

This document comprises an admission document, required by the rules of Prospects MTF (the market regulated as a multilateral trading facility operated by the Malta Stock Exchange (the “MSE” or “Exchange”)). This document has been drawn up in compliance with the Prospects MTF Rules for the purpose of giving information with regards to the issue of the Bonds (as herein defined). This document does not comprise a document drawn up in terms of the EU Prospectus Directive (2013/71/EC) or for the purposes of the Listing Rules of the Listing Authority. In terms of article 2(3)(b)(v) of the Companies Act, Chapter 386 of the Laws of Malta, this Bond Issue (as defined herein) does not constitute an offer of securities to the public and this document does not constitute a prospectus as defined in article 2(i) of the said Act.

Company Admission Document

Dated 21st November 2018

In respect of an issue of

€5,000,000 4.75% Secured Bonds 2028

of a nominal value of €100 per Bond issued at par by Gillieru Investments plc



A public limited liability company registered in Malta
with company registration number C 86682

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APPROVED BY THE DIRECTORS

George
Micallef

Stephen
Cremona

Stephanie
Cremona

Karl
Cremona

Alfred
Grech

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IMPORTANT INFORMATION

THIS DOCUMENT CONTAINS INFORMATION ON GILLIERU INVESTMENTS PLC IN ITS CAPACITY AS ISSUER IN COMPLIANCE WITH THE PROSPECTS MTF RULES ISSUED BY THE MALTA STOCK EXCHANGE. APPLICATION HAS BEEN MADE TO THE EXCHANGE FOR THE BONDS TO BE ADMITTED TO TRADING ON PROSPECTS MTF. PROSPECTS IS A MARKET DESIGNED PRIMARILY FOR EMERGING AND SMALLER COMPANIES TO WHICH A HIGHER INVESTMENT RISK TENDS TO BE ATTACHED. PROSPECTS MTF SECURITIES ARE NOT ADMITTED TO THE OFFICIAL LIST OF THE MALTA STOCK EXCHANGE.

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

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A COPY OF THE ADMISSION DOCUMENT HAS BEEN SUBMITTED TO THE EXCHANGE IN SATISFACTION OF THE PROSPECTS MTF RULES. **STATEMENTS MADE IN THIS ADMISSION DOCUMENT ARE, EXCEPT WHERE OTHERWISE STATED, BASED ON THE LAW AND PRACTICE CURRENTLY IN FORCE IN MALTA AND ARE SUBJECT TO CHANGES THEREIN.** ALL THE ADVISORS TO THE ISSUER NAMED IN THIS ADMISSION DOCUMENT UNDER THE HEADING "ADVISORS AND STATUTORY AUDITORS" HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER IN RELATION TO THIS 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 ADMISSION DOCUMENT.

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

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 ADMISSION DOCUMENT AS A WHOLE AND SHOULD CONSULT THEIR OWN INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISORS.

1 DEFINITIONS

In this Admission Document the following words and expressions shall bear the following meanings whenever such words and expressions are used in their capitalised form, except where the context otherwise requires:

Act or Companies Act	the Companies Act, 1995 (Cap. 386 of the Laws of Malta);
Admission Document or Document	this document in its entirety dated 21 st November 2018;
Anna Grech Holdings Limited	a limited liability company registered and existing under the laws of Malta with company registration number C 87130 and having its registered office situated at 255, Constitution Street, Mosta, Malta;
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;
Application/s	the application to subscribe for Bonds made by an Applicant/s by completing an Application Form and delivering same to the Placement Agent and Manager (defined below) in accordance with the terms of this Admission Document;
Application Form	the form of application for subscription to Bonds, a specimen of which is contained in Annex F of this Admission Document;
Appropriateness Test	shall have the meaning set out in section 21.15 of this Document;
Bond(s)	€5,000,000 secured bonds due in 2028 of a nominal value of €100 per bond bearing an interest rate of 4.75% per annum, issued at par and redeemable on the Redemption Date at their nominal value;
Bondholder	a holder of Bonds;
Bond Issue	the issue of the Bonds;
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;
Calamatta Cuschieri Investment Services Limited	a limited liability company registered under the laws of Malta with company registration number C 13729, having its registered office at Ewropa Business Centre, Triq Dun Karm, Birkirkara, BKR 9034, Malta;
Collateral	the following security rights granted by the Issuer in favour of the Security Trustee for the benefit of Bondholders: - a pledge by the Issuer over all of its shares held in Gillieru Holdings Limited, from time to time, in virtue of the Pledge Agreement, in favour of the Security Trustee in its capacity as trustee of the Gillieru Security Trust pursuant to the terms of the Security Trust Deed. Gillieru Holdings Limited owns the Property (as defined below); and - a pledge over the proceeds from the Insurance Policy in favour of the Security Trustee in its capacity as trustee of the Gillieru Security Trust pursuant to the terms of the Security Trust Deed;
Corporate Advisor	Calamatta Cuschieri Investment Services Limited;

Company or Issuer	Gillieru Investments plc, a public limited liability company registered and existing under the laws of Malta with company registration number C 86682 and having its registered office at The Gillieru Harbour Hotel, Church Street, St. Paul's Bay, Malta;
CSD	the Central Securities Depository of the Malta Stock Exchange authorised in terms of Part IV of the Financial Markets Act (Chapter 345 of the laws of Malta), having its address at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta;
Directors or Board of Directors	the Directors of the Issuer as set out in Section 7.1 of this Admission Document;
Euro or €	the lawful currency of the Republic of Malta;
Exchange, Malta Stock Exchange or MSE	Malta Stock Exchange p.l.c., as originally constituted in terms of the Financial Markets Act (Chapter 345 of the laws of Malta) with company registration number C 42525 and having its registered office at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta;
Financial Markets Act	the Financial Markets Act, Cap. 345 of the Laws of Malta;
FY	financial year;
Group	Gillieru Investments plc and its subsidiary companies, which as at the date hereof consist of Gillieru Holdings Limited and Gillieru Catering Company Limited;
Gillieru Holdings Limited	a limited liability company registered and existing under the laws of Malta with company registration number C 87145 and having its registered office situated at 296, Northern Star, St. Paul's Street, St. Paul's Bay, Malta;
Gillieru Limited	a limited liability company registered and existing under the laws of Malta with company registration number C 2972 and having its registered office at Gillieru Restaurant, Church Street, St. Paul's Bay, Malta;
Gillieru Catering Company Limited	a limited liability company registered and existing under the laws of Malta with company registration number C 88727 and having its registered office situated at The Gillieru Harbour Hotel, Church Street, St. Paul's Bay, Malta;
Hotel and Restaurant or, collectively, the Property	the Gillieru Harbour Hotel and the Gillieru Restaurant situated at Church Square, St. Paul's Bay SPB 3256, Malta, each as better described in the property valuation annexed to this Admission Document and marked as Annex A and the parameters of which are shown on the Land Registry site plans attached to a deed of assignment of property in the records of Notary James Grech dated the eleventh day of September of the year two thousand and eighteen (11/09/2018);
Insurance Policy	the insurance policy providing for the full replacement value of the Property;
Interest	the Bonds shall bear interest from and including 30 th November 2018 at the rate of 4.75% per annum payable annually in arrears on the Interest Payment Dates;
Interest Payment Dates	annually, on the 30 th November of each year commencing on the 30 th November 2019 and ending with and including the Redemption Date, 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;
Issue Period	the period between the 23 rd November 2018 until the 30 th November 2018 (or such earlier date as may be determined by the Issuer) during which the Bonds are available for subscription;
Josephine Gatt Holdings Limited	a limited liability company registered and existing under the laws of Malta with company registration number C 86786 and having its registered office situated at Ziffa, Bugibba Road, St. Paul's Bay, Malta;

Listing Authority	the Malta Financial Services Authority, appointed as Listing Authority for the purposes of the Financial Markets Act (Chapter 345 of the laws of Malta) by virtue of Legal Notice 1 of 2003;
Listing Rules	the listing rules issued by the Listing Authority, as may be amended from time to time;
Malta Stock Exchange Bye-Laws	the Malta Stock Exchange p.l.c. bye-laws issued by the authority of the board of directors of Malta Stock Exchange p.l.c., as may be amended from time to time;
MFSA	the Malta Financial Services Authority, established in terms of the Malta Financial Services Authority Act, Cap. 330 of the Laws of Malta;
Official List	the list prepared and published by the Malta Stock Exchange as its official list in accordance with the Malta Stock Exchange Bye-Laws;
Placement Agent and Manager	Calamatta Cuschieri Investment Services Limited;
Pledge Agreement	the pledge of shares agreement to be entered into as a public deed in the records of Notary James Grech on Friday 30 th November 2018 by and between the Issuer (as pledger), Josephine Gatt Holdings Limited, Anna Grech Holdings Limited, Gillieru Holdings Limited and the Security Trustee (as pledgee) pursuant to which the Issuer granted a pledge over all of its shares held in Gillieru Holdings Limited, from time to time, in favour of the Security Trustee in its capacity as trustee of the Gillieru Security Trust pursuant to the terms of the Security Trust Deed;
the Property	the Gillieru Harbour Hotel and the Gillieru Restaurant situated at Church Square, St. Paul's Bay SPB 3256, Malta, each as better described in the property valuation annexed to this Admission Document and marked as Annex A and the parameters of which are shown on the Land Registry site plans attached to a deed of assignment of property in the records of Notary James Grech dated the eleventh day of September of the year two thousand and eighteen (11/09/2018);
Prospects MTF Market or Prospects MTF	the market regulated as a Multilateral Trading Facility operated by the MSE providing a venue for start-up and growth small to medium-sized enterprises to float their capital (including equity or debt) on the market;
Prospects MTF Rules or Rules	the rules issued by the Board of Directors of the Malta Stock Exchange, in exercise of the powers conferred on it by the Financial Markets Act (Chap. 345 of the Laws of Malta), regulating the Prospects MTF Market;
Prospectus Directive	Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC, as may be amended from time to time;
Prospects MTF List	the list prepared and published by the Malta Stock Exchange as the list indicating the companies admitted to Prospects MTF in accordance with the Prospects MTF Rules;
Redemption Date	30 th November 2028;
Redemption Value	redemption at par;
Gillieru Security Trust Security Trust Deed	the trust established in virtue of the Security Trust Deed; the security trust deed to be signed between the Issuer, Gillieru Holdings Limited and the Security Trustee on Friday 30 th November 2018 in connection with the granting of the Collateral;

Security Trustee	GVZH Trustees Limited, a private limited liability company duly registered and validly existing under the laws of Malta, with company registration number C 23095 and having its registered office at 192, Old Bakery Street, Valletta VLT 1455, Malta, duly authorised and qualified to act as a trustee or co-trustee in terms of article 43(3) of the Trusts and Trustees Act (Chapter 331 of the laws of Malta), in its capacity as trustee of the Gillieru Security Trust pursuant to the terms of the Security Trust Deed;
Small and medium-sized enterprises or SMEs	enterprises as defined in section 2 (1) of the Companies Act, that is, companies which, according to their last annual or consolidated accounts, meet at least two of the following three criteria: - an average number of employees, during the financial year, of less than 250; - a total balance sheet not exceeding forty-three million euro (€43,000,000); - an annual net turnover not exceeding fifty million euro (€50,000,000);
Stephen Cremona Holdings Limited	a limited liability company registered and existing under the laws of Malta with company registration number C 86681 and having its registered office situated at The Gillieru Harbour Hotel, Church Street, St. Paul's Bay, Malta;
Suitability Test	shall have the meaning as set out in section 21.15 of this Document;
Summary	a summary of the salient features of this Document, as contained in the section entitled "Summary";
Terms and Conditions	the terms and conditions of the Bonds contained in this Document under the heading "Terms and Conditions of the Bonds".

All references in this Document to "Malta" are to the "Republic of Malta".

Unless it appears otherwise from the context:

- a) words importing the singular shall include the plural and vice-versa;
- b) words importing the masculine gender shall include the feminine gender and vice-versa;
- c) the word "may" shall be construed as permissive and the word "shall" shall be construed as imperative;
- d) any reference to a person includes natural persons, firms, partnerships, companies, corporations, associations, organisations, governments, states, foundations or trusts;
- e) any reference to a person includes that person's legal personal representatives, successors and assigns;
- f) any phrase introduced by the terms "including", "include", "in particular" or any similar expression is illustrative only and does not limit the sense of the words preceding those terms;
- g) any reference to a law, legislative act and/or other legislation shall mean that particular law, legislative act and/or legislation as in force at the time of issue of this Company Admission Document.

2 SUMMARY

The following summary should be read as an introduction to the Admission Document. Essentially, this summary is being provided to convey the essential characteristics and risks associated with the Issuer and the securities being offered in terms of this Admission Document. Any decision to invest in the Company should be based on a consideration of the Admission Document as a whole. It is not and does not purport to be exhaustive and investors are warned that they should not rely on the information contained in this summary alone in making a decision as to whether to invest in the securities described in this document. Any decision to invest in the securities should be based on consideration of the Admission Document as a whole by the investor.

Civil liability attaches to those persons who have tabled the summary including any translation thereof, and applied for its notification, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Admission Document.

