the Issuer, the Registrar or the Authorised Financial Intermediary acting in breach of the regulatory or legal requirements of any territory in connection with the issue of the Bond or his/her Application;
 - vii. warrants that all applicable exchange control or other such regulations (including those relating to external transactions) have been duly and fully complied with;
 - viii. 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;
 - ix. agrees that all documents in connection with the issue of the 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 Applications, the address of the first named Applicant) as set out in any Application Form submitted by the Applicant or on its behalf; and
 - x. renounces to any rights the Applicant may have to set off any amounts the Applicant may at any time owe the Issuer against any amount due under the terms of these Bonds.
- u. Any licensed financial intermediary effecting a transfer of Bonds in the secondary market shall be required to carry out an Appropriateness Test and, if providing advice, a Suitability Test, in respect of the transferee, and be satisfied, based on the results of such test (or tests, as applicable), that an investment in the Bonds may be considered appropriate and/or suitable (as applicable) for such transferee.

7.3 PLAN OF DISTRIBUTION AND ALLOTMENT

Applications for subscription to the Bonds may be made through any of the Authorised Financial Intermediaries (which include the Sponsor, Manager & Registrar). The Bonds are open for subscription by:

- a. Existing 2017 Orion Prospects Bondholders up to the amount of 2017 Orion Prospects Bonds held as at the Cut-Off Date and subject to any Cash Top-Up as and if applicable; and
- b. Authorised Financial Intermediaries through an Intermediaries' Offer in respect of any balance of the Bonds not subscribed to by Existing 2017 Orion Prospects Bondholders as aforesaid.

Applications for subscriptions to the Bonds may be made through the Authorised Financial Intermediaries (which include the Sponsor, Manager & Registrar) subject to (i) in the case of Existing 2017 Orion Prospects Bondholders, a minimum Application of €1,000 and in multiples of €100 thereafter and (ii) in all other cases, a minimum Application of €2,000 and in multiples of €100 thereafter. It is expected that an allotment letter will be dispatched to Applicants by latest 23 February 2024. The registration advice and other documents and any monies returnable to Applicants may be retained pending clearance of the remittance or surrender of the 2017 Orion Prospects Bonds, as the case may be, and any verification of identity as required by the Prevention of Money Laundering Act, 1994 (Chapter 373 of the laws of Malta) and regulations made thereunder. Such monies will not bear interest while retained as aforesaid. Dealings in the Bonds shall not commence prior to admission to trading of the Bonds by the MSE or prior to the said notification.

7.4 APPLICATIONS BY EXISTING 2017 ORION PROSPECTS BONDHOLDERS

The consideration payable by Existing 2017 Orion Prospects Bondholders applying for Bonds is to be settled by the transfer to the Issuer of all of the 2017 Orion Prospects Bonds held by such Applicant as at the Cut-Off Date, subject to a minimum application of €1,000, which transfer shall be effected at the par value of the 2017 Orion Prospects Bonds. Any Existing 2017 Orion Prospects Bondholders whose holding in 2017 Orion Prospects Bonds is less than €1,000 shall be required to pay the Cash Top-Up. Existing 2017 Orion Prospects Bondholders electing to subscribe for Bonds through 2017 Orion Prospects Bond Transfer shall be allocated Bonds for the corresponding nominal value of 2017 Orion Prospects Bonds transferred to the Issuer (including the Cash Top-Up, where applicable). The transfer of 2017 Orion Prospects Bonds to the Issuer in consideration for the subscription for Bonds shall cause the obligations of the Issuer with respect to such 2017 Orion Prospects Bonds to be extinguished, and shall give rise to obligations on the part of the Issuer under the Bonds.

Bonds applied for by Existing 2017 Orion Prospects Bondholders by way of 2017 Orion Prospects Bond Transfer (including the Cash Top-Up, where applicable) shall be allocated prior to any other allocation of Bonds. A 2017 Orion Prospects Bond Transfer shall be without prejudice to the rights of Existing 2017 Orion Prospects Bondholders to receive interest on the 2017 Orion Prospects Bonds up to but excluding 23 February 2024. The 2017 Orion Prospects Bonds shall be redeemed on 23 February as determined by the Issuer and duly notified to Existing 2017 Orion Prospects Bondholders.

All Applications for the subscription of Bonds by Existing 2017 Orion Prospects Bondholders by means of 2017 Orion Prospects Bond Transfer must be submitted to any Authorised Financial Intermediary (which include the Sponsor, Manager & Registrar) by 12:00 hours CET of 19 January 2024.

Payment by Applicants of the Cash Top-Up referred to above, and the full price of the additional Bonds applied for referred to below, shall be made in Euro and in cleared funds at the Bond Issue Price, either through a bank transfer, or in cash or by cheque payable to the respective Authorised Financial Intermediary.

Existing 2017 Orion Prospects Bondholders subscribing for Bonds by means of 2017 Orion Prospects Bond Transfer are, in virtue of such subscription, confirming:

- a. that all of the 2017 Orion Prospects Bonds held by the Applicant on the Cut-Off Date are being transferred to the Issuer, together with the payment due in respect of any Cash Top-Up, as and if applicable;
- b. that the Application Form constitutes the Applicant's irrevocable mandate to the Issuer to:
 - i. cause the transfer of the said 2017 Orion Prospects Bonds in the Issuer's name in consideration of the issue of Bonds; and
 - ii. engage, at the Issuer's cost, the services of such brokers or intermediaries as may be necessary to fully and effectively vest title in the said 2017 Orion Prospects Bonds in the Issuer and fully and effectively vest title in the appropriate number of Bonds in the Applicant; and
 - iii. that in respect of the payment of the Cash Top-Up and/or the exercise of the option to subscribe to additional Bonds, 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 and the Sponsor, Manager & Registrar reserve the right to invalidate the relative Application, and 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 Issuer, acting through the Sponsor, Manager & Registrar (which acceptance shall be made in the Issuer's absolute discretion and may be on the basis that the Applicant indemnifies the Issuer 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).

Where the Applicant is the holder of 2017 Orion Prospects Bonds which as at the Cut-Off Date are held subject to usufruct, the signatures of both the bare owner and the usufructuary will be required in the Application Form.

In addition to the aforesaid, Existing 2017 Orion Prospects Bondholders transferring all of the 2017 Orion Prospects Bonds held by them as at the Cut-Off Date may apply for an amount of Bonds in excess of the amount of 2017 Orion Prospects Bonds being transferred by 2017 Orion Prospects Bond Transfer. In such case Existing 2017 Orion Prospects Bondholders may subscribe for additional Bonds, in multiples of €100, through the Intermediaries' Offer.

Existing 2017 Orion Prospects Bondholders shall have priority in the allocation of Bonds solely with respect to that number of Bonds for which payment is being made by means of a 2017 Orion Prospects Bond Transfer, subject to the Cash Top-Up, as and if applicable.

In the event that Existing 2017 Orion Prospects Bondholders apply for additional Bonds other than by 2017 Orion Prospects Bond Transfer, no guarantee of allocation shall arise with respect to the excess Bonds applied for but such excess Bonds shall, together with Applications received from other Existing 2017 Orion Prospects Bondholders, be subject to an allocation policy, without priority or preference between them, as shall be determined by the Issuer in accordance with sub-section 7.7 of this Securities Note.

Holders of 2017 Orion Prospects Bonds as at the Cut-Off Date who do not elect to avail themselves of the possibility to exchange their investment in terms of the procedure outlined in this sub-section 7.4 shall receive all capital and accrued interest to date, together with the Redemption Premium, on 23 February 2024. Those that do avail themselves of the possibility to exchange their investment in terms of the procedure outlined in this sub-section 7.4 shall receive all accrued interest to date, together with the Redemption Premium, on the same date.

The balance of the Bonds not subscribed for by Existing 2017 Orion Prospects Bondholders limitedly by means of a 2017 Orion Prospects Bond Transfer as contemplated above, shall be made available for subscription, *pari passu* without priority or preference between them, as part of the Intermediaries' Offer.

7.5 INTERMEDIARIES' OFFER

The Company may enter into a subscription agreement with each Authorised Intermediary for the purchase of Bonds, whereby the Company will bind itself to allocate Bonds to the Authorised Intermediaries in accordance with the terms of such subscription agreement and the allocation policy to be adopted by the Company. In terms of each subscription agreement, the Company will conditionally bind itself to sell, and each Authorised Intermediary will conditionally bind itself to purchase on its own account or on account of its underlying clients, such number of Bonds specified in the relevant subscription agreement subject to, among other things, approval by the MSE of the Company's application for the Bonds to be admitted to trading on the Official List. Each subscription agreement will become binding on each party thereto upon signing, subject to receipt by the Registrar of the purchase price in cleared funds.

7.6 PRICING

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

7.7 ALLOCATION POLICY

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

- i. first to Existing 2017 Orion Prospects Bondholders applying for Bonds by way of 2017 Orion Prospects Bond Transfer (and subject to any Cash Top-Up as and if applicable) in accordance with sub-section 7.4 above, and subject to a minimum application of €1,000;
- ii. the remaining Bonds not subscribed to in terms of sub-section 7.7 (i) shall be allocated to Authorised Intermediaries participating in the Intermediaries' Offer on behalf of all Applicants that are not applicants in terms of the immediately preceding paragraph and in accordance with an allocation policy to be determined by the Company and the Registrar. As part of the Intermediaries' Offer, the Issuer may enter into Placement Agreements with one or more of the Authorised Financial Intermediaries for the placement of up to the aggregate amount of Bonds not subscribed for by the Existing 2017 Orion Prospects Bondholders as part of the 2017 Orion Prospects Bond Transfer.

The Issuer shall announce the result of the Bond Issue and the basis of acceptance of all Applications and the allocation policy to be adopted through a company announcement within five (5) Business Days of the closing of the Issue Period.

7.8 ADMISSION TO TRADING

- i. The MFSA has authorised the Bonds as admissible to listing pursuant to the Capital Markets Rules by virtue of a letter dated 19 December 2023.
- ii. Application has been made to the Malta Stock Exchange for the Bonds being issued pursuant to the Prospectus to be listed and traded on the Official List of the Malta Stock Exchange.
- iii. The Bonds are expected to be admitted to the Malta Stock Exchange with effect from 23 February 2024 and trading is expected to commence on 26 February 2024.

7.9 CREDIT RATING

The Issuer has not sought, nor does it intend to seek the credit rating of an independent agency and there has been no assessment of the Bonds by any independent rating agency.

7.10 ADDITIONAL INFORMATION

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

The financial analysis summary has been included in the form and context in which they appear with the authorisation of Calamatta Cuschieri Investment Services Limited (C 13729) with registered address situated at Ewropa Business Centre, Triq Dun Karm, Birkirkara BKR 9034, Malta. Calamatta Cuschieri Investment Services Limited has given and has not withdrawn its consent to the inclusion of such reports herein. Calamatta Cuschieri Investment Services Limited does not have any material interest in the Company. The Company confirms that the financial analysis summary has been accurately reproduced in the Prospectus and that there are no facts of which the Company is aware that have been omitted and which would render the reproduced information inaccurate or misleading.

ANNEX I – LIST OF AUTHORISED FINANCIAL INTERMEDIARIES

BANK OF VALLETTA P.L.C.

C 2833
Premium Banking Centre, 475, Triq il-Kbira San Guzepp, St Venera SVR 1011
22751732

CALAMATTA CUSCHIERI INVESTMENT SERVICES LIMITED

C 13729
Ewropa Business Centre, Triq Dun Karm, Birkirkara BKR 9034
25688688

FINCO TREASURY MANAGEMENT LIMITED

C 17017
The Bastions, Office No 2, Emvin Cremona Street, Floriana FRN 1281
21220002

JESMOND MIZZI FINANCIAL ADVISORS LIMITED

C 30176
67 Level 3, South Street, Valletta VLT 1105
21224410

MEDIRECT BANK MALTA PLC

C 34125
The Centre, Tigne' Point, Sliema TPO 0001
25574400

MICHAEL GRECH FINANCIAL INVESTMENT SERVICES LIMITED

C 28229
The Brokerage, Lvl 0 A, St Marta Street, Victoria, Gozo VCT 2550
22587000

ANNEX II – GUARANTEE

To: All Bondholders

19 December 2023

Dear Sirs,

Re: GUARANTEE & INDEMNITY

Camilleri Holdings Limited (C 27495) (hereinafter together with our lawful successors and assigns referred to as the “Guarantor”), having noted that:

- i. by virtue of a prospectus dated 19 December 2023 issued by Camilleri Finance p.l.c. (the “**Issuer**”) in connection with the issue of €15,000,000 6.25% Bonds 2034 (as the same may be amended, varied or supplemented hereinafter referred to as the “**Prospectus**”) the Issuer shall, under the joint and several guarantee of the Guarantor, issue up to €15,000,000 in Bonds at an annual interest rate of 6.25% to be redeemed and finally repaid on 23 February 2034 subject to the terms and conditions of the Prospectus (the “**Bonds**”);
- ii. the Guarantor is the parent company of the Issuer;
- i. in connection with the issue of the Bonds, the Guarantor has agreed to grant and execute this Guarantee and Indemnity (hereinafter referred to as “**Guarantee**”) for the benefit of the Bondholders; and

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

1. INTERPRETATION

In this Guarantee, unless the context otherwise requires:

- a. terms and expressions defined in or construed for the purposes of the Prospectus shall have the same meanings or be construed in the same manner when used in this Guarantee, unless defined otherwise in this Guarantee;
- b. “**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 Bonds, and in consideration of the Bondholders acquiring the Bonds, the Guarantor, as duly authorised and as primary obligor, hereby jointly and severally with the Issuer, unconditionally and irrevocably guarantees to the Bondholders, to pay the Indebtedness or any balance thereof at any time due or owing under the Bonds in the event that the Issuer fails to pay any sum payable by it to the Bondholders pursuant to the terms of the 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 Bonds from time to time or which may hereafter at any time become due or owing under the Bonds by the Issuer but the amount due by the Guarantor to the Bondholders under this Guarantee shall be up to and shall not be in excess of

€ 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 Bondholders’ rights against the Issuer and/or Guarantor which shall be additional to the maximum sum herein stated.