Section A – Information regarding the Issuer

- A.1 **Legal and commercial name of the Issuer** - The legal and commercial name of the Issuer is Gillieru Investments plc (registration number C 86682).
- A.2 **Domicile and legal form of the Issuer** – The Issuer was registered in Malta as a public limited liability company on the 14th June 2018. The Issuer is domiciled in Malta.
- A.3 **Nature of the operations and its principal activities** - The principal object of the Issuer is to carry on the activities of a holding and finance company. The Issuer itself does not have any substantial assets and is a special purpose vehicle that was set up specifically to act as the holding and finance company for the Group.

As the Issuer does not carry out any trading activities itself, it is economically dependent on the business prospects of the Group, the core operations of which are the ownership, management and operation of the Gillieru Harbour Hotel and Restaurant (“the Hotel and Restaurant” or, collectively, “the Property”) located in St. Paul’s Bay, Malta.

The Group, through its holding company (Gillieru Holdings Limited) and operating company (Gillieru Catering Company Limited), respectively, will own and operate the Gillieru Harbour Hotel and Restaurant in St Paul’s Bay. The Hotel houses 86 rooms, each including an ensuite bathroom, whilst the Restaurant can cater for up to 500 patrons (350 within the Restaurant and 150 in the Hotel’s Terrace). The Property is complemented by landscaping, outdoor areas and terraces. Title to the property of the Hotel is freehold, whereas the Restaurant has a temporary emphyteusis for the remaining period of 42 years with the Government of Malta. The Property also hosts a cafeteria, Café Carmelo, which has just started operating and has 40 covers. The Hotel also operates a lido and a pool bar, in the outdoor pool of the Property. Additional revenue is generated through the lease of a diving centre and through hotel service offerings such as room service.

The Hotel and Restaurant were founded almost a century ago by the entrepreneur Toni Cremona, known as Il-Gillieru, and his wife Rosi. Over the years the Restaurant has become a household name and an iconic fish restaurant. Until recent years the entire operations were run by second generation brothers Karmenu and Guzeppi Cremona. Today they are run by their succeeding children. Until June 2018, Stephen Cremona, son of the late Karmenu Cremona, together with his siblings, owned 50% of the business in Gillieru Limited. The remaining 50% was owned by Mr Cremona’s cousins.

In June 2018, Stephen Cremona decided to reconsolidate the undertakings of the business through the acquisition of the 50% interest in the business previously owned by his cousins for an amount of €4.2 million. Mr Cremona used own funds and personal interim bank facilities to acquire the remaining 50% interest in Gillieru Limited from his cousins.

Mr Cremona, together with his siblings, now control 100% of the business in Gillieru Limited. This has given effective control of the operations and will allow him to operate the business in a streamlined and professional manner and take all the commercial decisions to align the product and operations of the Group with what is expected in the current realities of the hospitality sector.

Stephen Cremona has been significantly involved in the running of this family business since 1982 and is confident that by reconsolidating the ownership in the hands of a small pool of shareholders he will be able to positively exploit the business to its full potential.

In shifting away from the old family business structure, Mr Cremona has set up a new corporate structure which has recently acquired the Property, through Gillieru Holdings Limited, from Gillieru Limited and incorporated new subsidiaries through which the Property will be owned and its operations will be run as aforesaid.

A.4 Shareholding structure – The authorised share capital of the Company is of forty seven thousand euro (€47,000) divided into forty seven thousand (47,000) Ordinary Shares of one Euro (€1.00) each. The issued share capital of the Company is of forty seven thousand Euro (€47,000) consisting of forty seven thousand (47,000) Ordinary shares of €1.00 each, fully paid up, subscribed and held by Stephen Cremona Holdings Limited as to 46,999 Ordinary shares of €1.00 each and by Stephen Cremona as to 1 Ordinary share of €1.00.

A.5 Significant recent trends

Trend Information of the Issuer

The principal object of the Issuer, which was set up and established to act as the holding and finance company of the Group, is to subscribe for, take, purchase or otherwise acquire and hold shares, stocks, debentures or other securities of any other company having objects altogether or in similar part to those of the Company or carrying on any business capable of being conducted so as to directly or indirectly benefit the Company and to co-ordinate, finance and manage the business or operation of any company in which the Issuer holds any such interest. In this regard, the issue of the Bonds falls within the objects of the Issuer.

In view of the Issuer's purpose of acting as a financing company to the Group, its business is limited to the raising of capital for the financing of capital projects and the loaning of such capital to Group subsidiary companies, the collection of interest from Group entities and the settlement, in turn, of interest payable on capital raised from third parties.

The Issuer is dependent on the business prospects of the Group and, therefore, the trend information of the members of the Group (detailed below) has a material effect on its financial position and prospects. There has been no material adverse change in the prospects of the Issuer since the date of its incorporation.

Trend Information of the Group

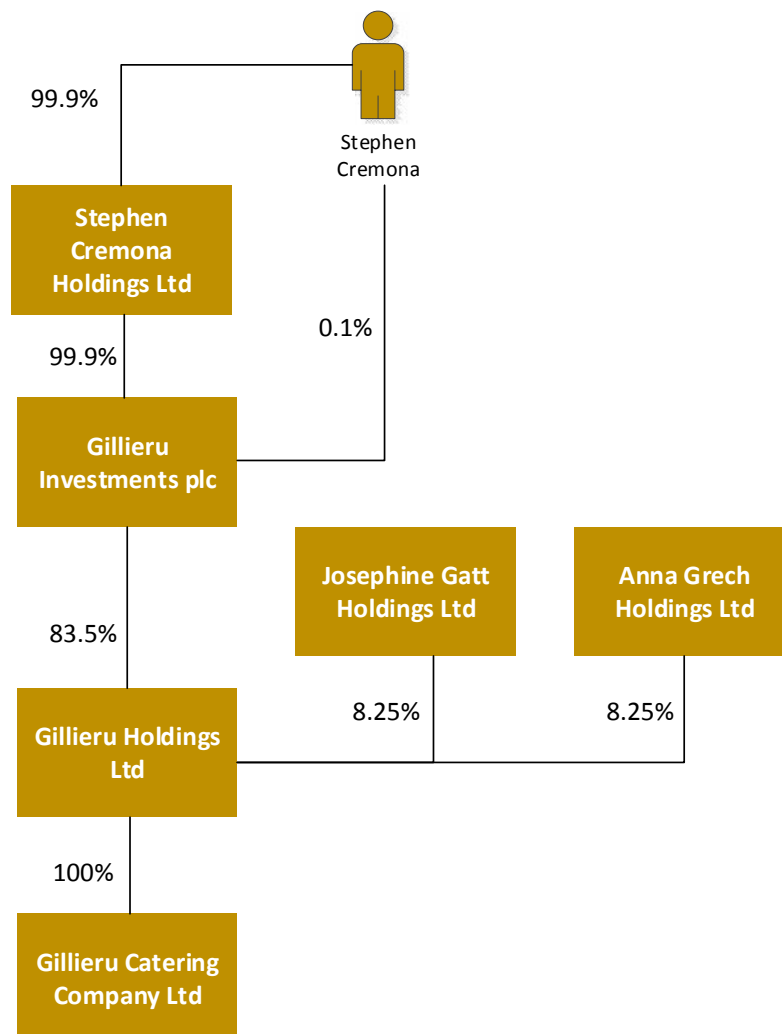
As at the time of publication of this Admission Document, the Group considers that generally it shall be subject to the normal risks associated with the hospitality industry in which the Group operates, and, barring unforeseen circumstances, does not anticipate any trends, uncertainties, demands, commitments or events outside the ordinary course of business that could be considered likely to have a material effect on the upcoming prospects of the Group and its business, at least with respect to the current financial year. However, investors are strongly advised to carefully read the risk factors set out in section 3 of this Document.

The Hotel and Restaurant's location offer a competitive advantage, being sited on a small peninsula at the water's edge, offering spectacular sea views overlooking St. Paul's islands. The small quay with fishing boats and square overlooked by the 17th century church add to the charm and character of this unique location.

The demand for 4-star accommodation in the area is quite strong corroborated by the significant number of large 4-star hotels in the area. The smallness of the Hotel and location will constitute a differentiated hotel product which can give more edge with its competition. This Hotel will satisfy a demand that particularly exists in this part of the island which is extensively supplied with large 4-star accommodation all providing multi food and beverage facilities.

The Property will undergo an immediate general upgrading project, which will include the replacement of the air-conditioning system, certain bathrooms, and other general upgrades. The Directors expect the upgrading project to have a cost of approximately €750,000, which will be primarily funded through the Bond Issue proceeds as detailed in section 19.1 of this Admission Document.

A.6 **Organisational Structure** - The organisational structure of the group of companies which the Issuer forms part of, as at the date of the Admission Document, is illustrated in the diagram below:



Gillieru Holdings Limited has on the 11th September 2018 acquired the rights over the Property from Gillieru Limited, as a result of the transfer referred to in section A.3. Gillieru Holdings Limited will in turn lease it out to its subsidiary company Gillieru Catering Company Limited, which has been set up to run the Hotel and Restaurant.

Mr Cremona's siblings and their spouses will retain a 16.5% indirect minority interest in the ownership and operations of the Gillieru operations through their minority stake in Gillieru Holdings Limited.

A.7 **Summary of Historical Financial Information** - The Issuer was set up on the 14th June 2018 and since its incorporation and up to the date of this Admission Document, no financial statements have been prepared. There has not been any significant change in the financial or trading position of the Issuer, which has occurred since the Company's date of incorporation.

Section B – The Securities

- B.1 Type and class of securities** – The Issuer shall issue an aggregate of €5,000,000 in Bonds having a face value of €100 per bond, subject to a minimum amount per subscription of €2,000 and in multiples of €100 thereafter. 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. On admission to trading on Prospects MTF, the Bonds will have the following ISIN: MT0002071208. The Bonds shall bear interest at the rate of 4.75% per annum. The Bonds shall be repayable in full upon maturity on the 30th November 2028 (together with interest accrued to the date fixed for redemption) unless previously re-purchased and cancelled.
- B.2 Currency** - The Bonds are denominated in Euro (€).
- B.3 Transferability** - The Bonds are freely transferable and, once admitted to the Prospects MTF List, shall be transferable only in whole in accordance with the rules and regulations of the MSE applicable from time to time.
- B.4 Rights attached to the Bonds** - There are no special rights attached to the Bonds other than the right of the Bondholders to:
-) the payment of interest;
 -) the payment of capital;
 -) the benefit of the Collateral through the Security Trustee, in accordance with the provisions of section 20.7 of this Document;
 -) ranking with respect to other indebtedness of the Issuer in accordance with the provisions of section 20.4 of this Document;
 -) attend, participate in and vote at meetings of Bondholders in accordance with the Terms and Conditions of the Bond Issue; and
 -) enjoy all such other rights attached to the Bonds emanating from the Admission Document.

The Bonds are secured and, accordingly, Bondholders shall have the benefit of the Collateral in accordance with the terms of the Security Trust Deed, as set out in section 20.7 of this Admission Document. The security shall be constituted in favour of the Security Trustee for the benefit of all Bondholders from time to time registered in the CSD.

Specifically, the Issuer and Gillieru Holdings Limited will enter into a Security Trust Deed with the Security Trustee which consists of the covenants of the Issuer to pay the principal amount under the Bonds on the Redemption Date and interest thereon, the rights under the Pledge Agreement and all the rights and benefits under the Security Trust Deed. The Collateral will be vested in the Security Trustee for the benefit of the Bondholders in proportion to their respective holding of Bonds. Pursuant to the provisions of the Security Trust Deed, the Collateral shall have been duly constituted in favour of the Security Trustee prior to the date of issue and allotment of the Bonds pursuant to and in terms of this Admission Document. No Bonds shall be issued and allotted until the Collateral has been duly constituted in accordance with the provisions of the said Security Trust Deed and the Malta Stock Exchange admits the Bonds to trading as listed instruments.

The Security Trustee's role includes holding of the Collateral for the benefit of the Bondholders and the enforcement of the said Collateral upon the happening of certain events. The Security Trustee shall have no payment obligations to Bondholders under the Bonds, which remain exclusively the obligations of the Issuer.

The property held under trust shall include the following:

- a pledge by the Issuer over all of its shares held in Gillieru Holdings Limited, from time to time, in virtue of the Pledge Agreement, in favour of the Security Trustee in its capacity as trustee of the Gillieru Security Trust pursuant to the terms of the Security Trust Deed; and

- a pledge over the proceeds from the Insurance Policy in favour of the Security Trustee in its capacity as trustee of the Gillieru Security Trust pursuant to the terms of the Security Trust Deed.

In terms of the Pledge Agreement (to be entered into as a public deed in the records of Notary James Grech on Friday 30th November 2018), the Issuer, Josephine Gatt Holdings Limited, Anna Grech Holdings Limited and Gillieru Holdings Limited irrevocably and unconditionally undertook, for as long as any principal or interest under the Bonds or any of the Bonds remains outstanding, (i) not to transfer or assign in any manner and under any title at law the Property and/or (ii) not to create or permit to subsist any privilege, hypothec, pledge, lien, charge or other encumbrance or real right which grants rights of preference to a creditor over the Property, without the express prior written consent of the Security Trustee, and provided that, at the discretion of the Security Trustee in terms of the Security Trust Deed, alternative security is granted to the Security Trustee as security property, subject to an independent valuation report confirming that the value of the security being substituted and added to the rights constituting the Collateral is at least equal to the value of the Collateral to be removed as a security property at such date.

Without prejudice to other powers and discretions of the Security Trustee in terms of the Security Trust Deed, the Security Trustee shall have the discretion to enforce the Collateral on its own accord or upon receiving notice from the Bondholders that any of the Events of Default set out in section 20.15 of this Document has occurred in accordance with the provisions of the Company Admission Document.

- B.5 **Interest** - The Bonds shall bear interest from and including the 30th November 2018 till the 30th November 2028 at the rate of 4.75% per annum on the nominal value thereof, payable annually in arrears on each Interest Payment Date, the first Interest Payment Date being 30th November 2019, provided that 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. The gross yield calculated on the basis of the Interest, the Bond Issue Price and the Redemption Value of the Bonds at Redemption Date is four and three quarters percent (4.75%).

Section C – Risks

C. 1 Essential information on the key risks specific to the Issuer, the Group and its business:

- i. **Re-structured Operation** – The Company was incorporated on the 14th June 2018. As at the date of the Document, the Issuer has no history of trading operations.
- ii. **Competition (Local)** - The hospitality and catering industry is characterised by strong and increasing competition. Many of the Group's current and potential competitors may have longer operating histories, greater name recognition, larger customer bases and greater financial and other resources than the Group. Severe competition and changes in economic and market conditions could adversely affect the Group's business and operating results.
- iii. **Competition (International)** - The political turmoil in competing countries, such as Tunisia, Egypt and Turkey have led to a displacement of travellers to other destinations such as Malta, which no doubt has contributed to the Maltese success. If these destinations were to re-open for business and achieve previous levels, this may adversely affect the success achieved to date. Malta could risk losing airlines which may deploy their fleet to fly to these destinations, which may prove to be more lucrative because of greater volumes. Malta could also face tough competition because of the huge supply of beds put on the market offered at more competitive prices.
- iv. **Substitute products** – The Group's financial performance might be negatively affected by the growing success of alternative hospitality solutions, like online private accommodation aggregators.

- v. **Regulations governing the Group's operations** - The Group is exposed to possible fines for breaches of applicable regulations which carry both a financial as well as a reputational risk.
- vi. **Natural disasters, terrorist activity and war** - The hotel industry may be adversely affected by natural disasters, terrorist activity and war, which events could directly or indirectly affect travel patterns and reduce the number of business and leisure travelers and reduce the demand for hotel accommodation and other services at the Group's Hotel and Restaurant.
- vii. **Risks related to labour force supply** – It is becoming increasingly difficult to engage personnel when and as required and this may erode revenues because of lost business and hampered growth. The lack of human resource supply could also fuel unsustainable increases in pay, which would affect the industry's profits and erode Malta's overall competitiveness.
- viii. **Environmental liabilities** - The Group may be exposed to environmental liabilities attaching to real estate property, such as costs for the removal, investigation or remediation of any hazardous or toxic substances that may be located on or in, or which may have migrated from, a property owned or occupied by it, which costs may be substantial.
- ix. **Exposure to general market conditions** - The health of the market in which the Group operates may be affected by a number of factors such as global economy, political developments, government regulations.
- x. **Risks related to Brexit's effects** - The ramifications affecting the tourism sector following Brexit are still relatively unknown. Issues affecting British travelling to Malta, such as the open skies policy which represents one of the most significant benefits for the tourism sector, are amongst the important matters that still need to be negotiated with the EU. A negative outcome can adversely affect the local tourism sector, given that the British market remains one of the most important source markets, especially during the winter months. A weak sterling is also of a concern especially in relation to tour operator business in winter, which is particularly important for hotels in the north of the island.
- xi. **Risks related to oversupply of beds** - The compounded rise of tourist beds on offer can lead to an oversupply in the number of beds and can contribute to a decline in occupancies. This could potentially trigger a price war, especially in the event of a dip in the market. If this were to happen, this will hit accommodation revenues and yields, reduce profits and negatively affect the level of return on investment registered over recent years.
- xii. **Risks related to high population density** - The progressive increases in tourist arrivals registered in Malta over recent years are contributing to higher influxes of tourists in relation to resident population. Malta's current population ratio is already significantly higher than the European average. Thus, the relationship between volume growth and value growth is becoming increasingly important in Malta, particularly as Malta's tourism performance has been on the high side when compared to other European destinations. The size of our islands puts us at a greater risk if not managed well. The smallness of our islands and our very high-density levels constitute several challenges, which must be well managed. There is a risk that Government's policies and allocation of funds will fail to successfully mitigate the issues emanating from these challenges. This would adversely affect tourism performance, especially the hotel sector.
- xiii. **Reliance on key senior personnel and management** - The Group's growth since inception is, in part, attributable to the efforts and abilities of key personnel of the Group. If one or more of these individuals were unable or unwilling to continue in their present position, they may not be replaceable within the short term, which could have an adverse effect on the Group's business, financial condition and results of operations.
- xiv. **Reputational risk** - Reputational risk could materially and adversely affect the Group's ability to retain or attract customers, adversely affecting the Group's operations, financial condition and prospects.

- xv. **Litigation risk** - All industries, including the industry in which the Group operates, are subject to legal claims, with and without merit. Defense and settlement costs can be substantial, even with respect to claims that have no merit.
- xvi. **Illiquidity of property assets** - In view of the fact that the Group is, in part, a property holding organisation, coupled with the fact that property is a relatively illiquid asset, such illiquidity may affect the Group's ability to vary its portfolio or dispose of or liquidate part of its portfolio in a timely manner and at satisfactory prices in response to changes in economic, real estate, market or other conditions.
- xvii. **Property valuation** - The valuations referred to in the Admission Document are prepared by an independent qualified architect in accordance with the valuation standards published by the Royal Institution of Chartered Surveyors (RICS). In providing a market value of the respective properties, the independent architect has made certain assumptions which ultimately may cause the actual values to be materially different from any future values that may be expressed or implied by such forward-looking statements or anticipated on the basis of historical trends as reality may not match the assumptions. There can be no assurance that such property valuations and property-related assets will reflect actual market values.

C.2 Essential information on the key risks specific to the Bonds

- i. **No Assurance of an active Secondary Market in the Bonds** - Upon successful admission, the Bonds will be traded on a multilateral trading facility but will NOT be traded on any regulated market. Hence the market for the Bonds may be less liquid than a regulated market and a Bondholder may find it more difficult to identify willing buyers for their Bonds.
- ii. **Prior to the Bond Issue, there has been no public market nor trading record of the Bonds within or outside Malta.** Due to the absence of any prior market for the Bonds, there can be no assurance that the Bond Issue Price will correspond to the price at which the Bonds will trade in the market subsequent to the Bond Issue.
- iii. **Fluctuations in exchange rate** - A Bondholder will bear the risk of any fluctuations in exchange rates between the currency of the Bonds (€) and the Bondholder's currency of reference, if different.
- iv. **Additional Indebtedness and Security** - The Issuer may incur further borrowings or indebtedness and may create or permit to subsist other security interests upon the whole or any part of its present or future undertakings, assets or revenues (including uncalled capital).
- v. **Effect of Future Public Offerings/Takeover/Merger Activity** - No prediction can be made about the effect which any future public offerings of the Issuer's securities, or any takeover or merger activity involving the Issuer, will have on the market price of any of the Bonds prevailing from time to time.
- vi. **Fixed Rate Bonds** - The Issuer is entitled to issue Bonds bearing a fixed rate of interest which involves the risk that subsequent changes in market interest rates may adversely affect the market value of the said Bonds. Investors should also be aware that the price of the fixed rate Bonds moves adversely to changes in interest rates.
- vii. **Discontinuation of Trading on Prospects MTF** - Even after the Bonds are admitted to trading on Prospects MTF, the Issuer is required to remain in compliance with certain requirements of the Prospects MTF Rules issued by the Exchange as amended from time to time. Moreover, the MSE has the authority to suspend trading of the Bonds if it comes to believe that such a suspension is required for the protection of investors or the integrity or reputation of the market. The MSE may discontinue the trading of the Bonds on Prospects MTF. Such trading suspensions could have a material adverse effect on the liquidity and value of the Bonds.

- viii. **Value of the Bonds** - The value of investments can rise or fall, and past performance is not necessarily indicative of future performance.
- ix. **Ranking** - The Bonds, as and when issued and allotted, shall constitute the general, direct and unconditional obligations of the Issuer and shall be secured by means of the Collateral granted in terms of the Pledge Agreement. The Bonds shall at all times rank *pari passu*, without any priority or preference among themselves, but they shall rank with priority or preference over other unsecured debt, if any. The Bonds would rank after any current and / or future debts which may be secured by a cause of preference such as a privilege and/or a hypothec, in so far as the asset constituting the relevant security is concerned.

Furthermore, subject to the negative pledge clause (section 20.5 of this Admission Document), third party security interests may be registered which will rank in priority to the Bonds against the assets of the Issuer for so long as such security interests remain in effect.

There can be no guarantee that the value of the Collateral over the term of the Bonds will be sufficient to cover the full amount of interest and principal outstanding under the Bonds. This may be caused by a number of factors not least of which general economic factors that could have an adverse impact on the value of the Collateral. If such circumstances were to arise or subsist at the time when the Collateral is to be enforced by the Security Trustee, it could have a material adverse effect on the recoverability of all the amounts that may be outstanding under the Bonds.

- x. **Credit rating** - The Issuer has not sought, nor does it intend to seek, the credit rating of an independent rating agency and there has been no assessment by any independent rating agency of the Bonds.
- xi. **Terms and Conditions** - The Terms and Conditions of the Bonds are based on Maltese law in effect as at the date of this document and a change in Maltese law may have an effect on the terms of the Bonds. In the event that the Issuer wishes to amend any of the Terms and Conditions of issue of the Bonds it shall call a meeting of Bondholders. The provisions relating to meetings of Bondholders 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.

Section D – Offer

- D.1 **Use of Proceeds** - The proceeds from the Bond Issue, which net of Bond Issue expenses are expected to amount to approximately €4,900,000, will be used by the Issuer to provide financing to Gillieru Holdings Limited for the following purposes, in the following amounts and order of priority:

1. an amount of €4,250,000 shall be used to settle all amounts due in respect of the acquisition of the Property and the ancillary business from the original ownership structure (including interim bank facilities taken out to finance such acquisitions); and
2. an amount of €650,000, shall be used to part finance the general upgrading of the Property.

In the event that the Bond Issue is not fully subscribed but subject in all cases to the Minimum Amount of €3,500,000 being subscribed, the Issuer will proceed with the admission of the amount of Bonds subscribed for and the proceeds from the Bond Issue shall be applied in the manner and order of priority set out above. Any residual amounts required by the Issuer for the purposes of the uses specified above which shall not have been raised through the Bond Issue shall be financed from the Group's general cash flow and/or bank financing.

- D.2 **Subscription** – The Issuer has appointed Calamatta Cuschieri as Placement Agent and Manager for the purposes of this Bond Issue and interested investors may contact the Placement Agent and Manager for the purposes of subscribing to Bonds during the Issue Period. Applications for subscriptions to the Bonds will be processed at the discretion of the Placement Agent and Manager and the offer may close earlier than that indicated in the timetable in the event of over subscription.

The Bonds are open for subscription to all categories of investors, provided that the Placement Agent and Manager shall be required to carry out an Appropriateness Test in respect of each Applicant for the purpose of assessing such Applicant's level of knowledge and experience prior to investing in the Bonds. Applications shall not be accepted by the Placement Agent and Manager unless, based on the results of such Appropriateness Test, the Placement Agent and Manager is satisfied that an investment in the Bonds may be considered appropriate for the Applicant. To the extent that the Placement Agent and Manager is providing advice in respect of a purchase of the Bonds by an Applicant, the Placement Agent and Manager shall also be required to conduct a Suitability Test in respect of the Applicant and, based on the results of such test, be satisfied that an investment in the Bonds may be considered suitable for the Applicant.

The Bond Issue is not underwritten. Should subscriptions for a total of at least €3,500,000 (the "Minimum Amount") not be received, no allotment of the Bonds shall be made, the Applications for Bonds shall be deemed not to have been accepted by the Issuer and all money received from Applicants for Bonds shall be refunded accordingly. In the event that the Minimum Amount is reached but the Bond Issue is still not fully subscribed, the Issuer will proceed with the allotment of the amount of Bonds subscribed.

The total amount of €5,000,000 of Bonds is being reserved for subscription by the Placement Agent and Manager participating in the Placement Offer. The Issuer shall enter into a conditional subscription agreement with the Placement Agent and Manager for the subscription of Bonds, whereby it will bind itself to allocate Bonds thereto up to the total amount of €5,000,000 as aforesaid.

In terms of said subscription agreement entered into with the Placement Agent and Manager, the Issuer will be conditionally bound to issue, and the Placement Agent and Manager will be conditionally bound to subscribe to, up to the total amount of €5,000,000 of Bonds as indicated therein, each subject to the Minimum Amount of €3,500,000 being subscribed.