2.3 INDEMNITY

As a separate and alternative stipulation, the Guarantors unconditionally and irrevocably agree that any Indebtedness to be payable by the Issuer but which is for any reason (whether or not now known or becoming known to the Issuer, the Guarantors or any Bondholder) not recoverable from the Guarantors, will nevertheless be recoverable from them as if they were the sole principal debtors and will be paid by them to the Bondholder on demand. This indemnity constitutes a separate and independent obligation from the other obligations in this Guarantee, gives rise to a separate and independent obligation from the other obligations in this Guarantee, and gives rise to a separate and independent cause of action.

3. CONTINUING AND UNCONDITIONAL LIABILITY

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

- a. the bankruptcy, insolvency or winding up of the Issuer; or
- 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. a Bondholder 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.

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

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:

- 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 Bondholders 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. NEGATIVE PLEDGE

By means of the Guarantee, the Guarantor has undertaken to not, and shall procure that the other members of the Group shall not, for as long as any principal or interest under the Bonds or any of the Bonds remains outstanding, create or permit to subsist any Security Interest (as defined below), other than a Permitted Security Interest (as defined below), upon the whole or any part of a Group member's present or future assets or revenues to secure any Financial Indebtedness (as defined below) of the relative Group member, unless at the same time or prior thereto the Issuer's indebtedness under the Bonds is secured equally and rateably therewith, and the instrument creating such Security Interest so provides.

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

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

"Permitted Security Interest" means: (A) any Security Interest arising by operation of law; (B) any Security Interest securing temporary bank loans or overdrafts in the ordinary course of business; (C) any other Security Interest (in addition to (A) and (B) above) securing Financial Indebtedness of the Guarantor, in an aggregate outstanding amount not:

- resulting in the value of property, cash and cash equivalents, financial securities actively traded on a recognised market, and 55% of inventory, which inventory does not exceed €6 million, falling below the value of the sum of the principal amount of the bonds still outstanding plus amounts due on which a Security Interest is attached.

6. ADDITIONAL GUARANTEE

This Guarantee is to be construed as being in addition to and in no way prejudicing any other securities or guarantees which the Bondholders 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. Moreover, the remedies provided in this Guarantee are cumulative and are not exclusive of any remedies provided by law.

7. NO ASSIGNMENT

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

8. REPRESENTATIONS AND WARRANTIES

8.1 The Guarantor represents and warrants:

- i. that it is duly incorporated and validly existing under the laws of Malta and has the power to carry on its business;
- ii. that it has power to grant this Guarantee and that this Guarantee is duly authorised and all corporate action has been taken by the Guarantor in accordance with its deeds of constitution and the laws of its incorporation and regulation;
- iii. that this Guarantee constitutes and contains valid and legally binding obligations of the Guarantor enforceable in accordance with its terms;
- iv. that this Guarantee does not and will not constitute default with respect to or run counter to any law, by-law, articles of incorporation, statute, rule or regulation, to which the Guarantor is or may be subject;
- v. that the granting of this Guarantee is in the commercial interest of the Guarantor and that the Guarantor acknowledges that it is deriving commercial benefit therefrom.

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

9. PAYMENTS

9.1 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 an Event of Default under the Prospectus.

10. NOTICES

10.1 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.

For the purposes of this Guarantee, the proper addresses and emails of the Parties are:

Camilleri Finance p.l.c.

Address: 14, Manuel Borg Gauci Street, Qormi, QRM 4000, Malta
Telephone No: +356 21472255
Email: info@orion.com.mt
Contact Person: Mr Anthony Camilleri

Camilleri Holdings Limited

Address: 63, St. Dominic Street, Valletta VLT 1602, Malta
Telephone No: +356 21472255
Email: info@orion.com.mt
Contact Person: Mr Anthony Camilleri

Provided that each party may at any time change such address or email 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 email and shall be deemed to be received in case of post within seven (7) days of dispatch or in case of other methods immediately upon confirmed transmission.

11. APPLICABLE LAW AND JURISDICTION

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

Any dispute, controversy or claim arising out of or relating to this Guarantee or as to the interpretation, validity, performance or breach thereof shall be referred to and finally resolved by arbitration under the UNCITRAL Rules of Arbitration in accordance with the provisions of Part V (International Arbitration) of the Arbitration Act, 1996. Any arbitration commenced pursuant to this clause shall take place in Malta and be administered by the Malta Arbitration Centre. The number of arbitrators shall be three (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,



Name: Mr Anthony Camilleri
duly authorised, for and on behalf of
Camilleri Finance p.l.c.

Yours faithfully,



Name: Mr Anthony Camilleri
duly authorised, for and on behalf of
Camilleri Holdings Limited

ANNEX III – SPECIMEN APPLICATION FORM



€15,000,000 6.25% UNSECURED BONDS 2034 APPLICATION FORM - EXISTING 2017 ORION PROSPECTS BONDHOLDERS

Please read the notes overleaf before completing this Application Form. Mark 'X' where applicable.

A APPLICANT (see notes 2 to 7)			
<input type="checkbox"/> Non-Resident	<input type="checkbox"/> Minor (under 18)	<input type="checkbox"/> Body Corporate/ Body of Persons	<input type="checkbox"/> CIS-Prescribed Fund
			I.D. CARD / PASSPORT / COMPANY REG. NO.
			MSE A/C NO. (mandatory)
			CURRENT HOLDINGS
DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH	NATIONALITY
LEI (Legal Entity Identifier (if applicant if NOT an individual))		<input type="checkbox"/> REGISTER FOR E-PORTFOLIO (mobile number is mandatory for e-port- folio registration)	MOBILE NUMBER
C ADDITIONAL (JOINT) APPLICANTS (see note 3) (please use Addendum to Application Form if space is not sufficient)			
TITLE (Mr/Mrs/Ms/..)	FULL NAME & SURNAME		I.D. CARD / PASSPORT NO.
DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH	NATIONALITY
D DECISION MAKER/MINOR'S PARENTS/LEGAL GUARDIAN(S) (see notes 4 and 7) (to be completed ONLY if applicable)			
TITLE (Mr/Mrs/Ms/..)	FULL NAME & SURNAME		I.D. CARD / PASSPORT NO.
DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH	NATIONALITY
TITLE (Mr/Mrs/Ms/..)	FULL NAME & SURNAME		I.D. CARD / PASSPORT NO.
DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH	NATIONALITY
E I/WE APPLY TO PURCHASE AND ACQUIRE (see note 8)			
AMOUNT IN FIGURES		AMOUNT IN WORDS	
€			
Camilleri Finance p.l.c. 6.25% Unsecured Bonds 2034 (the "Bonds") (minimum subscription of €1,000 and in multiples of €100 thereafter) at the Issue Price (at par), as defined in the Prospectus dated 19 December 2023 (the "Prospectus"), payable in full upon application under the Terms and Conditions of the Bonds as set out in the Prospectus. (See note 9)			
F RESIDENT - WITHHOLDING TAX DECLARATION (see note 10) (to be completed ONLY if the Applicant is a resident of Malta)			
<input type="checkbox"/> I/We elect to receive interest NET of FWT		<input type="checkbox"/> I/We elect to receive interest GROSS (i.e. without FWT)	
G NON-RESIDENT - DECLARATION FOR TAX PURPOSES (see note 12) (to be completed ONLY if the Applicant is a non-resident)			
TAX COUNTRY		CITY OF BIRTH	
T.I.N. (Tax Identification Number)		COUNTRY OF BIRTH	
<input type="checkbox"/> NOT resident in Malta but resident in the European Union		<input type="checkbox"/> NOT resident in Malta and NOT resident in the European Union	
INTEREST, REFUND AND REDEMPTION MANDATE (see notes 11 and 12) (completion of this panel is MANDATORY)			
BANK	IBAN		
I/We have fully understood the instructions for completing this Application Form, and am/are making this Application solely on the basis of the Prospectus, and subject to its Terms and Conditions of the Bonds as contained therein which I/we fully accept. I/We hereby authorise the Company to forward the details to the Malta Stock Exchange for the purposes of registering the Bonds in my/our MSE account, to register for the e-portfolio (where applicable) and to enable the reporting of all necessary transaction and personal information provided in this Application Form in compliance with Article 26 of MiFIR (Markets in Financial Instruments Regulation) to the Malta Financial Services Authority as competent authority ("Transaction Reporting"). Furthermore, I/we understand and acknowledge that the Company may require additional information for Transaction Reporting purposes and agree that such information will be provided.			
Signature/s of Applicant/s		Date	
(Parent/s or legal guardian/s are/is to sign if Applicant is a minor) (All parties are to sign in the case of a joint Application) (Bare owner/s and usufructuary/ies to sign in the case of holdings that are subject to usufruct)			
AUTHORISED INTERMEDIARY'S STAMP	AUTHORISED INTERMEDIARY'S CODE		APPLICATION NUMBER

NOTES ON HOW TO COMPLETE THIS APPLICATION FORM AND OTHER INFORMATION

The following notes are to be read in conjunction with the Prospectus dated 19 December 2023 regulating the Bond Issue

1. This Application is governed by the Terms and Conditions of Application contained in section 7 of the Securities Note forming part of the Prospectus dated 19 December 2023. Capitalised terms not defined herein shall, unless the context otherwise requires, have the meaning ascribed to them in the Prospectus.
2. The Application Form is to be completed in BLOCK LETTERS. Applicants who are non-residents in Malta for tax purposes, must indicate their passport number in Panel B and complete Panel G. The relative box in Panel A must also be marked appropriately.
3. Applicants are to insert full personal details in Panel B. In the case of an Application by more than one person (including husband and wife) full details of all individuals must be given in Panels B and C but the person whose name appears in Panel B shall, for all intents and purposes, be deemed to be the registered holder of the Bonds (vide note 6 below). Applications by more than two persons are to use the Addendum to the Application Form.

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

4. Applications in the name and for the benefit of minors shall be allowed provided that the applicant already holds an account on the MSE. Any Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest and redemption proceeds payable to the parents or legal guardian/s signing the Application Form until such time as the minor attains the age of eighteen (18) years, following which all interest and redemption proceeds shall be payable directly to the registered holder, provided that the Issuer has been duly notified in writing of the fact that the minor has attained the age of eighteen (18) years. Panel D must be inserted with full details of the parents/legal guardians.
5. In the case of a body corporate, the name of the entity exactly as registered and the registration number are to be inserted in Panel B. A valid Legal Entity Identifier ("LEI") needs to be inserted in Panel B. Failure to include a valid LEI code, will result in the Application being cancelled by the Registrar. Applications must be signed by duly authorised representatives indicating the capacity in which they are signing.
6. APPLICANTS ARE TO INSERT AN MSE ACCOUNT NUMBER IN THE SPACE PROVIDED IN PANEL B, AND FAILURE TO DO SO WILL RESULT IN REJECTION OF THE APPLICATION FORM. APPLICANTS ARE TO NOTE THAT ANY SECURITIES ALLOTTED TO THEM WILL BE RECORDED BY THE MALTA STOCK EXCHANGE IN THE MSE ACCOUNT QUOTED ON THIS APPLICATION FORM EVEN IF THE DETAILS OF SUCH MSE ACCOUNT NUMBER, AS HELD BY THE CSD OF THE MALTA STOCK EXCHANGE, DIFFER FROM ANY OR ALL OF THE DETAILS APPEARING OVERLEAF. A SEPARATE REQUEST BY THE APPLICANT TO CHANGE THESE DETAILS AS RECORDED AT THE MSE, WILL HAVE TO BE AFFECTED.
7. Where a decision to invest is taken by a third party authorised to transact on behalf of the Applicant (a "decision maker") such as an individual that holds a power of attorney to trade on the Applicant's account or applications under a discretionary account, details of the decision maker need to be included in Panel D.
8. Applications must be for a minimum subscription of €1,000 and thereafter in multiples of €100 and must be accompanied by the relevant subscription amount in Euro.
9. Only Applicants who hold a valid official Maltese Identity Card or companies registered in Malta will be treated as resident in Malta. In such a case the Applicant may elect to have final withholding tax, currently 15%, deducted from interest payments in which case such interest need not be declared in the Applicant's income tax return. The Applicant may elect to receive the interest gross (i.e. without deduction of final withholding tax), but will be obliged to declare interest so received in the tax return. The Issuer will render an account to the Maltese Commissioner for Revenue of all interest paid, all amounts of tax deducted by the payor in respect of the interest paid and of the identity of all such recipients. Interest received by non-resident Applicants is not taxable in Malta and non-residents will receive interest gross. Authorised entities applying in the name of a prescribed fund (having indicated their status in the appropriate box in Panel A) will have final withholding tax (currently 10%), deducted from interest payments.

In terms of section 6 of the Securities Note forming part of the Prospectus, unless the Issuer is otherwise instructed by a Bondholder, or if the Bondholder does not fall within the definition of "recipient" in terms of article 4(c) of the Income Tax Act (Cap. 123 of the laws of Malta), interest shall be paid to such person net of final withholding tax, (currently 15%) of the gross amount of interest, pursuant to article 33 of the Income Tax Act (Cap. 123 of the laws of Malta).

10. Non-residents of Malta should note that payment of interest to individuals and certain residual entities residing in another EU Member State is reported on an annual basis to the Director General Inland Revenue, Malta, who will in turn exchange the information with the competent tax authority of the Member State where the recipient of interest is resident. This exchange of information takes place in terms of the Council Directive 2014/107/EU, of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation. The contents of Notes 9 and 10 above do not constitute tax advice by the Issuer and Applicants are to consult their own independent tax advisers in case of doubt.
11. Interest and redemption proceeds will be credited to the account indicated in Panel H or as otherwise amended by the Bondholder/s during the term of the Bond.
12. The offer period for Existing 2017 Orion Prospects Bondholders will open at 08:30 hours on 15 January 2024 and will close at 12:00 hours on 19 January 2024, or earlier in case of over-subscription. Completed Application Forms are to be delivered to any Authorised Financial Intermediary listed in Annex I of the Securities Note forming part of the Prospectus during regular office hours. Remittances by post are made at the risk of the Applicant and the Company disclaims all responsibility for any such remittances not being received by the date of closing of the subscription lists. If any Application is not accepted after the closure of the subscription lists or is accepted for fewer Bonds than those applied for, the monies equivalent to the number of Bonds not being accepted will be returned by direct credit into the IBAN specified in Panel H.
13. By completing and delivering an Application Form you (as the Applicant(s)) acknowledge that:
 - a. the Issuer or its duly appointed agents including the CSD and the Registrar, may process the personal data that you provide in the Application Form in accordance with the Data Protection Act (Cap. 586 of the laws of Malta) and the General Data Protection Regulation (GDPR)(EU) 2016/679 as amended from time to time;
 - b. the Issuer may process such personal data for all purposes necessary for and related to the Bonds applied for; and
 - c. you, as the Applicant, have the right to request access to and rectification of the personal data relating to you, as processed by the Issuer.

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

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

ANNEX IV – FINANCIAL ANALYSIS SUMMARY

The Directors
Camilleri Finance p.l.c
14, Manuel Borg Gauci Street
Qormi
QRM 4000



Re: Financial Analysis Summary – 2023

19 December 2023

Dear Board Members,

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

The purpose of the financial analysis is that of summarising key financial data appertaining to Camilleri Finance p.l.c. (the “**Issuer**”). The data is derived from various sources or is based on our own computations as follows:

- a. Historical financial data for the three years ending 31 December 2020, 2021 and 2022 has been extracted from the audited financial statements of the Issuer and of the Group.
- b. The forecast data for the financial years ending 31 December 2023 and 2024 has been provided by management.
- c. Our commentary on the Issuer results and 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. The principal relevant market players listed in Part 3 of the document have been identified by management. Relevant financial data in respect of competitors has been extracted from public sources such as the web sites of the companies concerned or financial statements filed with the Registrar of Companies.

The Analysis is meant to assist potential investors by summarising the more important financial data set out in the Prospectus. The Analysis does not contain all data that is relevant to potential investors and is meant to complement, and not replace, the contents of the full Prospectus. The Analysis does not constitute an endorsement by our firm of the proposed bond issue and should not be interpreted as a recommendation to invest in the Issuer’s securities. We shall not accept any liability for any loss or damage arising out of the use of the Analysis and no representation or warranty is provided in respect of the reliability of the information contained in the Prospectus. Potential investors are encouraged to seek professional advice before investing in the Issuer’s securities.

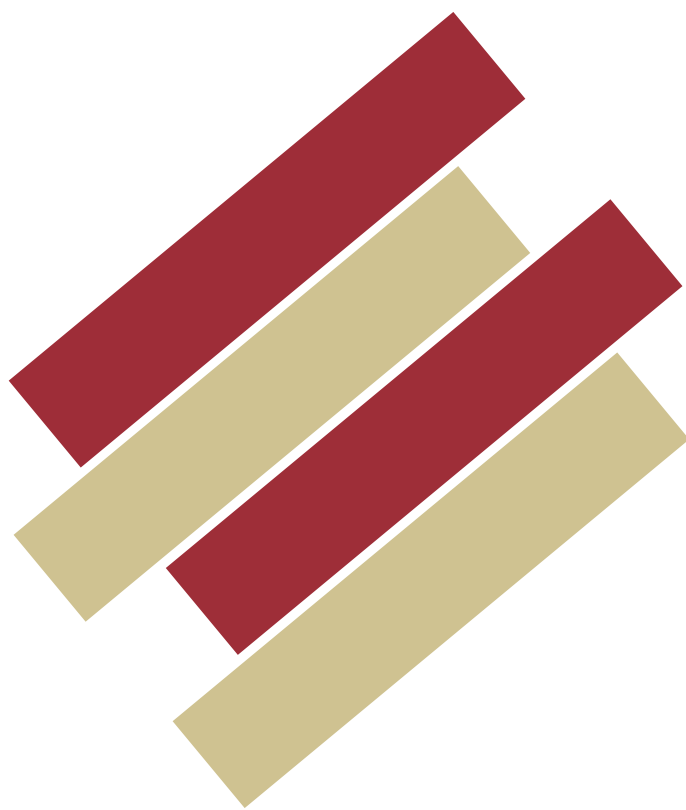
Yours sincerely,



Patrick Mangion
Head of Capital Markets

FINANCIAL ANALYSIS SUMMARY 2023

CAMILLERI FINANCE P.L.C.
19 DECEMBER 2023
PREPARED BY CALAMATTA CUSCHIERI
INVESTMENT SERVICES LIMITED



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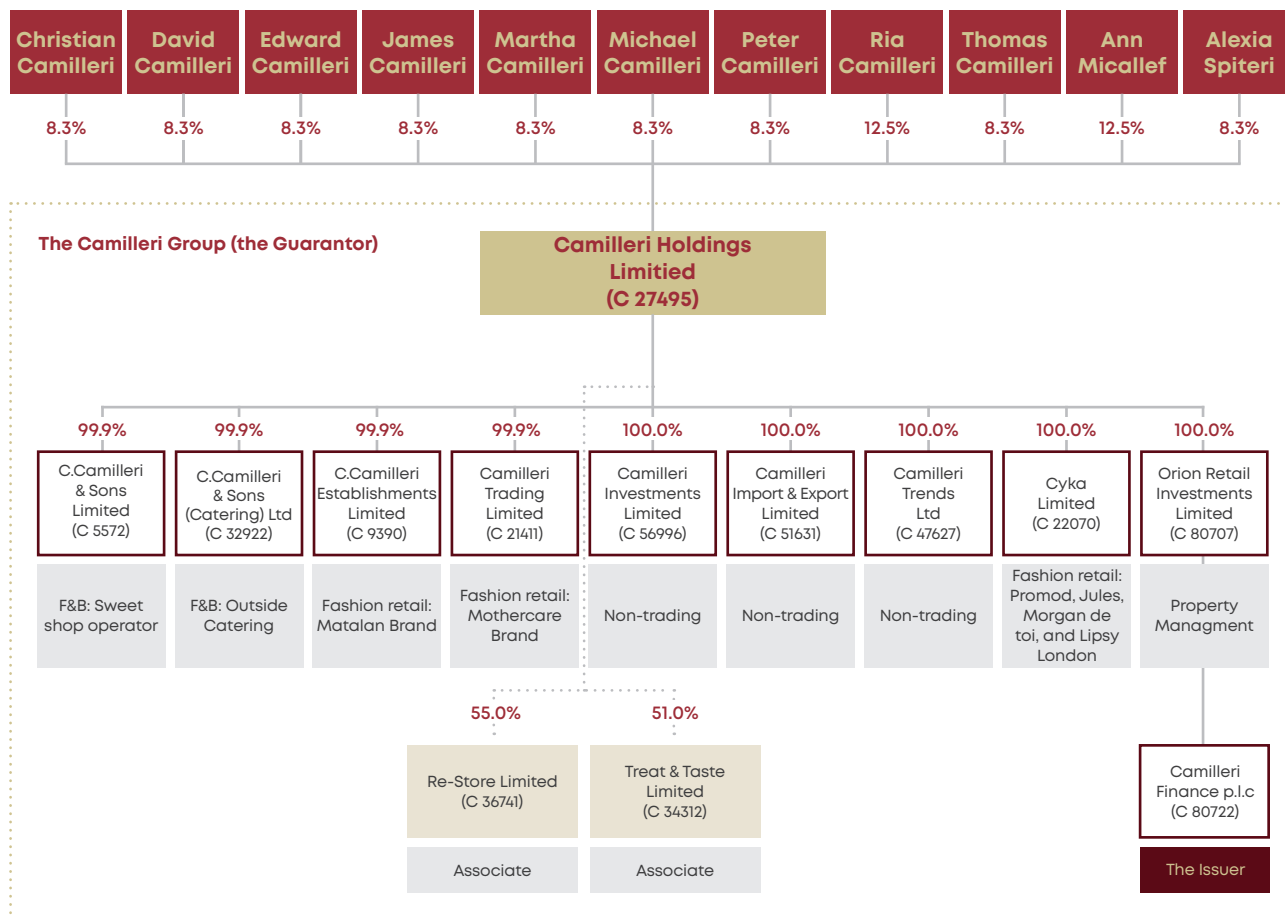
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PART 1 INFORMATION ABOUT THE GROUP

Camilleri Finance p.l.c. (the “**Issuer**”) has applied for a bond issue in respect of €15m 6.25% Unsecured Bonds 2034, of a nominal value of €100 per bond issued at par, pursuant to the prospectus published by the Issuer dated 19 December 2023 (the “**Prospectus**”). This Analysis has been prepared in line with the MFSA Listing Policies.

1.1 GROUP’S KEY ACTIVITIES AND GROUP STRUCTURE

The Group’s complete organisation chart is set out below:



The Issuer was incorporated on 3 May 2017 as a public limited liability company, with company registration number C 80722 under the name Orion Finance p.l.c. On 11 October 2023 it changed its name to “**Camilleri Finance p.l.c.**”. As of the date of this Analysis, the authorised and issued share capital of the Issuer is €250,000 divided into 250,000 ordinary shares having a nominal value of €1 each. The Issuer is a wholly owned subsidiary of Orion Retail Investments Limited, except for one ordinary share held by Mr Anthony Camilleri.

Camilleri Holdings Limited (“**Camilleri Holdings**”, “**CHL**”, or the “**Guarantor**”), was set up as the holding company of the Group. It was incorporated on 27 December 2000 with registration number C 27495. As of the date of this Analysis, the authorised and issued share capital of the Guarantor is €75,456 divided into 12,576 ordinary A shares, 12,576 ordinary B shares, and 12,576 ordinary C shares having a nominal value of €2 each.

The Issuer, originally established as a finance company, is committed to facilitating various aspects of business activities within related companies. This commitment involves lending or advancing money, extending credit to related entities, and managing funds as directed by its directors. The issuance of bonds aligns with the Issuer’s overarching goals. Historically, up to FY22 the Issuer functioned as a financing entity for the Orion sub-group, consisting of the Issuer and its immediate parent Orion Retail Investments Limited (“**Orion Retail**”). However, with the proposed bond issuance, the Issuer is strategically shifting its focus to raise funds for CHL and its subsidiaries (collectively referred to as the “**Group**”). In this new capacity, the Issuer is dedicated to capital raising and fund advancement for the Group, abstaining from direct involvement in trading activities.

The Issuer assumes a crucial role as a financial vehicle for the Group’s upcoming projects, particularly in the immediate future. Its economic reliance closely mirrors the financial and operational performance of the Group, engaged in the sale of fashion retail and food, as outlined in this Analysis.

The Group draws its origin from 1843 when it opened a confectionery shop in the heart of Valletta. For many years, the Camilleri Group was associated exclusively with the confectionery business in Malta, as a wholesaler and retailer, renowned as “Camilleri tal-Heġu”.

138 years later, in 1981, C. Camilleri & Sons became a limited liability company and set up C. Camilleri & Sons (Catering) Limited in 1983 to diversify and branch out into catering for all types of functions, receptions and parties by offering their services to wedding venues, gardens, museums and other related venues. It is also the exclusive caterer at Olive Gardens in Mdina.

A few years later in 1988, Camilleri Establishments Limited was set up as the initial holder of the BHS franchise in Malta. In 2016, BHS filed for bankruptcy and as a result, the Group lost franchising rights for this brand. In 2017 licenses to sell Matalan products were obtained and all BHS stores were converted to Matalan outlets.

In 1997 Camilleri Trading Limited was established, which holds the Mothercare franchise in both Malta and Gozo. The first Mothercare store was opened in South Street, Valletta and has since been enlarged and refurbished. This company now operates another 4 Mothercare stores in prominent locations such as Sliema, Birkirkara, Fgura and Victoria Gozo.

Camilleri Investments Limited commenced operations for the M&Co brand in September 2013. As this franchise was discontinued internationally in FY20, the company is currently non-trading, however the outlet in Valletta was converted into Jules / Morgan de toi.

In 2016 Camilleri Group announced the formation of a strategic partnership between C. Camilleri & Sons Limited and J. P. Caruana and, in the beginning of 2017, C. Camilleri & Sons Limited acquired the operational business of J. P. Caruana. Through this venture, the company became the sole contractual distributor of Haribo, Maoam, Glisten, Tilleys, Tangerine and Ashbury in Malta.

In the same year Camilleri Holdings Limited acquired 100% of CYKA Limited, which held the licenses to import, retail and distribute George, Promod, Miss Selfridge, Morgan de toi and Jules brands.