- D.4 **Fees** - Professional fees and costs related to publicity, advertising, printing, fees relating to the admission to trading on Prospects MTF, registration, corporate advisor, management, selling commission and other miscellaneous expenses in connection with this Bond Issue are estimated not to exceed €100,000 and shall be borne by the Group.
- D.5 **Interest of natural and legal persons involved in the Issue** - Save for the subscription for Bonds by the Placement Agent and Manager and any fees payable to the Placement Agent and Manager in connection with the Bond Issue, to the best of the Issuer's knowledge no person involved in the Issue has an interest material to the Bond Issue.

D.6 **Expected Timetable of Principal Events:**

1. Application Forms Available	Friday 23 rd November 2018
2. Issue Period	Friday 23 rd November – Friday 30 th November 2018
3. Commencement of interest on Bonds	Friday 30 th November 2018
4. Expected date of constitution of Collateral	Friday 30 th November 2018
5. Announcement of basis of acceptance	Friday 30 th November 2018
6. Expected dispatch of allotment advices and refunds of unallocated monies if any	Monday 3 rd December 2018
7. Expected date of Admission of the Bonds to Prospects MTF	Wednesday 5 th December 2018
8. Expected date of commencement of trading in the Bonds	Thursday 6 th December 2018

The Issuer reserves the right to close the subscription lists before Friday 30th November 2018 in the event of over-subscription. In this event, the events mentioned in steps five (5) to eight (8) above, both included, shall be brought forward although the number of working days between the respective events shall not also be altered.

3 RISK FACTORS

THE VALUE OF INVESTMENTS, INCLUDING THE BONDS, 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, UNLESS THE BONDS ARE PREVIOUSLY RE-PURCHASED OR CANCELLED. THE ISSUER SHALL REDEEM THE BONDS ON THE REDEMPTION DATE, UNLESS PREVIOUSLY RE-PURCHASED OR CANCELLED. AN INVESTMENT IN THE BONDS INVOLVES CERTAIN RISKS, INCLUDING THOSE DESCRIBED BELOW.

PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER, WITH THEIR OWN INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISORS, THE FOLLOWING RISK FACTORS AND OTHER INVESTMENT CONSIDERATIONS, AS WELL AS ALL THE OTHER INFORMATION CONTAINED IN THIS ADMISSION DOCUMENT, BEFORE DECIDING TO MAKE AN INVESTMENT IN THE BONDS. SOME OF THESE RISKS ARE SUBJECT TO CONTINGENCIES WHICH MAY OR MAY NOT OCCUR AND THE ISSUER IS NOT IN A POSITION TO EXPRESS ANY VIEWS ON THE LIKELIHOOD OF ANY SUCH CONTINGENCIES OCCURRING. 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. IF ANY OF THE RISKS DESCRIBED BELOW WERE TO MATERIALISE, THEY COULD HAVE A SERIOUS EFFECT ON THE ISSUER'S FINANCIAL RESULTS AND TRADING PROSPECTS AND THE ABILITY OF THE ISSUER TO FULFIL ITS OBLIGATIONS UNDER THE SECURITIES ISSUED BY THE ISSUER FROM TIME TO TIME.

THE RISKS AND UNCERTAINTIES DISCUSSED BELOW ARE THOSE IDENTIFIED AS SUCH BY THE DIRECTORS OF THE ISSUER BUT THESE RISKS AND UNCERTAINTIES MAY NOT BE THE ONLY ONES THAT THE ISSUER FACES. ADDITIONAL RISKS AND UNCERTAINTIES, INCLUDING THOSE WHICH THE ISSUER'S DIRECTORS ARE NOT CURRENTLY AWARE OF, MAY WELL RESULT IN A MATERIAL IMPACT ON THE FINANCIAL CONDITION AND OPERATIONAL PERFORMANCE OF THE ISSUER THAT COULD LEAD TO A DECLINE IN VALUE OF THE SECURITIES.

NEITHER THIS ADMISSION DOCUMENT NOR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE BONDS: (I) IS INTENDED TO PROVIDE THE BASIS OF ANY CREDIT OR OTHER EVALUATION, NOR (II) SHOULD BE CONSIDERED AS A RECOMMENDATION BY THE ISSUER, THE CORPORATE ADVISOR OR THE PLACEMENT AGENT & MANAGER THAT ANY RECIPIENT OF THIS DOCUMENT OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE ADMISSION DOCUMENT OR ANY BONDS, SHOULD PURCHASE ANY BONDS ISSUED BY THE ISSUER.

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

3.1 Forward – Looking Statements

The Admission Document contains forward-looking statements that include, among others, statements concerning the Issuer's strategies and plans relating to the attainment of its objectives, capital requirements and other statements of expectations, beliefs, future plans and strategies, anticipated developments and other matters that are not historical facts and which may, accordingly, involve predictions of future circumstances. Prospective investors can generally identify forward-looking statements by the use of terminology such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "believe", or similar phrases. Such forward-looking statements are inherently subject to a number of risks, uncertainties and assumptions, a few of which are beyond the Issuer's control.

Important factors that could cause actual results to differ materially from the expectations of the Issuer's directors include those risks identified under this heading "*Risk Factors*" and elsewhere in the Admission Document. If any of the risks described were to materialise, they could have a serious effect on the Issuer's and the Group's financial results, trading prospects and the ability of the Issuer to fulfil its obligations under the securities to be issued.

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

Prospective investors are advised to read the Admission Document in its entirety and, in particular, the sections entitled “Risk Factors” for a further discussion of the factors that could affect the Issuer’s future performance. In the light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in the Document may not occur. All forward-looking statements contained in the Admission Document are made only as at the date hereof. Subject to the Prospects MTF Rules, the Issuer and its directors expressly disclaim any obligations to update or revise any forward-looking statements contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.

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, unless the Bonds are previously redeemed, re-purchased and cancelled. An investment in the Bonds involves certain risks, including those described below.

3.2 General

An investment in the Issuer and the Bonds may not be suitable for all recipients of this Admission Document and prospective investors are urged to consult an independent investment advisor licensed under the Investment Services Act (Chapter 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:

- (i) 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 Admission Document or any applicable supplement;
- (ii) 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;
- (iii) understands thoroughly the terms of the Bonds and is familiar with the behaviour of any relevant indices and financial markets; and
- (iv) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect his/her/its investment and his/her/its ability to bear the applicable risks.

3.3 Risks associated with the Issuer

3.3.1 Re-structured Operation and dependency on Group’s performance

As at the date of this Admission Document, the Issuer has no history of trading operations. Hence, the Admission Document contains no historical financial information and prospective bondholders need to base their investment decision on the projections included in this Document. Given that the Issuer was set-up with the primary objective of acting as the holding and finance company of the Group, its assets will primarily consist of equity shareholdings in and loans receivable from Group companies. The Issuer is dependent on the business of the Group and consequently, the operating results of the Group will directly influence the Issuer’s financial position. Therefore, the risks associated with the business operations of the Group will have a direct impact on the financial position of the Issuer as well as its ability to meet its obligations in connection with the payment of interest on the Bonds and repayment of principal when due.

Furthermore, given that the majority of the Issuer’s assets consist of shares in the Group Companies, the Issuer is largely dependent on receipt of dividends, capital and interest payments from the Group Companies. More specifically, the ability of Group companies to effect payments to the Issuer will depend on their respective cash flows and earnings which may be affected by factors beyond the Issuer’s control.

The occurrence of any such factors could, in turn, negatively affect the Issuer's ability to meet its obligations under the Bonds.

3.3.2 Concentration of shareholding

The Group is owned predominantly by Stephen Cremona, who is also a Director of the Issuer and other companies forming part of the Group, resulting in effective control over the Issuer being exercised by Mr Cremona. Mr Stephen Cremona is considered to be of key importance to both the Issuer and the Group. Consequently, Mr Cremona has the ability to significantly influence the decisions adopted at the general meetings of shareholders.

Furthermore, any unexpected dilution in or incapacity related to his control or influence over the Issuer or the Group could have an adverse effect on the Issuer if shareholder rights may not be exercised. There can be no assurance that such individual will not during the term of the Bonds dispose of any interest in the Issuer or the Group.

3.4 Risks relating to the Group and the market in which it operates

3.4.1 Competition - Local

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

3.4.2 Competition – International

The political turmoil in competing countries, such as Tunisia, Egypt and Turkey have led to a displacement of travelers to other destinations such as Malta, which no doubt has contributed to our success. If these destinations were to re-open for business and achieve previous levels, this may adversely affect the success achieved to date. We could risk losing airlines which may deploy their fleet to fly to these destinations, which may prove to be more lucrative because of greater volumes. We will also face tough competition because of the huge supply of beds put on the market offered at more competitive prices.

3.4.3 Regulations governing operations

The Group is subject to taxation, environmental and health and safety laws and regulations and the costs of complying with both EU and Maltese regulations and standards relevant to the Group's operations is an additional burden for the Group. As with any business, the Group is at risk in relation to changes in laws and regulations and the timing and effects of changes in the laws and regulations to which it is subject, including changes in the interpretation thereof which cannot be predicted. 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 Admission Document upon the business and operations of Group companies. Additionally, the Group is exposed to possible fines for breaches of applicable regulations, which carry both a financial as well as a reputational risk.

3.4.4 Natural disasters, terrorist activity and war

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

Events such as the afore-mentioned could directly or indirectly affect travel patterns and reduce the number of business and leisure travelers and reduce the demand for hotel accommodation at the Group's Hotel. In

addition, concerns about air travel safety could substantially decrease the overall amount of air travel. Such a decrease could have an adverse impact on occupancy levels in the Hotel.

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

3.4.5 Substitute products

Customers' preference may shift towards alternative hospitality solutions, like online private accommodation aggregators. If the Group does not anticipate and respond quickly enough to capitalise on such changing trends, its operating results could be adversely affected.

3.4.6 Labour force supply

A major challenge for the tourism sector is labour force supply. As the Maltese economy continues to expand and diversify, the local work force is faced with expanding employment options and the tourism industry seems to be losing out. A career in tourism seems to be losing popularity to alternative employment options. The hospitality sector is not always considered as providing attractive career opportunities, especially as more lucrative and financially rewarding sectors have developed in recent years, that are more appealing than tourism and hospitality. As a result, it is becoming increasingly difficult to engage personnel when and as required and this may erode revenues because of lost business and hampered growth. The lack of human resource supply could also fuel unsustainable increases in pay, which would affect the industry's profits and erode Malta's overall competitiveness.

3.4.7 Exposure to general market conditions

The health of the market in which the Group operates may be affected by a number of factors over which the Issuer has no control, such as global economy, political developments, government regulations, changes in planning or tax laws, interest rate fluctuations, inflation, and the availability of financing and yields of alternative investments.

3.4.8 Risks relating to Brexit's effects over the local tourism industry

The ramifications affecting the tourism sector following Brexit are still relatively unknown. Issues affecting British travelling to Malta, such as the open skies policy which represents one of the most significant benefits for the tourism sector, are amongst the important matters that still need to be negotiated with the EU. A negative outcome can adversely affect the local tourism sector, given that the British market remains one of the most important source markets, especially during the winter months. A weak sterling is also of a concern especially in relation to tour operator business in winter, which is particularly important for hotels in the north of the island.

3.4.9 Risks relating to oversupply of beds

Although tourism demand is growing, so is the supply of beds as an increasing number of countries and destinations aim to raise their accommodation capacity to attract more visitors. This will no doubt increase competition. At a local level, the impressive growth in tourist arrivals registered over recent years has fuelled significant investment in accommodation development which continues to contribute to a rise in the hotel bed supply. This, coupled with the high number of unlicensed beds that exists in Malta offered through several digital platforms, constitutes a risk. The compounded rise of tourist beds on offer can lead to an oversupply in the number of beds and can contribute to a decline in occupancies. This could potentially trigger a price war, especially in the event of a dip in the market. If this were to happen, this will hit accommodation revenues and yields, reduce profits and negatively affect the level of return on investment registered over recent years.

3.4.10 Risks related to human resources and reliance on key senior personnel and management

The Group faces the following key risks in relation to personnel:

- loss of key management personnel;
- loss of other key employees;

- delay in finding suitable replacements for lost personnel; and
- inability to find suitably qualified personnel to meet the Group's business needs as it grows.

If any of these risks were to materialise, they could have a material adverse impact on the Group's business, financial performance and financial condition.

Indeed, the Group's growth since inception is, in part, attributable to the efforts and abilities of key personnel. If one or more of these individuals were unable or unwilling to continue in their present position, they may not be replaceable within the short term, which could have an adverse effect on the Group's business, financial condition and results of operations.

In common with many businesses, the Group will be relying heavily on the contacts and expertise of its senior management teams and other key personnel. Although no single person is solely instrumental in fulfilling the Group's business objectives, there is no guarantee that these objectives will be achieved to the degree expected following the possible loss of key personnel.

3.4.11 Risk of injuries and fatalities

The intrinsic nature of the industry in which the Group operates could give rise to health and safety risks which require the Group to adhere rigidly to health and safety regulations. Any failure to comply with such rules may entail hefty penalties as well as expose the Group to litigation and the costs associated with claims for damages, thereby also negatively affecting the Group's reputation.