In 2018, given that outside catering is a seasonal business depending principally on summer weddings, the Group, through C. Camilleri & Sons (Catering) Limited diversified its food and business division by adding private school canteens to its portfolio. The first school they offered this service to was San Andrea School in Mgarr which secondary school caters for approximately 700 students. As at the date of this Analysis, the Group operates canteens in 3 private schools, with the 2 other schools being St Martins College in Msida, where they cater for around 600 secondary school students as well as its live-in students and foreign students during the summer, and St. Michael's Foundation in San Gwann where they cater for approximately 600 students.

In 2022 the Group did not renew its agreement with George and the three George outlets situated in Hamrun, Paola and Victoria Gozo were converted to Matalan outlets. Later that year, the Miss Selfridge brand was sold internationally and rebranded as an exclusive online store operated by its new owners. Consequently, the store at the Plaza Mall was converted into a Jules outlet and the outlet at the Pama shopping complex was converted into a Lipsy London outlet.

Following the success of private school canteens, in 2023 C. Camilleri & Sons (Catering) Limited started catering for Evolution Gaming, one of the largest gaming companies in Malta. The Evolution Gaming canteen operates 24/7 and serves approximately 1.5k employees daily.

Since its establishment in 1843, the Group has evolved to encompass not only traditional confectionery but also expanded into the realms of outside catering and fashion retail. Furthermore, throughout its years of operation the Group has built a portfolio of property with a current market value of *circa* €24.4m.

Despite these diversifications, the essence of the enterprise remains rooted in its familial foundations. Currently, the reins of the business are held firmly by the fifth generation, signifying an enduring commitment to its heritage and a testament to the enduring legacy of family ownership and management.

1.2 BOARD OF DIRECTORS

As of the date of this Analysis, the following persons constitute the board of directors of the Issuer.

Name	Designation
Anthony Camilleri	Non-executive Director and Chairman
John Soler	Independent, non-executive director
Michael Borg Costanzi	Independent, non-executive director
Christos Barmperis	Executive Director

The business address for all the directors of the Issuer is the registered office of the Issuer, which is located at 14, Manuel Borg Gauci Street, Qormi, QRM 4000, Malta.

Pierre Griscti is the company secretary of the Issuer.

The board of the Issuer is composed of 4 directors who are entrusted with the overall direction and management of the Issuer. Christos Barmperis occupies a senior executive position within the Group and is entrusted with the Issuer's day-to-day management. John Soler, Michael Borg Costanzi and Anthony Camilleri serve on the board of the Issuer in a non-executive capacity, whose main functions are to monitor the operations and performance of the executive director as well as to review any proposals tabled by the executive director. John Soler and Michael Borg Costanzi are considered as independent directors since they are free of any business, family, or other relationship with the Issuer that could create a conflict of interest such as to impair their judgement.

1.3 MAJOR ASSETS AND FRANCHISE RIGHTS OWNED BY THE GROUP

1.3.1 Fashion Retail

The Group operates a total of 27 fashion retail outlets across Malta, including Valletta, Sliema, Birkirkara, Fgura, and Victoria Gozo. These outlets showcase a portfolio of 6 distinct brands: Mothercare, Matalan, Jules, Morgan de toi, Promod, and Lipsy London. Fashion retail stands as a cornerstone, contributing over 84% to the FY22 revenue.

1.3.1.1 Matalan

Matalan specialises in offering a wide array of clothing for women, men, and children, as well as homeware. Recognised as a leading UK and international omni-channel retailer, Matalan boasts 8 locations, comprising 2 owned stores and 6 rented outlets.

1.3.1.2 Mothercare

Mothercare, a leading global brand, operates through a network of global franchise partners with approximately 700 stores in around 36 countries worldwide. The product range includes clothing for infants and children up to 10 years, maternity apparel, car seats, pushchair systems, bedding, soft furnishings and furniture, bathing products, and high chairs. Mothercare has a presence in five locations, with three owned stores and two rented outlets.

1.3.1.3 Promod

Promod is a French fashion brand. The women's wear collection encompasses a variety of styles, from casual to smart, with a focus on French feminine allure, audacious mixing and matching, and eco-friendly initiatives. Promod operates in 5 rented locations.

1.3.1.4 Jules

Jules offers a complete wardrobe ranging from formal to sportswear. With a commitment to sustainability, Jules introduces "in progress" products that are more environmentally friendly, including an expanding range of denim. Jules locally has a presence in 4 locations.

1.3.1.5 Morgan de toi

Morgan de toi, a Parisian brand with a legacy of around 40 years, has built a prominent image in France and internationally. Catering to a young, active, and urban customer base, the brand embraces values of femininity, originality, and freedom. Morgan de Toi currently operates in 4 rented locations.

1.3.1.6 Lipsy London

Lipsy London, a fashion-forward and affordable brand, offers a diverse range of clothing, footwear, and underwear for various occasions. With statement designs featuring ruffle hemlines, draped fabric, cowl necks, and lace panels, Lipsy London guarantees a stylish selection for any event. The brand operates in 1 rented location.

1.3.2 Food and Beverage

The food and beverage segment of the Group comprises a mix of elements, featuring a historical sweet shop, a confectionery, an outside catering division, and strategically placed canteens.

The Group's historical sweet shop, situated at 153 Merchant Street, Valletta, and the recent addition in the Duke's complex in Victoria Gozo, serve as local spots for various treats, from pick and mix sweets to chocolates, cakes, seasonal delights, and a selection of wines and spirits.

1.3.2.1 "Camilleri tal- Helu" Confectionary

The flagship store at 153 Merchants Street, Valletta, has a long-standing history dating back to 1843. Operating under C. Camilleri & Sons Limited, it holds the title of the oldest confectionery trader in the Maltese islands. A recent expansion to Victoria, Gozo in April 2022 further solidifies the brand's regional presence.

This confectionery outlet offers an array of sweets, featuring over 240 varieties of pick and mix sweets, chocolates, biscuits, artisan ice cream, local specialities, special diet confectionery, cakes, and traditional treats. The store has a diverse portfolio, including brands acquired through the 2017 J.P. Caruana confectionery acquisition, and serves as the distributor of Haribo, Moam, Glisten, Tilleys, Tangerine, and Ashbury.

Additionally, the confectionery plays a role in the distribution of a range of wines, representing brands such as Manfredi, Castelvechio (Piemonte), and San Simone through various retail and wholesale channels.

1.3.2.2 Outside Catering

Camilleri Catering orchestrates outside catering events that vary in scales and forms, from casual to formal affairs, offering services at venues like Castello dei Baroni, Chateau Buskett, Cottage Gardens, Eden Lodge, Esplora, Gardjola Gardens, Hastings Gardens, and Lower Barrakka Gardens. Olive Gardens, as an exclusive venue, provides versatile

setups for standing receptions and seated dinners, both indoors and outdoors, capable of accommodating up to 1,000 standing guests.

1.3.2.3 Canteens

Recognising the seasonality inherent in outside catering, the Group diversified its food and business division by operating canteens. Currently, 3 canteens in private schools and an office canteen in Mrieħel provide fresh, warm, and cold food options daily, adding a stable dimension to the food and beverage segment.

1.3.3 Properties owned by the Group

In addition to the foundational components of the Group, Camilleri Holdings possesses four pivotal main street properties (the "Properties"). These properties serve as locations for Matalan Sliema, Mothercare Sliema, Mothercare Valletta, and Mothercare/Matalan Fgura. Additionally, the Group maintains a property in Ħandaq, serving as its head office and primary warehouse. While CHL facilitated the acquisition of these properties, the management responsibilities were subsequently transferred to Orion Retail through a property management agreement dated 5 May 2017.

1.3.3.1 Matalan Premises, Sliema

This establishment, situated at The Strand, Sliema, encompasses the premises currently housing the Matalan fashion retail outlet, along with a section occupied by Tony's Bar.

The commercial property boasts an approximate internal shop area of 837sqm, with Tony's Bar occupying an approximate floor area of 73sqm. Additionally, there is a shared access space of 44sqm, necessary for common entry to third-party residences located above these commercial properties, also serving as an entrance shop window. On the first floor, the premises feature a commercial frontage of 16.5m overlooking the main street, utilised entirely as a display window/balcony.

1.3.3.2 Mothercare Premises, Sliema

This venue, located at St. Anne's Square, Sliema, overlooking the Sliema ferries, operates as a retail outlet under the Mothercare brand. Accessible from 3 separate entrances (The Plaza Shopping Centre, St. Anne's Square, and Ġuże Fava Street) the commercial property spans 2 floors, with a total floor area of 328sqm. At the ground floor level, the property exhibits an 8m frontage on St. Anne's Square, while at the first-floor level, it features a 5.15m frontage on Guze Fava Street.

1.3.3.3 Mothercare Premises, Valletta

This property, situated at 14 South Street, Valletta, houses the retail outlet under the Mothercare brand. Originally consisting of 2 separate units beneath adjacent apartment blocks, connected by a main internal staircase, the premises boast 2 prominent main entrances from Ordnance Street and South Street. The site covers an area of approximately 559sqm, with 253sqm at the ground floor, 239sqm at the first floor, and 67sqm at the basement level.

1.3.3.4 Matalan/ Mothercare, Fgura

This outlet, accommodating the retail spaces of Matalan and Mothercare, is situated on the basement floor, ground floor, and front part of the first floor level. The property includes 12 car parking spaces and the contractual right of way over the plant room for utilising the fire escape at the back. With an approximate gross external area of 1,945sqm, the property features a frontage of 11.95m on the ground floor and 16.4m frontage on the first floor, overlooking Żabbar Road, Fgura.

This outlet comprises a building accessible from Żabbar Road and Mater Boni Consilii Street, constructed on a site formerly occupied by 4 properties numbered 248, 250, 252, and 254 on Żabbar Road, beneath a cluster of 11 garages accessible through a long driveway from Mater Boni Consilii Street located at the back of the development.

1.3.3.5 Qormi Plots

This plot is located at 49-51 Manuel Borg Gauci Street and 61-62 Luigi Maria Galea Street, possesses two street frontages in a containment area. The total developable area measures 851sqm, allowing potential development into industrial warehouses or industrial uses in line with recent development trends in the Ħandaq area. Presently, the land serves as a car park, including a covered parking bay for the Group's commercial fleet.

1.3.3.6 Qormi Warehouse

Constructed approximately 32 years ago on plots 19 and 20, Manuel Borg Gauci Street, Qormi, this warehouse consists of a double plot construction.

Under Planning Authority permit PA00762/12, the Group added an additional floor to the building, designated for offices, archives, stores, and a canteen. The permit also included the change of use of part of the ground floor level from a metal works workshop to stores and the change of use of part of the first-floor level from offices to catering (food preparation).

1.4 OPERATIONAL DEVELOPMENTS

1.4.1 Bond Issuance for Group Funding

The Issuer is currently engaged in a strategic initiative to raise funds for CHL and its subsidiaries through a proposed bond issue. This financial move reflects the Issuer's commitment to securing capital for the Group's initiatives, emphasising a forward-looking financial strategy.

1.4.2 Diversification of Food and Business Division

Building on the 2018 initiative to diversify its food and business division through private school canteens, the Group continues to expand its presence in this sector. Notably, in 2023, the Group extended its catering services to Evolution Gaming, a prominent gaming company in Malta.

1.4.3 Refurbishments

In 2016, the formation of a strategic partnership with J.P. Caruana led to the acquisition of its operational business in 2017. Concurrently, Camilleri Holdings Limited secured full ownership of CYKA Limited in the same year. In 2022, strategic decisions were made to discontinue agreements with specific brands. The transformation saw the conversion of 3 George outlets into Matalan stores, while the Miss Selfridge brand underwent an international sale, repositioning itself as an exclusive online store.

The Group is actively planning a comprehensive refurbishment initiative for its outlets housing the Matalan and Mothercare brands. This undertaking encompasses the introduction of innovative franchise concepts, the targeted acquisition of new brands, and a substantial investment in state-of-the-art IT infrastructure. The refurbishment is slated to occur between 2024 and 2026, incurring an estimated cost of approximately €2.2m.

1.5 USE OF PROCEEDS

The net proceeds from the proposed bond issue will be used by the Issuer and advanced to CHL via a loan agreement as defined in the Prospectus, for the following purposes, in the amounts and order of priority set out below:

- €4.2m will be used by the Issuer for the redemption of the outstanding amount of the bonds issued by Camilleri Finance p.l.c. currently admitted to the Prospects MTF (the "Prospects Bonds") remaining in issue as at or about January 2024 (including payment of interest thereon), being the expected date of redemption of the Prospects Bonds as determined by the Issuer and duly notified to existing 2holders of the Prospects Bonds;
- €3.2m will be used to refinance bank loans associated with the Group's capital expenditures which includes:
 - i. Bank of Valletta p.l.c. loan originally used as end finance to acquire CYKA Limited;
 - ii. MeDirect Bank (Malta) p.l.c. loan used to consolidate and refinance HSBC exposure originally provided to acquire the property in Żabbar Road, Fgura, refurbishment of the Head Office property in Fandaq, and capital expenditure of retail outlets; and
 - iii. Bank of Valletta p.l.c. loans originally used as end finance for finishing and furnishing the old George outlet at PAVI.
- €2.15m will be utilised for store refurbishments to enhance current store infrastructure and for the opening of new stores in view of the Group's expansion;
- €4.95m for general corporate funding purposes; and
- €0.5m to cover the issue costs which are then amortised over the term of the bond. This includes a provision for professional fees and placement fees incurred by the Issuer in connection with the proposed issue.

PART 2 HISTORICAL PERFORMANCE AND FORECASTS

The financial information in sections 2.1 to 2.6 is extracted from the audited financial statements of the Issuer and the Group for the financial years ended 31 December 2020, 2021 and 2022.

The projected financial information of the Issuer and the Group for the years ending 31 December 2023 and 2024 have been provided by management. This financial information relates to events in the future and is based on assumptions that the Issuer believes to be reasonable. Consequently, the actual outcome may be adversely affected by unforeseen situations and the variation between forecasts and actual results may be material.

2.1 ISSUER'S INCOME STATEMENT

Income Statement	2020A	2021A	2022A	2023F	2024P
	€ '000s	€ '000s	€ '000s	€ '000s	€ '000s
Finance income	360	345	326	375	1,160
Finance cost	(234)	(224)	(212)	(211)	(945)
Net interest income	126	121	114	164	215
Other income	1	-	-	-	-
Administrative expenses	(76)	(80)	(81)	(84)	(132)
Amortisation of bond issue costs	(8)	(8)	(8)	(9)	(50)
Profit before tax	42	32	25	70	33
Tax	(18)	(14)	(11)	(25)	(12)
Profit for the year	24	18	13	45	21

Ratio Analysis	2020A	2021A	2022A	2023F	2024P
Profitability					
Operating Profit Margin (PBT / Revenue)	33.1%	26.4%	21.9%	42.7%	15.3%
Net Margin (Profit for the year / Finance Income)	6.7%	5.2%	4.0%	12.0%	1.8%
Return on Common Equity (Net Income / Average Equity)	n/a	36.0%	26.0%	30.0%	8.4%
Return on Assets (Net Income / Average Assets)	n/a	0.4%	0.3%	0.5%	0.1%
Return on capital employed (PBT/ Total Assets - Current Liabilities)	0.8%	0.7%	0.5%	0.5%	0.2%

The Issuer, serving as the financial arm of the Group, primarily generates revenue through interest income derived from funds extended to Orion Retail. These funds, totalling €4.9m, originated from the Prospects Bonds and were allocated to settle the cash component for Orion Retail's acquisition of property management rights from CHL. In accordance with the loan agreement, the €4.9m funds were lent to Orion Retail at an interest rate of 7.5% per annum. The interest, paid semi-annually on 18 June and 18 December, spans ten years until 18 June 2027. The Issuer's interest income is calculated based on the outstanding loan balance at the beginning of each fiscal year.

As outlined in the loan agreement, Orion Retail made capital repayments to the Issuer, subsequently transferred to a sinking fund to fulfil sinking fund obligations. This contributed to a decrease in finance income from €0.4m in FY20 to €0.3m in FY22.

Following the bond issue in FY23, the Issuer plans to generate interest at a rate of 8.0% per annum on funds advanced to Orion Retail. The projected interest income, arising from the €14.5m net proceeds earmarked for Orion Retail from FY24 onwards, is expected to reach €1.2m in FY24. Notably, a portion of these funds will be retained by the Issuer for investment, with the understanding that Orion Retail assumes ultimate responsibility for associated rights and risks.

On the other hand, finance costs encompass interest accrued by the Issuer on its debt securities (the Prospects Bonds) amounting to €5.0m, carrying an interest rate of 4.75% per annum and maturing in 2027, unless repurchased and cancelled earlier. Utilising funds transferred to the sinking fund, following the treasury management policy, as outlined in the Issuer's audited financial statement of 2022, led to a decrease in finance costs from €234k in FY20 to €212k in FY22. Following the issue of the proposed bond, finance costs are expected to increase substantially to €945k in FY24.

The minor value for other income pertains to gains from repurchasing bonds on the secondary market. Administrative expenses, covering professional fees, director fees, and auditor's remuneration, remained stable between FY20 and FY22 and are forecasted to rise from €84k in FY23 to €132k in FY24, mainly due to increased directors' fees. Bond issue costs of €0.1m are being amortised over ten years, aligning with the bond's lifespan. In FY24, the bond issue costs will be €0.5m and will be initially capitalised and amortised over the ten-year term using the straight-line method, in line with IAS 38 – *Intangible Assets*.

After accounting for taxation, the Issuer realised a profit of €13k in FY22, which is lower than the €18k registered in FY21. This is expected to rebound in FY23, reaching €45k and then decreasing to €21k in FY24.

2.2 ISSUER'S STATEMENT OF FINANCIAL POSITION

Statement of Financial Position	2020A	2021A	2022A	2023F	2024P
	€ '000s	€ '000s	€ '000s	€ '000s	€ '000s
Assets					
Non-current assets					
Loan receivable	4,350	4,050	3,550	12,350	12,850
Sinking fund	200	250	300	-	-
Total non-current assets	4,550	4,300	3,850	12,350	12,850
Current assets					
Loan receivable	250	300	500	-	-
Trade and other receivables	4	8	8	6	6
Future capital expenditure	-	-	-	2,150	1,650
Cash and cash equivalents	352	369	397	486	545
Total current assets	606	676	905	2,643	2,202
Total assets	5,156	4,976	4,755	14,993	15,052
Equity					
Share capital	50	50	50	250	250
Retained earnings	104	122	135	181	203
Total equity	154	172	185	431	453
Liabilities					
Non-current liabilities					
Borrowings	4,847	4,655	4,413	14,500	14,550
Total non-current liabilities	4,847	4,655	4,413	14,500	14,550
Current liabilities					
Trade and other payables	154	149	143	37	37
Current tax liability	1	1	13	25	12
Total current liabilities	155	150	156	62	49
Total liabilities	5,002	4,805	4,569	14,562	14,599
Total equity and liabilities	5,156	4,976	4,755	14,993	15,052
Ratio Analysis					
Financial Strength					
Gearing 1 (Net Debt / Net Debt and Total Equity)	96.7%	96.1%	95.6%	97.0%	96.9%
Gearing 2 (Total Liabilities / Total Assets)	97.0%	96.6%	96.1%	97.1%	97.0%
Gearing 3 (Net Debt / Total Equity)	3147.4%	2706.4%	2385.4%	3364.3%	3211.9%
Current Ratio (Current Assets / Current Liabilities)	3.9x	4.5x	5.8x	42.6x	44.9x

In FY22, the Issuer's total assets amounted to €4.8m, primarily driven by a €3.6m loan receivable from Orion Retail. The current portion of the loan reflects the scheduled repayment by Orion Retail by the end of FY24, aligning with the predetermined loan agreement. Through the proposed bond issue this is expected to increase in FY23, significantly increasing the total asset base to €12.4m and €12.9m the year after.

Aligned with the company admission document of the Prospects Bonds dated 22 May 2017 and the Issuer's treasury management policy, a sinking fund was established to cover 100% of the value of the Prospects Bonds between FY19 and FY27. Cumulative contributions to the sinking fund until FY22 totalled €850k, with €839k utilised to repurchase the Issuer's bonds by 30 June 2023. Consequently, the sinking fund balance is expected to be nil from FY23 onward.

Current assets in FY22 include a €500k loan receivable that related to the transfer of funds to Orion Retail, which are due for payment by FY23. Cash and cash equivalents have shown a consistent increase since FY20, reaching €397k in FY22. This trend is expected to continue, with projections indicating an increase to €486k by the end of FY23 and a further rise

to €545k in FY24. The Issuer plans to allocate funds for investments starting from the end of FY23, amounting to €2.2m. This results in a significant increase in current assets in FY23, reaching €2.6m compared to the €1.0m registered in FY22. As of FY22, the Issuer had a share capital of €50k and retained earnings of €135k. Projections indicate an increase in share capital to €250k in FY23 and FY24. Retained earnings, which consist of the spread on interest on the loan receivable from CHL, interest on the investments and the management fees less administrative expenses, are expected to grow from €135k in FY22 to €181k in FY23 and are projected to further increase to €203k in FY24, consequently increasing the total equity base annually.

Liabilities during the historical period primarily consist of borrowings related to the outstanding Prospects Bonds. This liability gradually decreased to €4.4m during FY22. However, due to the proposed bond issue, it is expected to surge significantly to €14.5m in FY23.

Minor liabilities include trade and other payables, comprising trade payables, amounts due to fellow subsidiaries, and accrued interest on outstanding securities. These have gradually decreased from €154k in FY20 to €143k in FY22. Projections indicate a further decrease to €37k by the end of FY23, with expectations to maintain this level in FY24.

The Issuers gearing ratio has been above 95% during the historical period and is expected to follow this trend throughout the projected period given that it is a finance company. Additionally, as the Issuer plans to set aside funds for future investments, the current assets are anticipated to significantly surpass current liabilities, anticipating an improvement in their short-term liquidity position. This positive trend is highlighted by the current ratio, revealing the magnitude by which current assets cover current liabilities going from 5.8x in FY22 to an impressive 42.6x in FY23 and further to 44.9x in FY24.

2.3 ISSUER'S STATEMENT OF CASH FLOWS

Cash Flows Statement	2020A	2021A	2022A	2023F	2024P
	€ '000s	€ '000s	€ '000s	€ '000s	€ '000s
Operating activities					
Profit before income tax	42	32	25	70	33
Adjustments	(118)	(113)	(106)	(154)	(165)
Working capital changes	4	-	-	-	-
Cash generated from / (used in) operations	(71)	(80)	(80)	(84)	(132)
Interest received	360	345	326	375	1,160
Interest paid	(237)	(229)	(218)	(326)	(945)
Tax paid	(18)	-	-	(13)	(25)
Net cash flows generated from / (used in) operating activities	35	36	28	(47)	59
Investing activities					
Movement in future capital expenditure	-	-	-	(2,150)	500
Net cash flows generated from / (used in) investing activities	-	-	-	(2,150)	500
Financing activities					
Repayments to fellow subsidiary	-	(18)	-	-	-
Net repayments from / (to) parent company	248	250	300	(8,300)	(500)
Redemption of bonds	(100)	(200)	(250)	(4,413)	-
Proceeds from new bonds	-	-	-	15,000	-
Bond issue costs	-	-	-	(500)	-
Equity injection	-	-	-	200	-
Movement in sinking fund	(100)	(50)	(50)	300	-
Net cash flows generated from / (used in) financing activities	48	(18)	-	2,287	(500)
Movement in cash and cash equivalents	82	17	28	90	59
Cash and cash equivalents at start of year	269	352	369	397	486
Cash and cash equivalents at end of year	352	369	397	486	545
Ratio Analysis					
Cash Flow	2020A	2021A	2022A	2023F	2024P
	€ '000s	€ '000s	€ '000s	€ '000s	€ '000s
Free Cash Flow (Net cash from operations + Interest - Capex)	€271	€264	€245	€279	€1,004

Considering its treasury management function, the Issuer's primary cash movements, aside from raising and repaying debt instruments, involve extending loans to Orion Retail. The interest rate on these loan advances is set at a rate which is marginally higher than the cost of finance to the Issuer such that the Issuer will be in a position to cover administrative

expenses incurred in managing the debt instrument on behalf of Orion Retail. The cash utilised in operations shows relative stability between FY20 and FY22, resulting in a generated cash flow of €28k during FY22. However, the projections for FY23 anticipate a net cash outflow of €47k in operating activities, primarily due to an expected increase in interest payments. The subsequent year forecasts a significant improvement, with operating activities generating €59k, attributed to higher interest received.

Historically, the Issuer had no investing activities, but it plans to allocate €2.2m for investing activities in FY23 relating to the Group's refurbishment and expansion plans, with €0.5m earmarked for utilisation in FY24.

While financing activities show limited fluctuation in the historical period with repayments from Orion Retail and transfers to the sinking fund, in FY23 the Issuer is expected to witness diverse activities, including proceeds from the new bond issue, early repayment of the Prospects Bonds, loan advances to the Group from the proposed bond, allocation of funds for investment aligned with the Group's expansion plans, and a €200k cash injection by the Group to augment the Issuer's share capital. Consequently, net cash generated from financing activities is expected to increase to €2.3m from the nil amount recorded in FY22.

Cash and cash equivalents movement during FY22 amounted to €28k, surpassing the €17k movement in FY21. This upward trend is expected to continue, reaching €90k in FY23 and followed by a decline in FY24 to €59k, resulting in a positive year-end balance higher than the preceding years.

Although free cash flow declined from €264k in FY21 to €245k in FY22, it is anticipated to rebound in FY23 and FY24, driven by higher interest received.

2.4 GROUP'S INCOME STATEMENT

Income Statement	2020A	2021A	2022A	2023F	2024P
	€ '000s	€ '000s	€ '000s	€ '000s	€ '000s
Revenue	14,595	16,283	18,396	20,642	21,394
Cost of goods sold	(9,527)	(9,808)	(11,019)	(12,160)	(12,197)
Gross profit	5,068	6,475	7,377	8,482	9,197
Other income	1,761	1,652	842	252	214
Operating expenses	(6,325)	(5,566)	(7,196)	(6,591)	(6,705)
EBITDA	505	2,561	1,022	2,144	2,706
Depreciation and amortisation	(1,759)	(1,451)	(1,369)	(1,357)	(1,347)
Finance costs	(934)	(813)	(856)	(935)	(1,408)
Profit / (loss) before tax	(2,188)	297	(1,203)	(149)	(49)
Tax income / (expense)	928	34	486	52	17
Profit / (loss) after tax	(1,260)	331	(717)	(97)	(32)
Other comprehensive income					
Revaluation of property plant and equipment	1,517	-	1,129	-	-
Tax effect on revaluation	(138)	-	(103)	-	-
Other comprehensive income	1,379	-	1,026	-	-
Comprehensive income / (loss)	119	331	309	(97)	(32)

Ratio Analysis	2020A	2021A	2022A	2023F	2024P
Profitability					
Growth in Revenue (YoY Revenue Growth)	n/a	12%	13%	12%	4%
Gross Profit Margin (Gross Profit / Revenue)	34.7%	39.8%	40.1%	41.1%	43.0%
EBITDA Margin (EBITDA / Revenue)	3.5%	15.7%	5.6%	10.4%	12.6%
Net Profit Margin (Profit for the year / Revenue)	(8.6)%	2.0%	(3.9)%	(0.5)%	(0.1)%
Return on Common Equity (Net Income / Average Equity)	n/a	1.9%	(4.0)%	(0.5)%	(0.2)%
Return on Assets (Net Income / Average Assets)	n/a	0.7%	(1.6)%	(0.2)%	(0.1)%
Return on capital employed (EBITDA / Total Assets - Current Liabilities)	1.4%	7.5%	3.1%	5.2%	6.6%

The revenue of the Group experienced notable fluctuations over the historical years, reflecting the significant impact of the COVID-19 pandemic and strategic changes within the Group.