3.4.12 Reputational risk

Reputational risk is usually associated with conflicts of interest, regulatory compliance, remuneration systems, professional behavior of human resources, reputation and financial soundness of major shareholders, corporate culture, leadership and corporate strategy and its implementation. Reputational risk could materially and adversely affect the Group's ability to retain or attract customers, particularly institutional and retail customers, whose loss could adversely affect the Group's operations, financial condition and prospects. More specifically, reputational harm may result in the loss of market share and revenue, increased compliance costs and higher financing costs, reflecting the perceived increased risks.

3.4.13 Litigation risk

All industries, including the industry in which the Group operates, are subject to legal claims, with and without merit. Defense and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation and dispute resolution process, there can be no assurance that the resolution of any particular legal proceeding or dispute will not have a material adverse effect on the Group's future cash flow, results of operations or financial condition.

3.4.14 Exposure to economic conditions

The Group is susceptible to adverse economic developments and trends both locally and overseas. Negative economic factors and trends could have a material impact on the business of the Group generally and may adversely affect its revenues. In addition, the Group may be impacted by increased competition from other similar developments and rising operating costs.

3.4.15 Risks related to high population density

The progressive increases in tourist arrivals registered in Malta over recent years are contributing to higher influxes of tourists in relation to resident population. Malta's current population ratio is already significantly higher than the European average. Thus, the relationship between volume growth and value growth is becoming increasingly important in our country, particularly as Malta's tourism performance has been on the high side when compared to other European destinations. The size of our islands puts us at a greater risk if not managed well. The smallness of our islands and our very high-density levels constitute several challenges, which must be well managed. There is a risk that Government's policies and allocation of funds will fail to successfully mitigate the issues emanating from these challenges. This would adversely affect the tourism performance, especially the hotel sector.

3.4.16 Financial strategy

The Group may not always be in a position to secure sufficient funding for its operations and investments. Failure to obtain, or delays in obtaining, the necessary capital required for the purposes of financing its working capital needs or future projects on commercially reasonable terms may adversely affect the Group's operations and prospects.

3.4.17 Indebtedness

The Group's indebtedness could adversely affect its financial position.

3.4.18 Performance Risk

The success of the Group depends in large part on the ability of management to effectively control its operations and maintain its capacity through effective marketing of its products and quality management. Should this be negatively impacted, it could have an adverse effect on the business performance of the Group.

3.4.19 Property valuation

The valuations referred to in the Admission Document are prepared by an independent qualified architect in accordance with the valuation standards published by the Royal Institution of Chartered Surveyors (RICS). In providing a market value of the respective properties, the independent architect has made certain assumptions which ultimately may cause the actual values to be materially different from any future values that may be expressed or implied by such forward-looking statements or anticipated on the basis of historical trends as reality may not match the assumptions. There can be no assurance that such property valuations and property-related assets will reflect actual market values that could be achieved upon a sale, even where any such sale were to occur shortly after the valuation date. Actual values may be materially different from any future values that may be expressed or implied by forward-looking statements set out in the relative valuation or anticipated on the basis of historical trends, as reality may not match the assumptions made.

Furthermore, property values are affected by and may fluctuate, inter alia, as a result of changing demand, changes in general economic conditions, changing supply within a particular area of competing space and attractiveness of real estate relative to other investment choices. The value of the Group's property portfolio may also fluctuate as a result of other factors outside the Group's control, such as changes in regulatory requirements and applicable laws (including in relation to taxation and planning), political conditions, the condition of financial markets, potentially adverse tax consequences, and interest and inflation rate fluctuations.

The Group's operating performance could be adversely affected by a downturn in the property market in terms of capital values. The valuation of property and property-related assets is inherently subjective, due to, among other things, the individual nature of each property and the assumptions upon which valuations are carried out.

3.4.20 Asset liquidity risk

In view of the fact that the Group is, in part, a property holding organisation, coupled with the fact that property is a relatively illiquid asset, such illiquidity may affect the Group's ability to vary its portfolio or dispose of or liquidate part of its portfolio in a timely manner and at satisfactory prices in response to changes in economic, real estate, market or other conditions. These factors could have an adverse effect on the Group's financial condition and results.

3.5 Risks Relating to the Bonds

3.5.1 No Assurance of Active Secondary Market in the Bonds

Upon successful admission, the Bonds will be traded on a multilateral trading facility but will NOT be traded on any regulated market. Hence, the market for the Bonds may be less liquid than a regulated market and

a Bondholder may find it more difficult to identify willing buyers for their Bonds. The existence of an orderly and liquid market for the Bonds depends on a number of factors, including the presence of willing buyers and sellers of the Issuer's Bonds at any given time. Such presence is dependent upon the individual decisions of investors over which the Issuer has no control. Accordingly, there can be no assurance that an active secondary market for the Bonds will develop, or, if it develops, that it will continue. Furthermore, there can be no assurance that Bondholders will be able to sell the Bonds at or above the price at which the Issuer issued the Bonds, or at all.

3.5.2 Fluctuations in exchange rate

A Bondholder will bear the risk of any fluctuations in exchange rates between the currency of the Bonds (€) and the Bondholder's currency of reference, if different.

3.5.3 Absence of a prior market

Prior to the Bond Issue, there has been no public market nor trading record of the Bonds within or outside Malta. Due to the absence of any prior market for the Bonds, there can be no assurance that the Bond Issue Price will correspond to the price at which the Bonds will trade in the market subsequent to the Bond Issue.

3.5.4 Additional indebtedness and security

The Issuer may incur further borrowings or indebtedness and may create or permit to subsist other security interests upon the whole or any part of its present or future undertakings, assets or revenues (including uncalled capital).

3.5.5 Effect of Future Public Offerings/Takeover/Merger Activity

No prediction can be made about the effect which any future public offerings of the Issuer's securities, or any takeover or merger activity involving the Issuer, will have on the market price of any of the Bonds prevailing from time to time. If such changes take place they could have an adverse effect on the market price for the Bonds.

3.5.6 Fixed Rate Bonds

The Issuer is entitled to issue Bonds bearing a fixed rate of interest. Investment in such fixed rate Bonds involves the risk that subsequent changes in market interest rates may adversely affect the market value of the said Bonds. Investors should also be aware that the price of the fixed rate Bonds moves adversely to changes in interest rates. When prevailing market interest rates are rising, the price of fixed rate Bonds decline. Conversely, if market interest rates are declining, the price of fixed rate Bonds rises. This is called market risk since it arises only if a Bondholder decides to sell the Bonds before maturity on the secondary market.

3.5.7 Discontinuation of Trading on Prospects MTF

Even after the Bonds are admitted to trading on Prospects MTF, the Issuer is required to remain in compliance with certain requirements emanating from the Prospects MTF Rules as issued by the Exchange and as amended from time to time. Moreover, the MSE has the authority to suspend trading 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 MSE may discontinue the trading of the Bonds on Prospects MTF. Any such trading suspensions described above could have a material adverse effect on the liquidity and value of the Bonds.

3.5.8 Value of the Bonds

The value of investments can rise or fall, and past performance is not necessarily indicative of future performance. Furthermore, investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds.

3.5.9 Ranking

The Bonds, as and when issued and allotted, shall constitute the general, direct and unconditional obligations of the Issuer and shall be secured by means of the Collateral granted in terms of the Pledge Agreement. The Bonds shall at all times rank *pari passu*, without any priority or preference among themselves, but they shall rank with priority or preference over other unsecured debt, if any.

Furthermore, subject to the negative pledge clause (section 20.5 of this Admission Document), third party security interests may be registered which will rank in priority to the Bonds against the assets of the Issuer for so long as such security interests remain in effect.

There can be no guarantee that the value of the Collateral over the term of the Bonds will be sufficient to cover the full amount of interest and principal outstanding under the Bonds. This may be caused by a number of factors, not least of which general economic factors that could have an adverse impact on the value of the Collateral. If such circumstances were to arise or subsist at the time when the Collateral is to be enforced by the Security Trustee, it could have a material adverse effect on the recoverability of all the amounts that may be outstanding under the Bonds. Furthermore, 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 other Group companies which may rank with priority or preference to the Collateral rights.

3.5.10 Credit rating

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

3.5.11 Terms and Conditions

The Bonds and the Terms and Conditions of the Bond Issue are based on Maltese law in effect as at the date of this Document. A change in Maltese law or administrative practice or a judicial decision may have an effect on the Terms and Conditions of the Bonds. No assurance can be given as to the impact thereof after the date of this Document. 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 section 20.18 of this Admission Document. 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.

4 PERSONS RESPONSIBLE

Each and all of the Directors of the Issuer whose names appear in Section 7.1 hereunder, are the persons responsible for the information contained in this Admission Document. 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 Document is in accordance with the facts and contains no omission likely to affect its import. The Directors accept responsibility accordingly.

As at the date of this Document there are no other facts or matters omitted from the Admission Document which were or are necessary to enable investors and their investment advisers to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and of the rights attaching to the Bonds.

5 ADVISORS, STATUTORY AUDITORS AND TRUSTEES

Corporate Advisor, Placement Agent and Manager

Calamatta Cuschieri Investment Services Limited

Ewropa Business Centre, Triq Dun Karm, B'Kara, BKR 9034

Calamatta Cuschieri Investment Services Limited holds a Category 3 license issued by the Malta Financial Services Authority and is a member of the Malta Stock Exchange.

Reporting Accountants

Deloitte Services Limited

Deloitte Place, Mriehel Bypass, Mriehel Bypass, Mriehel, Birkirkara, BKR 3000

Deloitte Services Limited is a firm of certified public accountants, holding a warrant to practice the profession of accountant and a practicing certificate to act as auditors in terms of the Accountancy Profession Act, Cap. 281 of the laws of Malta.

Statutory Auditors to the Issuer

Horwath Malta

La provvida, Karm Zerafa Street, Birkirkara, BKR 1713

Horwath Malta is a member firm of Crowe Horwath International, an international network of independent accounting and management consulting firms.

Security Trustee

GVZH Trustees Limited

192, Old Bakery Street, Valletta VLT 1455, Malta

GVZH Trustees Limited is duly authorised and qualified to act as a trustee or co-trustee in terms of article 43(3) of the Trusts and Trustees Act (Chapter 331 of the laws of Malta).

As at the date of this Admission Document the advisors named under this sub-heading have no beneficial interest in the share capital of the Issuer.

6 INTEREST OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Save for the subscription for Bonds by the Placement Agent and Manager and any fees payable to the Placement Agent and Manager in connection with the Bond Issue, to the best of the Issuer's knowledge no person involved in the Issue has an interest material to the Bond Issue.

7 IDENTITY OF DIRECTORS AND SENIOR MANAGEMENT

7.1 Directors of the Issuer

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

Mr Stephen Cremona	Chairman and Executive Director
Ms Stephanie Cremona	Executive Director
Mr Karl Cremona	Non-Executive Director
Mr George Micallef	Independent, non-Executive Director
Mr Alfred Grech	Independent, non-Executive Director

Mr George Micallef and Mr Alfred Grech are considered as independent directors since they are free of any business, family or other relationship with the Issuer, its controlling shareholders or the management of either, that could create a conflict of interest such as to impair their judgement.

The business address of the Directors is The Gillieru Harbour Hotel, Church Street, Saint Paul's Bay, Malta.

The company secretary of the Issuer is Mr Karl Cremona.

The Issuer's compliance officer in terms of the Rules is Mr Karl Cremona.

The following are the respective curriculum vitae of the Directors:

Mr Stephen Cremona; Chairman and Executive Director

Mr Stephen Cremona has been in the business of hospitality and catering for well over thirty years. Mr Cremona joined the Gillieru operations upon finishing its studies in 1982 and has been very actively involved ever since. Mr Cremona set out to acquire 83.5% equity interest of the Property and its operations. In the current role of Director and Restaurant Manager he is involved in all aspects of the Hotel and Restaurant operations and has an intimate knowledge of the business, the service offer and its potential. His passion, vision and knowledge will be integral to ensuring the success of the operation as well as the development of the business to ensure that its potential is fully maximised.

Ms Stephanie Cremona; Executive Director

Ms Stephanie Cremona has been in the business of catering and hospitality over the last 10 years, gaining extensive experience within some of the most affirmed hospitality and catering players in Malta. While she was still a student at ITS in Malta, where she completed the Foundation level, she joined the Hilton Malta as a *mise en place* and butcher between the year 2008 and 2009. Between 2009 and 2015 she acted in several roles within the different catering offers of the Marina Hotel Corinthia Beach Resort, such as pastry chef and waitress, Commis Chef, and as Demi Chef de Partie. In May 2016 she joined Maypole Holding Limited as Chef de Partie until September 2017, when she took on the role of Food & Beverage Manager at the Gillieru Harbour Hotel to the present day.

Mr Karl Cremona; Non-Executive Director

Mr Karl Cremona, graduated from the University of Malta in Banking and Finance (Hons.), has been employed within the financial services industry for over 5 years. He began his professional career in the financial services industry as an investment advisor with Calamatta Cuschieri Co Ltd in 2013. Mr Cremona holds a Bachelor degree in Banking and Finance (Hons.) from the University of Malta and has enrolled to undertake a diploma in Investment Compliance organised by the Chartered Institute for Securities and Investment. Mr Cremona is also a candidate within the CFA programme.