In FY20, revenue amounted to €14.6m, with fashion retail constituting over 85% of this. The pandemic-related disruptions, including government-imposed closures and changes in brand affiliations, such as the liquidation of the M&Co franchise and the conversion of outlets, contributed to a challenging environment that affected revenue. FY21 witnessed a 12.0%

growth, reaching €16.3m, fuelled by the reopening of travel and tourism and strategic measures such as increased discounts and government vouchers. FY22 demonstrated further resilience, with revenue reaching €18.4m, a 13.0% increase from the previous year. This growth was attributed to improved performance in the second half, marked by the easing of pandemic restrictions and the opening of new outlets. The increased canteen business has also contributed to an increase in revenue. The seasonal nature of revenue, influenced by events like weddings and holiday seasons, is expected to persist and as of 30 June 2023, CHL has generated €8.7m in revenue (30 June 2022: €8.6m). Looking forward, the Group projects to reach €20.6m in FY23 and €21.4m in FY24.

The cost of goods sold, primarily covering inventory costs in fashion retail and F&B, aligns with the revenue growth trend. The gross profit margin increased steadily from 34.7% in FY20 to 40.1% in FY22. The forecast indicates an improvement to 41.1% in FY23 and a further increase to 43.0% in FY24. The improvement in overall gross profit margin reflects increased efficiencies in economies of scale with the growth of the business.

Other income, including rental income and various services, saw fluctuations influenced by external factors. Operating expenses, initially reduced in FY21 due to pandemic-induced disruptions, increased in FY22, partly due to write-offs. Future operating expenses are projected to decrease in FY23, reflecting the absence of significant write-offs, but increase slightly in FY24 due to anticipated expansion efforts.

Depreciation and amortisation cover property, plant and equipment and intangible assets, and are expected to be presented in the report with relevant numerical values. Finance costs exceeding €0.8m per annum include various interest components, with FY23 increasing to €0.9m by incorporating bond interest and banking-related charges. In FY24 the Group anticipates the inclusion of interest on the Issuer's proposed bond issue, reaching finance costs of €1.4m.

In FY20 and FY22, the Group revalued its Properties, which increase in property value is accounted for within other comprehensive income. The Properties were valued by an independent architect. Overall, the Group reported a total comprehensive income of €0.3m during the period under review which is higher than the total comprehensive income generated in FY20 of €0.1m.

2.5 GROUP'S STATEMENT OF FINANCIAL POSITION

Statement of Financial Position	2020A	2021A	2022A	2023F	2024P
	€ '000s	€ '000s	€ '000s	€ '000s	€ '000s
Assets					
Non-current assets					
Goodwill	3,610	3,610	3,610	3,610	3,610
Intangible assets	492	469	433	380	346
Property, plant and equipment	25,370	25,142	26,071	25,767	25,930
Right-of-use assets	6,501	5,559	5,108	4,971	5,916
Long-term financial assets	352	124	146	-	-
Investment property	16	16	16	16	16
Investment in associates	28	28	28	42	42
Deferred tax assets	1,842	2,074	2,566	2,618	2,618
Sinking fund	200	250	300	-	-
Total non-current assets	38,411	37,273	38,279	37,406	38,478
Current assets					
Inventories	2,716	3,886	4,098	4,648	4,648
Trade and other receivables	2,228	1,950	1,589	2,018	1,392
Cash and cash equivalents	2,160	2,319	2,249	2,509	1,889
Future capital expenditure	-	-	-	2,150	1,650
Total current assets	7,103	8,154	7,937	11,325	9,579
Total assets	45,514	45,427	46,217	48,731	48,058
Equity					
Share capital	75	75	75	75	75
Retained earnings	4,360	4,691	3,974	3,877	3,845
Revaluation reserve	13,130	13,130	14,156	14,156	14,156
Total equity	17,565	17,896	18,205	18,109	18,076
Liabilities					
Non-current liabilities					
Bonds payable	4,847	4,655	4,413	14,500	14,550
Borrowings	6,383	5,219	4,094	862	178
Long-term financial liabilities	8	8	1	-	-
Trade and other payables	-	255	291	2,055	1,376
Lease liabilities	6,162	5,343	4,911	4,884	5,912
Deferred tax liabilities	907	900	1,009	1,009	1,009
Total non-current liabilities	18,307	16,380	14,719	23,311	23,024
Current liabilities					
Borrowings	1,851	3,067	5,031	481	416
Trade and other payables	6,953	7,291	7,370	5,973	5,649
Lease liabilities	838	792	892	858	893
Total current liabilities	9,642	11,151	13,293	7,312	6,958
Total liabilities	27,949	27,531	28,011	30,622	29,982
Total equity and liabilities	45,514	45,427	46,217	48,731	48,058

Ratio Analysis	2020A	2021A	2022A	2023F	2024P
Financial Strength					
Gearing 1 (Net Debt / Net Debt and Total Equity)	50.5%	48.4%	48.4%	51.3%	52.6%
Gearing 2 (Total Liabilities / Total Assets)	61.4%	60.6%	60.6%	62.8%	62.4%
Gearing 3 (Net Debt / Total Equity)	102.1%	93.7%	93.9%	105.3%	111.0%
Net Debt / EBITDA	35.5x	6.5x	16.7x	8.9x	7.4x
Current Ratio (Current Assets / Current Liabilities)	0.7x	0.7x	0.6x	1.5x	1.4x
Interest Coverage 1 (EBITDA / Cash interest paid)	0.9x	7.8x	3.3x	2.9x	2.7x
Interest Coverage 1 (EBITDA / Finance Costs)	0.5x	3.2x	1.2x	2.3x	1.9x

The Group's diverse asset portfolio encompasses property, plant and equipment, right of use assets, goodwill, inventories, trade and other receivables, as well as cash and cash equivalents. The total assets in FY22 amounting to €46.2m, exhibit a minor increase from €45.4m in the preceding year. Projections indicate an increase to €48.7m by the close of FY23, followed by a slight decline to €48.1m by FY24, showcasing sustained stability.

In FY22, non-current assets reached €38.3m, up from €37.3m in FY21, with property, plant and equipment being valued at €26.1m compared to FY21 where it was valued at €25.1m. Goodwill, consistent at €3.6 million since FY20, originates from the Group's acquisition of J.P. Caruana Confectionery and Cyka Limited in FY17.

Right-of-use assets, totalling €5.1m in FY22 (FY21: €5.6m), pertain to the Group's leased outlets, acquired through new lease agreements in accordance with IFRS 16. Amortisation of intangible assets, spanning 5 to 20 years, aligns with the respective lease periods and useful lives.

Deferred tax assets of €2.6m in FY22 relate to potential future benefits from tax losses once profitability is regained, anticipated to be absorbed through annual tax charges and not fluctuate drastically in FY23 and FY24.

Current assets, totalling €7.9m in FY22 (FY21: €8.2m), predominantly include inventories, trade and other receivables, and cash and cash equivalents.

Inventories, reflective of goods held for resale, rose from €2.7m in FY20 to €4.1m in FY22, nearly doubling. The Group's proactive inventory management includes enhanced demand forecasts, close monitoring of market trends, and diversification of product offerings, driven by shifts in customer behaviour exacerbated by the extended impact of the COVID-19 pandemic.

Trade and other receivables amounted to €1.6m in FY22, primarily comprising trade receivables, amounts owed by related parties, shareholders, and third parties.

By the end of FY23, the Group plans to allocate funds equivalent to assumed additional capital expenditures of €2.2m by the end of FY23. This balance is expected to decrease in line with the utilisation of funds for the Group's refurbishment and expansion plans.

Equity, represented by share capital, retained earnings, and revaluation reserve, amounted to €17.6m in FY20 and increased to €18.2m in FY22. It is anticipated to have minor fluctuations and decrease slightly to c. €18.1m in FY23 and FY24.

Total liabilities, aggregating to €28.0m over the historical period, are driven by bonds payable, borrowings, long-term financial liabilities, trade and other payables, lease liabilities, and deferred tax liabilities. Non-current liabilities as of FY22 decreased to €14.7m from €16.4m in FY21, primarily encompassing bank borrowings, the balance of the Prospects Bonds, deferred tax liabilities, and lease liabilities due to IFRS 16. Current liabilities, increased from €11.2m in FY21 to €13.3m in FY22, consisting of bank borrowings, trade and other payables, and lease liabilities under IFRS 16.

Borrowings in FY22, which include bank overdrafts, amounted to €9.1m. These are related to loan facilities from Bank of Valletta and MeDirect Bank (Malta) plc, with variable interest rates currently varying between 4.65% and 8.3% which were drawn for various purposes, including the acquisition of Cyka Limited, refurbishments, and working capital. Due to the anticipated €15.0m bond issue the total borrowings are expected to decline from FY23 onward. Consequently, the bonds payable increase to €14.5m, net of €0.5m bond issue costs, which cover the €4.4m early redemption of the Prospects Bond.

Deferred tax liabilities, which arise from temporary differences between taxable and accounting profits, increased from €0.9m in FY20 and FY21 to €1.0m in FY22. This value is expected to remain constant, aligning with differences recognised in the Group's investment property and property, plant, and equipment, and is projected to correspond with the Group's projected profits.

Total trade and other payables are expected to remain fairly stable between €7.0m and €8.0m throughout the projected period.

The Group's gearing has decreased from 50.5% in FY20 to 48.4% in FY22. It is expected to slightly increase to 51.3% by FY23 and 52.6% by FY24, reflecting stable net debt and equity post bond issue. Interest cover is projected to increase to 2.3x in FY23 from 1.2x in FY22 and remain over 1.5x during the forecast period, aligning with the Group's anticipated generated profits. The current ratio of the Group is expected to be more than 1.0x from FY23 onwards, thereby improving the short-term liquidity position of the Group.

2.6 GROUP'S STATEMENT OF CASH FLOWS

Cash Flows Statement	2020A	2021A	2022A	2023F	2024P
	€ '000s	€ '000s	€ '000s	€ '000s	€ '000s
Operating activities					
EBITDA	505	2,561	1,022	2,144	2,706
Adjustments	-	-	434	358	369
Changes in inventories	1,411	(1,170)	(212)	(549)	-
Changes in trade and other receivables	1,229	(23)	81	(191)	644
Changes in trade and other payables	623	689	5	366	(1,004)
Cash generated from operations	3,768	2,057	1,331	2,128	2,715
Interest paid	(579)	(329)	(306)	(747)	(995)
Net cash flows generated from / (used in) operating activities	3,189	1,727	1,025	1,381	1,720
Investing activities					
Disposal (acquisition) of intangible assets	(6)	(12)	-	(10)	-
Movement in future capital expenditure	-	-	-	(2,150)	500
Payments to acquire PPE	(187)	(211)	(185)	(29)	(500)
Proceeds from disposal of PPE	114	-	-	-	-
Net cash flows generated from / (used in) investing activities	(79)	(223)	(185)	(2,189)	-
Financing activities					
Proceeds from / (payments of) bank loan	849	(1,191)	(1,203)	(3,820)	(749)
Amounts received from / (paid to) related parties	-	335	(29)	-	-
Rent paid	(1,358)	(1,375)	(1,419)	(1,538)	(1,590)
Proceeds from bond	-	-	-	15,000	-
Bond issue costs	-	-	-	(500)	-
Redemption of bonds	(100)	(200)	(250)	(4,413)	-
Movement in sinking fund	(100)	(50)	(50)	300	-
Net cash flows generated from / (used in) financing activities	(709)	(2,481)	(2,951)	5,029	(2,340)
Movement in cash and cash equivalents					
Cash and cash equivalents at start of year	(1,026)	1,375	398	(1,713)	2,507
Cash and cash equivalents at end of year	1,375	398	(1,713)	2,507	1,888
Bank overdraft	785	1,921	3,962	2,800	2,800
Cash and cash equivalents after overdraft	2,160	2,319	2,249	5,307	4,688

Ratio Analysis	2020A	2021A	2022A	2023F	2024P
Cash Flow	€ '000s	€ '000s	€ '000s	€ '000s	€ '000s
Free Cash Flow (Net cash from operations + Interest - Capex)	€3,581	€1,845	€1,146	€2,009	€2,215

In FY22, the net cash generated from operating activities decreased to €1.0m from €1.7m in FY21, primarily attributed to a decrease in EBITDA recognised during the year. Even though the Group expects to have higher interest paid in FY23 and FY24, with an anticipated increase in EBITDA year on year, the cash generated from operating activities is projected to rebound to €1.4m in FY23 and further increase to €1.7m in FY24.

The net cash used in investing activities decreased marginally in FY22 to €185k from €223k in FY21. However, in FY23, the Group expects to allocate funds for investment assets, capital expenditures relating to its expansion, acquisition of franchise rights and additional right of use assets which result in a substantial increase of c. €2.0m cash used in investing activities. In FY24 no significant cash movement is anticipated in investing activities, except for the capital expenditure of €0.5m which is countered by a payment for the acquisition of property, plant and equipment of the same amount.

Net cash used in financing activities increased from €2.5m in FY21 to €3.0m in FY22, due to the expected increased debt and repayment activities. In FY23, the Group is expected to generate €5.0m from financing activities, following the issue of the proposed bond. Consequently, cash is expected to be used in financing activities during FY24, amounting to approximately €2.3m made up of an €0.8 payment of bank loans and €1.6m payment of rent.

Although in FY22 there was a negative cash movement of €2.1m, the Group remained in positive cash flow as supported by the use of bank overdraft facilities. Whilst the Group is projected to have a positive cashflow without the use of bank

overdraft facilities in FY24 there is a plan to retain the bank overdraft, putting the Group in a very strong liquidity position. The free cash flow of the Group decreased from €1.9m in FY21 to €1.2m in FY22. Nevertheless, it is projected to increase significantly to €2.0m in FY23 and €2.2m in FY24, aligning with the fluctuations in the cash generated from operations. This indicates that the Group is generating more cash than it is utilising on capital expenditure.

PART 3 KEY MARKET AND COMPETITOR DATA

At the time of publication of this Analysis, management considers that generally, it shall be subject to the normal business risks associated with the industries in which the companies are involved and operate and, barring unforeseen circumstances, does not anticipate any trends, uncertainties, demands, commitments or events outside the ordinary course of business that could be deemed likely to have a material effect on the upcoming prospects of the companies and their respective businesses, at least with respect to the financial year 2023. However, investors are strongly advised to carefully read the risk factors disclosed in the Prospectus.

3.1 ECONOMIC UPDATE¹

The Bank's Business Conditions Index (BCI) indicates that in October, annual growth in business activity rose marginally, and remained slightly above its historical average, estimated since January 2000. The European Commission confidence surveys show that sentiment in Malta decreased sharply in October from its all-time peak reached in September. However, it remained above its long-term average, estimated since November 2002.

In month-on-month terms, sentiment deteriorated across all sectors, bar the services sector. The strongest decrease was recorded in industry. Additional data show that in month-on-month terms, price expectations increased across all sectors, except in the construction sector. They remained above their long-run average in all sectors.

In October, the European Commission's Economic Uncertainty Indicator (EUI) for Malta edged down when compared with September, indicating marginally lower uncertainty. Uncertainty decreased mostly in the retail sector. In September, industrial production rose marginally while retail trade fell slightly, compared with a year earlier. The unemployment rate increased slightly to 2.8% in September when compared to the previous month, but stood below the rate recorded a year earlier.

Commercial building permits in September were higher than a month earlier and were also higher when compared with a year earlier. On the other hand, residential building permits fell compared with both month-ago and year-ago levels. In October, the number of residential promise-of-sale agreements rose on a year-on-year basis, while the number of final deeds of sales fell.

The annual inflation rate based on the Harmonised Index of Consumer Prices (HICP) stood at 4.2% in October, down from 4.9% in the previous month. Inflation based on the Retail Price Index (RPI) eased to 3.7%, from 4.1% in September.

The level of Maltese residents' deposits decreased from their year ago level. This decline reflects lower balances belonging to financial intermediaries and, to a lesser extent, those belonging to firms, while household deposits increased. Meanwhile, annual growth in credit to Maltese residents edged up slightly compared with a month earlier.

In September, the Consolidated Fund recorded a surplus, compared with a substantial deficit a year earlier, reflecting a surge in government revenue and a decline in government expenditure.

3.2 ECONOMIC OUTLOOK²

According to the Bank's latest forecasts, Malta's gross domestic product (GDP) growth is projected to slow down from around 7.0% in 2022, to 4.0% in 2023, and to ease slightly further to 3.8%, and 3.7%, in 2024 and 2025, respectively. When compared to the previous projections, the Bank's latest forecast for headline GDP is revised upwards throughout the projection horizon. Indeed, GDP growth was revised up by 0.3 percentage points in 2023, and by 0.2 percentage points in 2024 and 2025.

In 2023, net exports are expected to be the main contributor to GDP growth. This reflects the expected sharp slowdown in imports (goods imports specifically are set to contract after being boosted by strong investment in the aviation sector in 2022), as well as robust growth in exports. Meanwhile, domestic demand is expected to lower growth, as the base effect from the extraordinary investment in 2022 should offset positive contributions from government and private consumption. From 2024, domestic demand is expected to be the main driver of growth, as private consumption growth is expected to remain relatively robust despite relatively high inflation. Net exports are also projected to contribute positively in 2024 and 2025, due to robust services exports.

Employment growth is set to moderate to 3.6% in 2023 from 6.0% in 2022, which partly reflects the envisaged normalisation in economic activity towards potential growth. In the following two years, employment is set to expand by 2.7% and 2.4%, respectively. In view of relatively high inflation, as well as tight labour market conditions, nominal wage growth is projected to be relatively strong from a historical perspective. Compensation per employee is thus set to grow by 5.5% in 2023, 4.9% in 2024 and 3.9% in 2025, outpacing consumer price inflation during the later period of the projection horizon.

¹ Central Bank of Malta – Economic update – 11/2023

² Central Bank of Malta – Economic projections – 2023 - 2025

Annual inflation based on the Harmonised Index of Consumer Prices (HICP) is projected to moderate to 5.3% in 2023, as international supply bottlenecks are expected to ease further. However, lingering indirect effects from recent increases in input costs are set to keep inflation high from a historical perspective. The fall in inflation in 2023 reflects a broad-based decrease across all sub-components of HICP, except for energy inflation, as energy prices are expected to remain unchanged in view of government support measures. Services is envisaged to be the main contributor to HICP inflation, but food and non-energy industrial goods (NEIG) are also projected to contribute to annual HICP inflation in 2023.

The general government deficit is set to decline to 4.9% of GDP in 2023, from 5.8% in 2022. It is then set to continue declining over the rest of the forecast horizon, reaching 3.4% of GDP by 2025. This improvement is driven by a declining share of expenditure in GDP, mainly due to the profile of inflation-mitigation measures. The general government debt ratio is set to increase throughout the forecast horizon, and to reach 55.3% by 2025. This is driven by the expected level of primary deficits, which partly offset the debt-decreasing impact of the interest-growth differential.

On balance, risks to economic activity are tilted to the downside for 2023 and 2024 and are more balanced thereafter. The main downside risks relate to the possibility of stronger than envisaged weakness in the international economic environment, which could lead to lower exports. Foreign demand may also be weaker than expected if monetary policy in advanced economies tightens more forcibly than assumed in this projection round. GDP data for the first quarter of the year also implies some downside risks to domestic demand. On the other hand, private consumption could surprise on the upside if wage growth is higher than expected, particularly in the outer years of the projection horizon.

Risks to inflation are to the upside for the entire projection horizon. Indeed, inflation could be more persistent than assumed in the baseline projections and could continue to be affected by indirect effects from past increases in commodity prices. Moreover, second round effects from higher wages and profit margins could also prolong high inflation. Conversely, further monetary tightening and lower foreign demand could ease inflationary pressures in the medium-term.

On the fiscal side, risks are on the downside (deficit-increasing) particularly in 2023. These mainly reflect the likelihood of additional support measures towards Air Malta. Deficit-decreasing risks in the outer years of the forecast horizon mainly relate to fiscal consolidation pressures as the general escape clause in the Stability and Growth Pact is deactivated at the end of 2023.

3.3 EU AND MALTESE APPAREL RETAIL MARKET

The apparel retail market includes baby clothing, toddler clothing and casual wear, essentials, formalwear, formalwear-occasion, and outerwear for men, women, boys and girls; excludes sports-specific clothing.

3.3.1 The European apparel retail market³

The European apparel retail industry exhibited a fluctuating growth pattern in recent years. In 2017, the market experienced moderate growth of 2.4%, followed by slower growth rates of 1.2% in 2018 and 0.7% in 2019. The impact of the COVID-19 pandemic was profound in 2020, causing a contraction of 19.6%. Despite this setback, the industry rebounded in 2021, generating total revenues of \$378.9 billion, with a compound annual rate of change (CARC) of -0.6% between 2017 and 2021.

The pandemic significantly affected apparel retail, with clothing being classified as non-essential, leading to store closures and a decline in consumer demand. However, as vaccination rates increased and investor confidence strengthened, the industry experienced robust growth in 2021.

3.3.1.1 Category segmentation

Womenswear is the largest segment of the apparel retail industry in Europe, accounting for 53.6% of the industry's total value in 2021. The Menswear segment accounts for a further 32.2% of the industry.

3.3.1.2 Market distribution

The European apparel retail market is characterized by fragmentation, with a multitude of localized and international retailers contributing to heightened competition. Low barriers to entry and relatively low capital requirements have historically increased the likelihood of new entrants. However, in 2022, economic uncertainty arising from Russia's invasion of Ukraine has introduced disruptions in the supply chain and elevated energy prices, impacting the threat of new entrants.

Leading players in the market include LVMH Moët Hennessy Louis Vuitton, reporting revenues of €64.2 billion (\$75.9 billion) for FY2021, reflecting a notable increase of 43.8% over FY2020. Other prominent players include Inditex SA, Adidas, and H & M Hennes & Mauritz AB.

Clothing, Footwear, and Accessories Specialists form the dominant distribution channel, representing 49.4% of the total industry's value, with Online Specialists contributing a further 16.3%.

3 MarketLine Market Industry Profile – Europe Apparel Retail, August 2022

3.3.1.3 Outlook for the European Apparel Market⁴

In 2023, the European Apparel market is poised for growth, anticipating revenue of €445.60 billion, showcasing the industry's robust and resilient nature. With a projected annual growth rate of 2.78% (CAGR 2023-2027), the market affirms its potential for sustained success.

The Women's Apparel segment leads the market with a substantial volume of €241.70 billion in 2023, underlining its significant influence. Globally, the United States takes the lead in revenue generation, reaching €330 billion in 2023, emphasizing the competitiveness of the European market.

On a per-person basis, individual contributions to the Apparel market's revenue are estimated at €527.90 in 2023, highlighting widespread consumer impact. Looking forward, the market is poised for substantial volume growth, expecting 35.3 billion pieces by 2027, indicative of sustained demand.

The forecast for 2024 anticipates a moderate volume growth of 0.3%, reflecting a carefully balanced trajectory of expansion. On average, each person is expected to contribute 41.7 pieces to the market in 2023, providing insights into individual consumption patterns.

Non-luxury segments are projected to dominate, constituting an impressive 93% of total sales in the Apparel market by 2023, showcasing the strong presence of accessible and mass-market offerings. In the French market, high-end fashion brands maintain a stronghold, emphasizing the enduring appeal of luxury fashion in France's vibrant apparel landscape.

3.3.2 The Maltese apparel retail market⁵

Between 2010 and 2019, the retail trade consistently experienced steady growth. However, the advent of the COVID-19 outbreak in March 2020 led to an 8.4 percentage point decline in retail activity in Q2 2020 compared to Q4 2019. Remarkably, the sector fully recovered by Q3 2020. Malta's retail activity generally tracked the EU average, with notable outperformance in 2018 and 2019, attributed to the robust Maltese economy, a strong labour market surpassing the EU average, and an increase in the expat community.

In Q2 2020, the fashion retail sector in Malta saw a significant 20.0 percentage point decrease due to pandemic-related lockdowns. Despite a partial recovery in Q3 and Q4 2020, it fell short of the Q4 2019 levels. However, between Q1 2021 and Q1 2022, the fashion retail sector in Malta exhibited remarkable growth of 14.6 percentage points, surpassing the EU average of 14.5 percentage points for the same period.

3.3.2.1 Outlook for the Maltese Apparel Market⁶

In 2023, Malta's Apparel market demonstrated impressive growth, reaching a noteworthy revenue of €326.40 million, indicating the strength of a thriving industry. The market is projected for continuous expansion, with a 4.37% annual growth rate (CAGR 2023-2027), emphasizing resilience and potential for sustained success.

Women's Apparel leads the segments with a substantial market volume of €164.10 million in 2023, showcasing significant influence within the Maltese market. While Malta contributes significantly to the global Apparel market, the United States leads in revenue generation, reaching €330 billion in 2023, providing context to Malta's standing globally.

On a per-person basis, each individual in Malta contributes €609.90 in revenue to the Apparel market in 2023, highlighting the market's impact on the local population. Looking ahead, the market anticipates reaching a volume of 21.1 million pieces by 2027, with a forecasted 2.9% volume growth in 2024, indicating a trajectory of expansion.

On average, each person in Malta is expected to contribute a volume of 35.5 pieces to the Apparel market in 2023, offering insights into individual consumption patterns. Non-luxury segments are projected to account for a substantial 90% of sales by 2023, reflecting a market catering to a broad consumer base.

A surge in demand for local and sustainable fashion is driving Malta's Apparel market growth, underscoring a shift towards conscious consumer choices and a thriving local industry.

3.4 EU AND MALTESE FOOD AND BEVERAGE MARKET

The food and beverage market consists of fresh, prepared, or packaged food as well as alcoholic and non-alcoholic beverages. It also includes manufacturing, packaging, and distribution to meet consumer demand. Examples in modern e-commerce typically include naturally sourced products like juice, water, jerky, plant-based alternatives, and other edible, eco-friendly products. Sustainable packaging, safety measures, and transparent manufacturing fill the current direct-to-consumer food and beverage landscape.