He is currently employed with Cordium as a Compliance Executive and has recently been approved by the MFSA to act as a Compliance Officer. Mr Cremona works closely with a number of compliance officers with whom he is very actively involved in day-to-day tasks undertaken by the compliance function across different types of licensed entities including Investment Services Providers and Collective Investment Schemes. His involvements include on-site compliance monitoring, reporting and advisory, such as the preparation of required compliance-related documentation and keeping updated with regulatory developments.

In 2018, Mr Cremona was significantly involved in the implementation of MiFID II wherein he participated in a number of gap analyses carried out with clients.

Mr George Micallef; Independent Non-executive director

Mr Micallef is Managing Director at Sunroute Hotels Ltd, being the owner and operator of the four and three-star hotel located in Qawra, and in Insite Consultants Ltd., which is active in tourism development consultancy. He is also a Director in a number of companies involved in the tourism industry in Malta, including the Malta Tourism Authority. Mr Micallef is also member of the National Climate Change Action Board and Board Governor of the Mediterranean Tourism Foundation.

Mr Micallef started his studies and career in the hotel industry over thirty years ago, holding a number of senior positions over time. In 1987 he decided to go freelance as a tourism development consultant, setting up office in Malta. Ever since however, he has always remained actively involved in the travel and hotel industry through hotel ownership, leases and/or management companies, holding positions at the helm.

As a tourism consultant, he has undertaken a number of projects and assignments, particularly relating to tourism product development and tourism policies, and has led a number of studies both locally and overseas in this regard. Mr Micallef has worked very closely with the Ministry for Tourism and government agencies in Malta and overseas, being responsible for drawing up various tourism policy documents and regulations.

Mr Alfred Grech; Independent Non-Executive Director

Mr Grech has built a career in accountancy and management consultancy spanning over thirty years. His vast experience enables him to provide advisory services across a varied range of specialised areas, which include manufacture, retailing, maritime and hospitality management both locally and overseas. He assisted operators in a vast array of requirements and needs, which include strategic, marketing and business planning; project evaluation and appraisal; performance, financial and management assignments; and contract negotiations.

He held directorship with various local and overseas commercial entities. He is currently Director and CEO of Polaris Marine Services Limited. Until 2016, Mr Grech was also the CEO of the PG Group, where he was responsible for overseeing investments in Banif Bank, Westin Dragonara, Zara, and Pavi and Pama supermarkets. Prior to these appointments, Mr Grech occupied similar roles in various companies, mainly operating in the retail sector.

7.2 Management Structure

The new management structure will incorporate the running of both the Hotel and the former independent Gillieru restaurant, under one company. This will be beneficial not just in terms of economies of scale, but it will also prove important to upsell the services provided in each of the two establishments. It will also help to provide the necessary flexibility of staff deployment between the two establishments. The structure has been designed to meet the specific needs at present of two establishments in line with the strategy of the Group.

The Directors believe that the current organizational structures are adequate for the current activities of the Company and the Group. The Directors will maintain these structures under continuous review to ensure that they meet the changing demands of the business and to strengthen the checks and balances necessary for better corporate governance.

The key members of the Group's management team, some of which have not yet been recruited, apart from the executive director, Mr Stephen Cremona, and the Management Executive, Stephanie Cremona, are the following:

Mr Massimiliano Gatt, General Manager: Mr Gatt joined the Group in May 2018 as the General Manager of the Gillieru Harbour Hotel and restaurant. Mr Gatt has been in the hospitality business for over 30 years. From 1994 to present, he has been the General Manager of several hotels in Malta, including the Coleridge Hotel in Valletta, the San Pawl Hotel, the Bugibba Holiday Complex, the St. Paul's Bay Hotel and the Bugibba Hotel. Mr Gatt holds a Master Degree in Hotel Management with Honors. As the General Manager of the Gillieru Hotel and Restaurant Mr Gatt will work closely with Stephen Cremona to ensure the smooth and effective running of the business concern.

Financial Controller: The Financial Controller shall be accountable to the Board of Directors but shall also liaise and work closely with the General Manager. He shall be proactively involved in the running of the business and responsible for the entire finance function.

Assistant Manager (Operations): Will focus particularly on the food and beverage operations of the restaurant and will also be responsible to coordinate the running of the other hotel departments under the guidance of the General Manager.

Sales & Marketing Manager: The primary responsibilities will be the development and implementation of the sales and marketing strategy of the hotel business and the repositioning of the hotel as appropriate in the market place. The manager will direct the day-to-day sales and marketing activities, organize, develop and communicate marketing plans and goals as approved by the board.

Mr Clint Cuschieri, Head Chef: Mr Cuschieri has been in the catering industry for over 15 years, gaining experience both locally and abroad. From 2006 till today he gained experience as Chef de Partie, Sous Chef and Head Chef in very well known restaurants and hotels, including the Waterfront Hotel in Gzira, Chains restaurant in St Julian's, the Grand Hotel Excelsior, Café Cuba in Spinola Bay and Capo Crudo Restaurant in Valletta. Mr Cuschieri obtained a Diploma in Kitchen Preparation and Production (Culinary Arts) from the Institute of Tourism Studies in Malta. His responsibilities within the Company include the overseeing and efficient running of the restaurant kitchen and the entire food preparation whilst meeting hotel guest's food requirements and hotel food and beverage outlets, within prescribed budgets.

Head Housekeeper: must successfully oversee the entire housekeeping operation, looking after all public areas of both the hotel and restaurant and provide the highest level of care and service to all customers in the most cost-efficient manner.

Maintenance Manager: The primary responsibilities of this position are the general maintenance, repairs and preventive maintenance of the hotel and restaurant plant and equipment within the two properties.

7.3 Employees

The Hotel and Restaurant will employ an average of 56 full time equivalents all year round, which includes the 9 key management members previously described. Part-time staff will be added to the complement during the busier seasons, as required.

8 INFORMATION ABOUT THE ISSUER AND THE GROUP

8.1 Introduction

Full legal and commercial name of the Issuer:	Gillieru Investments plc
Registered address:	The Gillieru Harbour Hotel, Church Street, St. Paul's Bay, Malta
Place of registration and domicile:	Malta
Registration number:	C 86682
Date of registration:	14 th June 2018
Legal form	The Issuer is lawfully existing and registered as a public limited liability company in terms of the Act
Telephone number:	+356 21572720
E-mail address:	gillieru@maltanet.net
Website:	https://www.gillieru.com

The Issuer was incorporated on the 14th June 2018 to act as the holding and finance company of the Group and is 99.99% owned by Stephen Cremona Holdings Limited. The principal object of the Issuer, as per its Memorandum and Articles of Association, is to subscribe for, take, purchase or otherwise acquire and hold shares, stocks, debentures or other securities of any other company having objects altogether or in similar part to those of the Company or carrying on any business capable of being conducted so as to directly or indirectly to benefit the Company and to co-ordinate,

finance and manage the business or operation of any company in which the Issuer holds any such interest. In this regard, the issue of the Bonds falls within the objects of the Issuer.

As the Issuer does not carry out any trading activities itself, it is economically dependent on the business prospects of the Group, the core operations of which are the ownership, management and operation of the Gillieru Harbour Hotel and Restaurant located in St. Paul's Bay, Malta.

The Group, through its holding company (Gillieru Holdings Limited) and operating company (Gillieru Catering Company Limited), respectively, will own and operate the Gillieru Harbour Hotel and Restaurant in St Paul's Bay. The Hotel houses 86 rooms, each including an ensuite bathroom, whilst the Restaurant can cater for up to 500 (350 within the Restaurant and 150 in the Hotel's Terrace). The Property is complemented by landscaping, outdoor areas and terraces. Title to the Hotel is freehold, whereas the Restaurant has a temporary emphyteusis for the remaining period of 42 years with the Government of Malta. The Property also hosts a cafeteria, Café Carmelo, which has just started operating and has 40 covers. The Hotel also operates a lido and a pool bar, in the outdoor pool of the Property. Additional revenue is generated through the lease of a diving centre and through hotel service offerings such as room service.

The Hotel and Restaurant were founded almost a century ago by the entrepreneur Toni Cremona, known as Il-Gillieru, and his wife Rosi. Over the years the Restaurant has become a household name and an iconic fish restaurant. Until recent years the entire operations were run by second generation brothers Karmenu and Guzeppi Cremona. Today they are run by their succeeding children. Until June 2018 Stephen Cremona, son of the late Karmenu Cremona, together with his siblings, owned 50% of the business in Gillieru Limited. The remaining 50% was owned by Mr Cremona's cousins.

In June 2018, Stephen Cremona decided to reconsolidate the undertakings of the business through the acquisition of the 50% interest in the business owned by his cousins for an amount of €4.2 million. Mr Cremona used own funds and personal interim bank facilities to acquire the remaining 50% interest in Gillieru Limited from his cousins.

Mr Cremona, together with his siblings, now control 100% of the business in Gillieru Limited. This has effectively given effective control of the operations and will allow him to operate the business in a streamlined and professional manner and take all the commercial decisions to align the product and operations of the Group with what is expected in the current realities of the hospitality sector.

Stephen Cremona has been significantly involved in the running of this family business since 1982, and is confident that by reconsolidating the ownership in the hands of a small pool of shareholders he will be able to positively exploit the business to its full potential.

In shifting away from the old family business structure, Mr Cremona has set up a new corporate structure which has recently acquired the Property, through Gillieru Holdings Limited, from Gillieru Limited in virtue of a deed of assignment of property in the records of Notary James Grech dated the eleventh day of September of the year two thousand and eighteen (11/09/2018) and incorporated new subsidiaries through which the Property will be owned and its operations will be run as aforesaid.

The Issuer and the Group operate exclusively in and from Malta.

The Property has recently undergone a general upgrading project, including the opening of a coffee shop, and it is the Group's intention to utilise part of the proceeds from the Bond Issue to carry out a further refurbishment of the Property, which will include the replacement of the air-conditioning system, certain bathrooms, and other general upgrades. The Directors expect the project to have a cost of approximately €750,000, which will be primarily financed through the Bond Issue proceeds as detailed in section 19.1 of this Admission Document.

The Issuer has set up a website with URL <https://www.gillieru.com> which includes an "Investor Information" section from which investors can obtain current information on the Company. This section shall include all electronic communication for all information required to be disclosed under the Rules and / or applicable law to all holders of admitted securities.

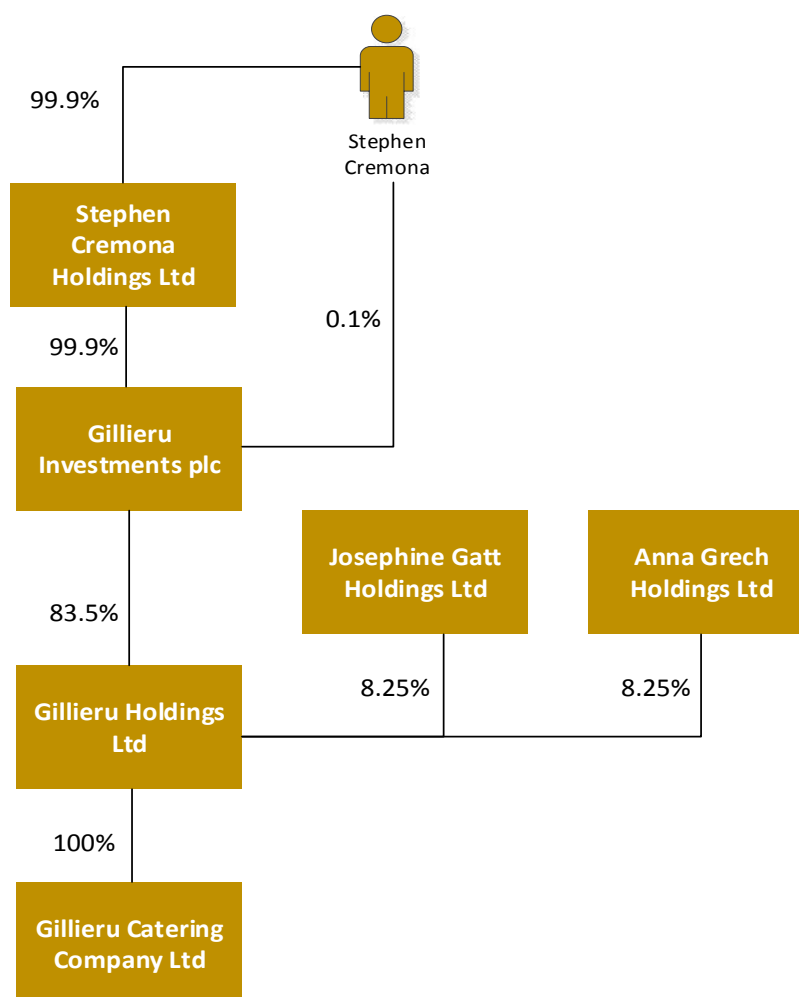
8.2 Capital resources

The Group is expected to have a consolidated share capital of €200,000 as at the end of FY19.

Immediately following the date of issuance of the Bonds, the bank facilities set out in section 20.4 of this Admission Document shall be repaid in full with the resulting effect that all securities burdening the Property up to the date of this Admission Document shall be released by the respective banks and the Property shall, thereafter, be free and unencumbered.

9 GROUP ORGANISATIONAL STRUCTURE

The Issuer forms part of a group of companies and is ninety-nine point nine per cent (99.9%) owned by Stephen Cremona Holdings Limited. Mr Stephen Cremona is effectively the ultimate beneficial owner of the Group. The following chart describes the position of the Issuer within the said group of companies:



Gillieru Holdings Limited has recently acquired the rights over the Property from Gillieru Limited, and will lease it out to Gillieru Catering Company Limited, which has been set up to run the Hotel and Restaurant.

Josephine Gatt Holdings Ltd and Anna Grech Holding Ltd will retain a 16.5% in aggregate indirect minority interest in the ownership and operations of the Hotel and Restaurant operations through their minority stake in Gillieru Holdings Limited.

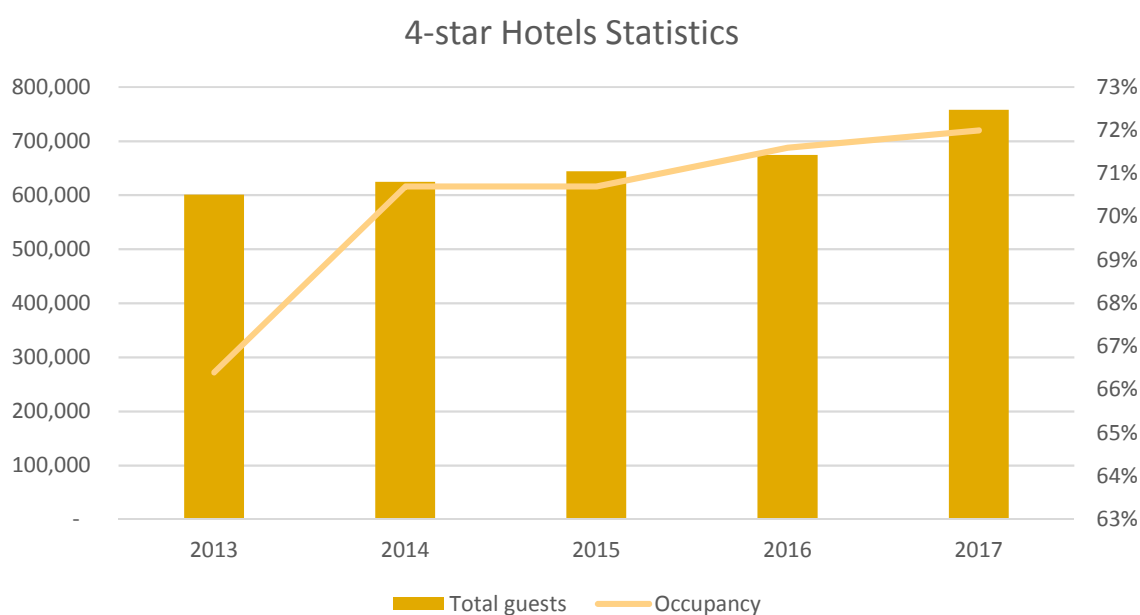
10 TREND INFORMATION

The Issuer was registered and incorporated on the 14th June 2018 as the parent and finance company of the Group. As indicated in section 12 below, the Issuer has no financial information to report. Accordingly, it is not in a position to assert whether there has been a material adverse change since the date of publication of its latest audited financial statements.

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

As at the time of publication of this Admission Document, the Group considers that generally it shall be subject to the normal risks associated with the hospitality industry in which the Group operates, and, barring unforeseen circumstances, does not anticipate any trends, uncertainties, demands, commitments or events outside the ordinary course of business that could be considered likely to have a material effect on the upcoming prospects of the Group and its business, at least with respect to the current financial year. However, investors are strongly advised to carefully read the risk factors in this Document.

The tourism industry in Malta has been progressively growing over the years, benefiting from a surge in tourism with records broken year on year. During 2017 tourist arrivals reached 2.3 million, an increase of 15.7% over the previous year¹. Hotel accommodations, and specifically 4-star hotel accommodations, benefited from the increasing number of tourists coming to Malta over the recent years, which translated in higher number of guests and occupancy.



Source: National Statistics Office

The Hotel and Restaurant's location offer a competitive advantage, being sited on a small peninsula at the water's edge, offering spectacular sea views overlooking St. Paul's islands. The small quay with fishing boats and square overlooked by the 17th century church add to the charm and character of this unique location.

The demand for 4-star accommodation in the area is quite strong corroborated by the fact of the significant number of large 4-star hotels in the area. The smallness of the Hotel and location will constitute a differentiated hotel product which can give more edge with its competition. This Hotel will satisfy a demand that particularly exists in this part of the island which is extensively supplied with large 4-star accommodation all providing multi food and beverage facilities, but much less with good smaller 4-star hotels.

The Hotel will undergo a minor refurbishment project to meet the demands created by a new profile of tourists as a result of market developments, and this is fundamental to the economic success of the Hotel. The rationale adopted

¹ Source: National Statistics Office

is based on the provision of good standard 4-star accommodation which is able to secure an above average yield without the higher running costs associated with the larger 4-star type properties. The project will entail the replacement of the air conditioning system and bathrooms, and other developments. The Directors expect the project to have a cost of approximately €750,000, which will be primarily funded through the Bond Issue proceeds as detailed in section 18.1 of this Admission Document.

11 OVERVIEW OF OPERATIONS DEVELOPMENTS

Prior to the transfer of the immovable property described in section A.6 of this Admission Document, Gillieru Limited owned the Gillieru Hotel and Restaurant, the business operations which were historically undertaken by two fully owned subsidiaries of same Gillieru Limited being Gillieru Harbour Hotel Limited and Gillieru Restaurant Limited. After the said transfer of immovable property, the operational activities were assumed by Gillieru Catering Company Limited on title of lease from its holding company.

After the above-mentioned transactions, the ownership of the new Group moved away from a 50:50 ownership structure described in Section A.3 to one where Stephen Cremona acquired an 83.5% effective controlling interest in the new Group. This change in ownership enabled the group to change tack and pursue significantly different operational and investment strategies. The new ownership structure is in the process of upgrading and extending the existing operational assets. The new owners are undertaking the following investments which will radically transform the operating business model:

-)] An additional 12 hotel rooms (completed)
-)] Refurbishment and upgrade of existing hotel rooms (completed)
-)] The opening of a new cafeteria aimed at the significant level of passing trade (completed)
-)] Refurbishment of restaurant (completed)
-)] Broadening of restaurant concept to appeal to a broader target client base (completed)
-)] Refurbishment of pizzeria (completed)
-)] Opening of new upgraded lido (targeted 2019)
-)] Opening of gelateria (targeted 2019)
-)] Opening of spa (targeted 2019)

In the build up to the change in ownership which took place in Q2 2018, management began implementing the above plan in Q1 2018. To this end the restaurant operation was closed for the first seven months of 2018 whilst the hotel was closed between December 2018 and March 2018. Notwithstanding not operating at full capacity for the entire period, management reports turnover of €1.3 million for the 7 month period between April and October 2018 (source: unaudited management accounts of Gillieru Harbour Hotel Ltd and Gillieru Restaurant Ltd). This level of turnover exceeded the total turnover reported in calendar year 2017, when the establishment was fully operational.

Management believes that the new operational model being adopted by the new owners, resulting in the maximum exploitation of the Gillieru property potential, will lend itself to a significant increase in turnover and a material improvement in the profitability of operations, as reflected in year to date 2018 revenue and as better detailed in the financial projections.

As explained in section 7 of the Admission document, Mr. Stephen Cremona holds a 83.5% controlling interest in the new ownership structure whereas he only held a 33% minority interest in the previous ownership and operating structure. In view of the materially different ultimate beneficial ownership structure and the fundamentally different business models, no commentary is being made on the historical results which report the below Consolidated Key Performance Indicators. The management's opinion is that the past performance is not reflective of potential future performance for the reasons as explained in this section of the Corporate Admission Document:

(€'000)	2015	2016	2017
Turnover	1,141	1,191	1,309
EBITDA	138	58	115
EBIT	39	-42	5
Profit / (Loss) After Tax for the year	14	107	-40

Source: Combined Results of Audited Financial Statements of Gillieru Limited, Gillieru Harbour Hotel Limited, Gillieru Restaurant Limited for the years ended 31st December 2015, 2016 and 2017. These audited financial statements are available for inspection at the registered office of the Issuer.

12 FINANCIAL INFORMATION

12.1 Financial information of the Issuer

The Issuer was registered and incorporated on the 14th June 2018. As at the date of this Admission Document, the Issuer has essentially no trading record. Since incorporation to the date of this Document, no financial statements have been prepared in respect of the Issuer. There has not been any significant change in the financial or trading position of the Issuer, which has occurred since the Company's date of incorporation up until the date of this Admission Document.

12.2 Profit Forecasts and Estimates

12.2.1 Forecast Income Statement - Issuer

Gillieru Investments plc income statement for the years ending 30 June

€'000	FY19	FY20	FY21
Revenue	734	894	1,006
Operating costs	(60)	(60)	(60)
EBIT	674	834	946
Finance costs	(238)	(238)	(238)
Profit before tax	436	596	708
Tax for the year	(170)	(225)	(264)
Profit after tax	266	371	444

Source: Management information

The Issuer's income consists of dividends and interest receivable from Group companies. Income is expected at €734k and to increase by 22% in FY20 and 13% in FY21 as a result of the increased dividends receivable from Group companies following an improvement in their profitability. Operating costs consist primarily of Directors' fees and audit fees. Finance costs relate to the 4.75% interest on the Bond Issue. Management forecasts a net profit of €266k for the first year of operations, to increase by 39% in FY20 and 20% in FY21 as a result of the improved Group's profitability.

12.2.2 Forecast Balance Sheet - Issuer

Gillieru Investments plc statement of financial position as at

€'000	30 Jun 19	30 Jun 20	30 Jun 21
Assets			
<u>Non-current assets</u>			
Investment in subsidiary	6,717	6,717	6,717
Receivables from subsidiaries	750	750	750
	7,467	7,467	7,467
<u>Current assets</u>			
Cash and cash equivalents	176	557	1,011
Prepaid expenditure	90	80	70
	266	637	1,081
Total assets	7,733	8,104	8,548

Equity and Liabilities

Equity

Share capital	200	200	200
Other equity	2,267	2,267	2,267
Retained earnings	266	637	1,081
Total equity	2,733	3,104	3,548

Liabilities

Non-current liabilities

Bond	5,000	5,000	5,000
Total liabilities	5,000	5,000	5,000
Total equity and liabilities	7,733	8,104	8,548

Source: Management information

Total Assets in FY19 are expected to comprise primarily €6.7 million of investment in subsidiary (Gillieru Holdings Limited), €750k of receivables from subsidiaries and €176k of Bank and Cash Balances. Total assets are expected to remain stable throughout the forecast period except for an increase in Cash and Cash Equivalents as a result of the receipt of dividends and interest from Group companies.

The investment in subsidiary consists of the investment in Gillieru Holdings Limited, representing the Issuer's investment in 83.55% of the subsidiary's share capital.

Liabilities consist of the €5 million Bond Issue. Equity is forecast at €2.7 million as at the end of the first year of operations and is expected to increase to €3.5 million by FY21 as a result of the increase in retained earnings.

12.2.3 Forecast Cash Flow Statement - Issuer

Gillieru Investments plc statement of cash flows for the years ending

€'000	FY19	FY20	FY21
<u>Cash flows from operating activities</u>			
EBIT	674	834	946
Depreciation and amortisation	10	10	10
Tax paid	(170)	(225)	(264)
Net cash generated from operating activities	514	619	692
<u>Cash flows from investing activities</u>			
Advances to subsidiaries	(750)	-	-
Investment in subsidiaries	(6,717)	-	-
Net cash used in investing activities	(7,467)	-	-
<u>Cash flow (used in)/from financing activities</u>			
Issue of share capital	200	-	-
Advances from shareholders	2,267	-	-
Bond proceeds	5,000	-	-
Bond issue costs	(100)	-	-
Payment of interest to bondholders	(238)	(238)	(238)
Net cash (used in)/generated from financing activities	7,129	(238)	(238)
Net movement in cash and cash equivalents	176	381	454
Cash and cash equivalents at the beginning of the year	-	176	557
Cash and cash equivalents at the end of the year	176	557	1,011

Source: Management information

Cash flows from operations are expected to be positive from FY19 and to increase within the forecast period as a result of the increase in EBIT.

Cash flows used in investing activities in FY19 reflect the investment in Gillieru Holdings of €6.7 million, which consist of the 83.55% investment in Gillieru Holdings Limited, and the advance to Group companies to finance the capital expenditure required for the general upgrading of the Hotel and Restaurant.

Financing activities include the €5 million bond issue, €200k share capital, €2.3 million advances from shareholders and an interest payment of €238k to bond holders. The projected total financing in FY19 is a net inflow of €7.1 million, decreasing to an outflow of €238k in FY20 and FY21, which reflects the interest due on the Bonds.