3.4.1 The European food service market⁷

The food and beverage industry stands as a pivotal contributor to the European economy, playing a vital role in economic sustenance. In 2020, the EU food and drink industry demonstrated its significance by generating an impressive

4 Statista - EU Apparel Market, Nov 2023

5 Eurostat NACE Rev.2 (retail trade except motor vehicles and motorcycles quarterly data)

6 Statista - Maltese Apparel Market, Nov 2023

7 EU Food and Drink Industry 2023, Data & Trends FoodDrinks Europe

turnover of €1,112 billion, with a commendable value added of €229 billion. Notably, the industry exhibited robust financial commitment, with a noteworthy investment of €40.5 billion in the same year, establishing itself as the manufacturing sector with the highest capital spending.

The industry's financial prowess aligns with its inherent traits of stability, resilience, and robustness. These characteristics underscore the sector's ability to weather challenges and consistently contribute to the economic landscape.

As of January 2023, a comprehensive analysis of the EU food supply chain reveals significant price increases compared to the same period in 2022: agricultural prices (+22%), food manufacturing prices (+21%), general inflation (+10%) and food consumer prices (+18%).

In this period, packaging prices exhibited diverse trends, portraying a nuanced landscape of fluctuations: wooden containers (+7%), pulp, paper and paperboard (+19%), primary plastics (+2%), plastic packaging (+10%) and light metal packaging (+17%). However, it's noteworthy that these trends exhibit a downward trajectory for most categories in the period between January and June 2023.

3.4.1.1 Market positioning

The European Union (EU) stands unrivalled as the world's premier exporter of food and drinks, outpacing major global players such as the US, China, and Brazil. In the realm of imports, the EU claims a strong second position globally, trailing only the US and surpassing formidable competitors like China, the UK, and Japan.

In the fiscal year 2022, the EU solidified its prominence in global food and drink exports, with a staggering €39 billion directed to the United Kingdom. Remarkably, the UK emerged as the leading export market, surpassing both the US (€26.9 billion) and China (€13.9 billion).

Among the EU Member States, Ireland emerges as a pivotal player with a robust trade relationship with the UK. A substantial 31.7% of Ireland's food and drink exports find their destination in the UK, while nearly 42% of its imports originate from the UK. This underscores Ireland's significant dependence on and contribution to the bilateral food and drink trade.

In this intricate tapestry of global trade, wine emerges as the EU's standout product exported to the UK. On the other hand, distilled spirits take a commanding lead in imports of food and drinks from the UK. This nuanced interplay reflects the sophisticated dynamics of the EU-UK food and drink trade relationship, showcasing the harmonious exchange of culinary delights across borders.

3.4.1.2 Market innovation trends

The driving forces propelling innovation in the food industry unfold across 15 distinct trends, thoughtfully categorized along five key axes aligned with overarching consumer expectations: pleasure, health, physical well-being, convenience, and ethics.

According to the insightful World Food Innovation Barometer curated by ProteinesXTC, pleasure emerges as the predominant driver, commanding an impressive relative share of approximately 48.8% within the innovative landscape of 2022. This highlights the paramount role that the pursuit of culinary delight plays in steering food innovation trends.

While the weight of the health axis experiences a subtle reduction, it firmly retains its position as the second most influential axis in the realm of food innovation. This underscores the enduring importance of health-conscious considerations within the broader context of culinary advancements.

The world's ten most innovative food and beverage subsectors are (1) soft drinks, (2) frozen salted products, (3) butchery and poultry, (4) aperitif grocery products, (5) catering, (6) dairy products, (7) chocolates, (8) alcohol, (9) other fresh non-dairy products and (10) condiments and sauces.

3.4.1.3 Outlook for EU Food and Beverage Industry

The food and beverage industry market grew from \$6.7 billion in 2022 to \$7.2 billion in 2023 at a compound annual growth rate (CAGR) of 7.3%. The Russia-Ukraine war disrupted the chances of global economic recovery from the COVID-19 pandemic, at least in the short term. The war between these two countries has led to economic sanctions on multiple countries, a surge in commodity prices, and supply chain disruptions, causing inflation across goods and services and affecting many markets across the globe.

The repercussions of the conflict are multifaceted, encompassing economic sanctions on multiple nations, a surge in commodity prices, and disruptions in the supply chain. These factors, in turn, have instigated inflation across a spectrum of goods and services, exerting a discernible impact on the worldwide food and beverage industry. Despite these challenges, the sector is resilient, with an anticipated expansion to \$9.2 billion by 2027, underpinned by a CAGR of 6.3%.⁸

Furthermore, insights from FoodDrinks Europe underscore the long-term trajectory, projecting a global population surge to €9.7 billion by 2050, accompanied by a corresponding 50% upswing in global food production. The nexus between population growth, rising incomes, and heightened food demand remains robust. However, the ability to meet this augmented demand hinges on the judicious utilization of resources and the enhancement of capacity to foster sustainable production practices.⁹

8 Report Linker: Food and Beverages Global Market Report 2023

9 EU Food and Drink Industry 2023, Data & Trends FoodDrinks Europe

3.4.2 The Maltese food and beverage market¹⁰

The food and beverage service sector comprise restaurants & mobile food service activities and beverage serving activities. In 2020, total income from this sector in Malta amounted to €341.4 million, a decrease of 35% compared to the prior year (2019: €525.3 million).

The market output has progressively increased from 2010 to 2018 at a moderately stable growth rate. In 2019, market output declined by 7% to €525.3 million (2018: €564.6 million) and decreased further by 35% in 2020 to €341.4 million following the onset of the pandemic which was driven by the temporary closure of hotels, restaurants, bars and other food and beverage outlets imposed by Government to control the pandemic.

During the years 2010 to 2018, the year-on-year (“y-o-y”) growth registered by this sector was broadly in line with the country’s growth rate (all sectors). In 2019, gross value added derived from the food & beverage service sector decreased by 7% (y-o-y) compared to an increase of 6% (y-o-y) from all sectors, while the temporary closure of food & beverage outlets in 2020 resulted in a y-o-y decline in gross value added of 35% compared to a reduction of 6% from all sectors.

3.5 COMPARATIVE ANALYSIS

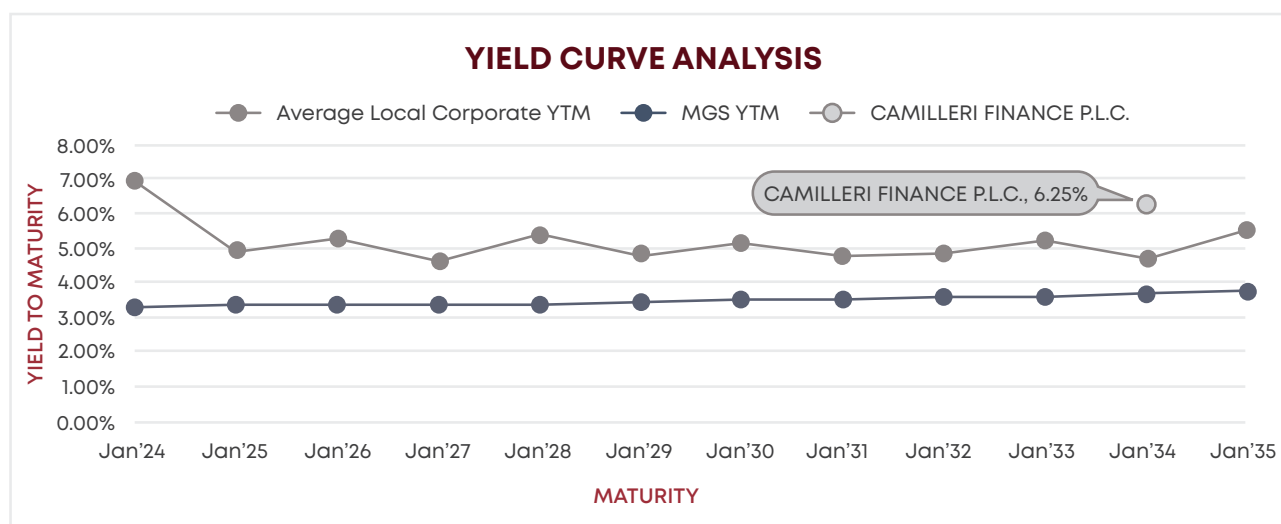
The purpose of the table below compares the Bond issued by the Issuer to other debt instruments. One must note that given the material differences in profiles and industries, the risks associated with the Group’s business and that of other issuers is therefore different.

Security	Nom Value	Yield to Maturity	Interest coverage (EBITDA)	Total Assets	Total Equity	Total Liabilities / Total Assets	Net Debt / Net Debt and Total Equity	Current Ratio	Return on Common Equity	Net Margin	Revenue Growth (YoY)	
	€000's	(%)	(times)	(€'mil-lions)	(€'mil-lions)	(%)	(%)	(times)	(%)	(%)	(%)	
6% Pharmacore Finance plc Unsecured € 2033	17,000	5.70%	0.0x	37.9	17.0	55.2%	35.0%	4.0x	1.4x	1.1%	2.0%	43.0%
5.25% Qawra Palace plc Secured € 2033	25,000	4.72%	0.7x	16.6	6.5	60.7%	48.8%	19.3x	2.9x	(10.7)%	(19.8)%	698.5%
5.25% Bonnici Bros Properties plc Unsecured € 2033 SI TI	12,000	5.05%	0.0x	31.9	17.1	46.5%	18.8%	5.6x	0.0x	1.4%	23.5%	106.1%
6.25% AST Group plc Secured Bonds 2033	8,500	5.57%	(2.4)x	9.5	4.4	54.2%	14.0%	0.5x	1.6x	9.9%	0.8%	51.8%
6% JD Capital plc Secured Bonds 2033 S2 TI	11,000	5.60%	1.7x	57.5	16.8	70.8%	57.5%	18.5x	1.7x	1.3%	1.8%	(27.3)%
4% Central Business Centres plc Unsecured € 2027-2033	21,000	4.67%	1.3x	58.2	23.8	59.1%	55.3%	18.6x	0.7x	0.8%	10.0%	19.9%
4.75% Dino Fino Finance plc Secured € 2033	7,800	4.80%	(2.0)x	16.5	3.4	79.3%	68.6%	(8.1)x	0.9x	(34.4)%	(21.8)%	N/A
4.50% The Ona plc Secured € 2028-2034	16,000	4.68%	0.0x	29.5	8.4	71.4%	64.1%	9.8x	2.3x	19.4%	19.8%	534.1%
6.25% Camilleri Finance p.l.c. Unsecured € 2034	15,000	6.25%	3.3x	46.2	18.2	60.6%	48.4%	8.9x	0.6x	(4.0)%	(3.9)%	13.0%
	*Average	5.10%										

Source: Latest Available Audited Financial Statements

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

¹⁰ National Statistics Office Malta (NACE 56.1 & NACE 56.3 data)



Source: Central Bank of Malta and Malta Stock Exchange (MSE)

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

As at 4 December 2023, the average spread over the Malta Government Stocks (MGS) for corporates with maturity range of 10 years was 149 basis points. Meanwhile, the Camilleri Finance p.l.c. bond has a spread of 265 basis points over the equivalent MGSs. Therefore, as at this same date, the Bond was trading at a premium of 116 basis points in comparison to the market of comparable corporate bonds. The above analysis is based on a similar maturity basis.

PART 4 GLOSSARY AND DEFINITIONS

Income Statement

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

Profitability Ratios

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

Cash Flow Statement

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

Balance Sheet

Total Assets	What the Group/Company owns which can be further classified into Non-Current Assets and Current Assets.
Non-Current Assets	Assets, full value of which will not be realised within the forthcoming accounting year
Current Assets	Assets which are realisable within one year from the statement of financial position date.
Inventory	Inventory is the term for the goods available for sale and raw materials used to produce goods available for sale.
Cash and Cash Equivalents	Cash and cash equivalents are Group/Company assets that are either cash or can be converted into cash immediately.
Total Equity	Total Equity is calculated as total assets less liabilities, representing the capital owned by the shareholders, retained earnings, and any reserves.
Total Liabilities	What the Group/Company owes which can be further classified into Non-Current Liabilities and Current Liabilities.
Non-Current Liabilities	Obligations which are due after more than one financial year.
Current Liabilities	Obligations which are due within one financial year.
Total Debt	All interest-bearing debt obligations inclusive of long and short-term debt.
Net Debt	Total debt of a Group/Company less any cash and cash equivalents.

Financial Strength Ratios

Current Ratio	The Current ratio (also known as the Liquidity Ratio) is a financial ratio that measures whether or not a company has enough resources to pay its debts over the next 12 months. It compares current assets to current liabilities.
Quick Ratio (Acid Test Ratio)	The quick ratio measures a Group's/Company's ability to meet its short-term obligations with its most liquid assets. It compares current assets (less inventory) to current liabilities.
Interest Coverage Ratio	The interest coverage ratio is calculated by dividing EBITDA of one period by finance costs of the same period.
Gearing Ratio	The gearing ratio indicates the relative proportion of shareholders' equity and debt used to finance total assets.
Gearing Ratio Level 1	Is calculated by dividing Net Debt by Total Equity.
Gearing Ratio Level 2	Is calculated by dividing Total Liabilities by Total Assets.
Gearing Ratio Level 3	Is calculated by dividing Net Debt by Total Equity.
Net Debt / EBITDA	The Net Debt / EBITDA ratio measures the ability of the Group/Company to refinance its debt by looking at the EBITDA.

Other Definitions

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