On a net basis, the Issuer's cash position is expected to remain positive throughout the forecast period, increasing from €176k in FY19 to €557k in FY20 and €1,011k in FY21.

12.3 Financial information of the Group

12.3.1 Forecast Income Statement - Group

Consolidated income statement for the years ending 30 June

€'000	FY19	FY20	FY21
Revenue	3,177	3,579	3,804
Cost of sales	(791)	(867)	(891)
Gross profit	2,386	2,712	2,913
Operating costs	(959)	(1,046)	(1,076)
Administrative expenses	(503)	(528)	(554)
EBIDTA	924	1,138	1,283
Depreciation and amortisation	(122)	(143)	(156)
EBIT	802	995	1,127
Finance costs	(280)	(280)	(280)
Profit before tax	522	715	847
Tax for the year	(193)	(261)	(307)
Profit after tax	329	454	540
Profit is attributable to:			
Owners of Gillieru Investments plc	267	372	443
Non-controlling interests	62	82	97
	329	454	540

Source: Management information

Turnover is generated from the hotel, restaurant and cafeteria operations. Turnover is expected to increase by 13% from €3.2 million in FY19, to €3.6 million in FY20 and by 6% to €3.8 million in FY21, driven by the positive outlook of the tourism industry in Malta and by expected higher room rates.

Direct costs are expected to increase at a slower rate to turnover, impacting margins positively, with the Gross Margin increasing from 75% in FY19 to 76% in FY20 and 77% in FY21. This is mainly a result of the new business model and business strategy to be implemented and of expected higher room rates.

EBITDA margin is also expected to increase from 29% in FY19 to 32% in FY20 and 34% in FY21. This is a result of the fixed nature of some of the administrative and operating costs.

Amortisation and Depreciation is expected to increase over the forecasted period as a result of ongoing capital expenditure growth.

Operating profit is expected to experience a similar upward trajectory, increasing the EBIT margin from 25% in FY19 to 28% in FY20 and to 30% in FY21.

Interest expenses are expected to reflect the coupon expenses related to the bond issue as well as a 4.75% interest on the minority holdings of Mr Cremona siblings.

Profit after tax is expected to be €329k in FY19, increasing to €454k in FY20 and €540k in FY21. Relatedly, the Net Margin for the company is expected to increase from 10% in FY19 to 13% in FY20 and 14% in FY21.

12.3.2 Forecast Balance Sheet - Group

Consolidated statement of financial position as at

€'000	30 Jun 19	30 Jun 20	30 Jun 21
Assets			
<u>Non-current assets</u>			
Property, plant and equipment	8,889	8,959	8,927
<u>Current assets</u>			
Inventories	50	50	50
Trade receivables	307	308	297
Prepaid expenditure	90	80	70
Cash and cash equivalents	626	951	1,414
	1,073	1,389	1,831
Total assets	9,962	10,348	10,758
Equity and Liabilities			
<u>Equity</u>			
Share capital	200	200	200
Other equity	2,267	2,267	2,267
Retained earnings	266	638	1,081
Capital and reserves attributable to owners of Gillieru Investments plc	2,733	3,105	3,548
Non-controlling interest	1,323	1,323	1,323
Total equity	4,056	4,428	4,871
Liabilities			
<u>Non-current liabilities</u>			
Bond	5,000	5,000	5,000
Other borrowings	368	322	276
	5,368	5,322	5,276
<u>Current liabilities</u>			
Trade and other payables	492	552	565
Other borrowings	46	46	46
	538	598	611
Total liabilities	5,906	5,920	5,887
Total equity and liabilities	9,962	10,348	10,758

Source: Management information

Total Assets in FY19 are expected to comprise €8.9m in PP&E, and €1.1m in Current Assets, of which €307k in Trade Receivables and €626k in Bank and Cash Balances.

No assets are expected to be disposed during the projected period and management assumes to invest an amount of €724k in the first two years of operations and €124k per annum as maintenance capital expenditure thereafter. Property plant and equipment will accordingly increase in the first two years and then reduce in line with depreciation charged under the straight line method.

Current Assets are expected to increase to €1.4 million in FY20 and €1.8 million in FY21 mainly as a result of a build-up of cash positions.

Total Liabilities are expected to be €5.9 million in FY19, of which €5.4 million Non-current Liabilities and €0.5 million Current Liabilities. Total Liabilities are expected to remain quite stable in FY20 and FY21, mainly as a result of the repayment of other borrowings compensated by the increase in trade payables due to the increased operations.

The Equity level in FY19 is expected to be €4.0 million, increasing to €4.4 million in FY20 and €4.8 million in FY21, as profits are retained in the business.

Non-controlling interest represents 16.45% shareholding of Mr Cremona's siblings in the business.

12.3.3 Forecast Cash flow statement - Group

Consolidated statement of cash flows for the years ending 30 June

€'000	FY19	FY20	FY21
<u>Cash flows from operating activities</u>			
EBIT	802	995	1,127
Depreciation	122	143	156
Amortisation	10	10	10
<u>Working capital adjustments</u>			
Changes in inventories	(50)	-	-
Changes in receivables	(307)	(2)	12
Changes in payables	491	61	12
Operating cash flow	1,068	1,207	1,317
Tax paid	(193)	(261)	(307)
Net cash generated from operating activities	875	946	1,010
<u>Cash flows used in investing activities</u>			
Payments to acquire property, plant and equipment	(8,500)	-	-
Recurring capital expenditure	(511)	(213)	(124)
Net cash (used in)/generated from investing activities	(9,011)	(213)	(124)
<u>Cash flow (used in)/from financing activities</u>			
Issue of share capital	200	-	-
Advances from majority interest shareholders	2,267	-	-
Advances from minority interest shareholders	1,323	-	-
Receipt/(payment) of other borrowings	414	(46)	(46)
Bond proceeds	5,000	-	-
Bond issue costs	(100)		
Payment of interest to bondholders	(238)	(238)	(238)
Payment of interest to minority shareholders	(42)	(42)	(42)
Financing cash flow	8,824	(326)	(326)
Dividend paid to minority shareholders	(62)	(82)	(97)
Net cash (used in)/generated from financing activities	8,762	(408)	(423)
Net movement in cash and cash equivalents	626	325	463
Cash and cash equivalents at the beginning of the year	-	626	951
Cash and cash equivalents at the end of the year	626	951	1,414

Source: Management information

Cash flows from operations are expected to be positive from FY19 and to increase within the forecast period as a result of the increase of EBITDA.

Cash flows used in investing activities in FY19 and FY20 reflect the acquisition of the Property of €8.5m and the capital expenditure required for the general upgrading of the Hotel and Restaurant.

Financing activities include the €5 million Bond issue, €200k share capital, €3.6 million other equity being an injection from shareholders and €414k from the transfer of bank borrowings from Gillieru Limited to the Group. The projected total financing in FY19 is a net inflow of €8.8 million, decreasing to an outflow of €326k in FY20 and FY21 which reflects the interest due on the loans, the principal repayments as well as the payments to the minority shareholders.

On a net basis, the Group's cash position is expected to remain positive throughout the forecast period, increasing from €0.6 million in FY19 to €0.95 million in FY20 and €1.4 million in FY21.

13 MANAGEMENT AND ADMINISTRATION

13.1 The Issuer

13.1.1 The Board of Directors of the Issuer

The Memorandum of Association of the Issuer provides that the business and affairs of the Issuer shall be managed and administered by a board of directors to be composed of not less than three (3) and not more than seven (7) directors which, subject to the provisions of the Memorandum and Articles, shall be appointed by ordinary resolution of the Company in general meeting.

The Issuer is currently managed by a Board of five (5) Directors, who are responsible for the overall direction and management of the Company. The Board currently consists of two (2) executive Directors, who are entrusted with the Company's day-to-day management, and three (3) non-executive Directors, two of which are also independent of the Issuer, and whose main functions are to monitor the operations of the executive Directors and their performance, as well as to review any proposals tabled by the executive Directors.

As at the date of this Document, the Board of the Issuer is composed of the individuals listed in section 7.1 of this Document.

None of the Directors have been:

- ☐ convicted in relation to fraud or fraudulent conduct;
- ☐ made bankrupt or associated with any liquidation or insolvency caused by action of creditors;
- ☐ the subject of any official public incrimination or sanction by any statutory or regulatory authority; or
- ☐ disqualified by a court from acting as director or manager.

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

13.1.2 Directors' service contracts

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

13.1.3 Conflicts of Interest

In addition to being a director of the Issuer, Mr Cremona is also a director of all other companies within the Group and, effectively, the ultimate beneficial owner of the Group.

In light of the foregoing, Mr Cremona is susceptible to conflicts between the potentially diverging interests of the Issuer and the other companies forming part of the Group, as the case may be, and any of such other companies in transactions entered into, or proposed to be entered into, between them.

Indeed, in view of the lender-borrower relationship which may arise between the Issuer and companies forming part of the Group, there may be situations that could give rise to conflicts between the potentially diverging interests of the members of the Group. In these situations, Mr Cremona shall act in accordance with the majority decision of those directors who would not have a conflict in the situation and in line with the advice of outside legal counsel.

The Audit Committee, established at the level of the Issuer, has the task of ensuring that any potential conflicts of interest that may arise at any moment pursuant to these different roles are handled in the best interest of the Issuer and the Group, as well as according to law. The fact that the Audit Committee is constituted in its majority by independent non-executive directors provides an effective measure to ensure that transactions vetted by the Audit Committee are determined on an arms-length basis.

Additionally, the Audit Committee has, pursuant to the relative terms of reference, been granted express powers to be given access to the financial position of the Issuer and all other entities comprising the Group on a quarterly basis.

To this effect, the Issuer and all other entities comprising the Group are to submit to the Audit Committee bi-annual accounts, as well as at least quarterly comparisons of actuals against projections.

13.1.4 Loans to Directors

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

Removal of Directors

A director may be removed before the expiration of his period of office by a resolution taken at a general meeting of the Company and passed by a member or members having the right to attend and vote, holding in the aggregate shares entitling the holder/s thereof to more than fifty per cent (50%) of the voting rights attached to shares represented and entitled to vote at the meeting.

Powers of Directors

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

13.1.5 Aggregate emoluments of the Issuer's Directors

Pursuant to the Issuer's Articles of Association, the maximum annual aggregate emoluments that may be paid to the directors are approved by the shareholders in general meeting.

The remuneration of directors shall be deemed to accrue from day to day. The directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the directors or any committee of the directors or general meetings of the Issuer or in connection with the business of the Issuer.

For the current financial year ending on 30 June 2019 it is expected that the Issuer will pay an aggregate of €20,000 to its directors. Other directors' costs for FY19 will be incurred on a Group level and expensed as part of payroll costs. Total emoluments payable to directors for FY19 are expected to amount to €75k.

13.1.6 Working Capital

As at the date of this Admission Document, the Directors of the Issuer are of the opinion that the working capital available to the Issuer is sufficient for the attainment of its objects and the carrying out of its business for the next twelve (12) months of operations.

14 MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

14.1 Major shareholders of the Issuer

The Issuer's current authorised share capital is €47,000 divided into 47,000 ordinary shares of €1 each. The Issuer's issued share capital is €47,000 divided into 47,000 ordinary shares of €1 each, all fully paid up and held as follows:

<i>Name of Shareholder</i>	<i>Number of Ordinary shares held</i>
Stephen Cremona Holdings Limited	46,999
Stephen Cremona	1

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

15 DIVIDEND POLICY

The Directors of the Issuer intend not to distribute to the shareholders of the Issuer any dividend up to (and including) the maturity of the Bond. The Issuer covenants not to amend the said dividend distribution policy throughout the term of the Bond Issue.

16 BOARD COMMITTEES

The Issuer has set up an audit committee as per the requirements of the Rules. The terms of reference of the Audit Committee (the “Committee”) of the Issuer consist of *inter alia* its support to the board of the Issuer in its responsibilities in dealing with issues of risk, control and governance, and associated assurance. The board of the Company has set formal terms of establishment and the terms of reference of the Audit Committee that establish its composition, role and function, the parameters of its remit, as well as the basis for the processes that it is required to comply with. The Audit Committee, which meets at least four (4) times a year, is a sub-committee of the board of the Issuer and is directly responsible and accountable to the board of the Issuer. The board of the Company has reserved the right to change the Committee’s terms of reference from time to time.

The Board has resolved to formally appoint the following three (3) individuals as the first members of the Audit Committee:

-)] Mr Alfred Grech – Chairman, independent, non-executive director
-)] Dr George Micallef – independent, non-executive director
-)] Mr Karl Cremona – non-executive director.

Karl Cremona occupies the position of Secretary of the Committee.

Briefly, the Committee is expected to deal with:

-)] its monitoring responsibility over the financial reporting processes, financial policies and internal control structures;
-)] maintaining communications on such matters between the board, management and the independent auditors at the level of the Issuer and the Group;
-)] facilitating the independence of the external audit process and addressing issues arising from the audit process; and
-)] preserving assets by understanding the risk environment in which the Issuer and the Group operate and determining how to deal with those risks.

Additionally, the Audit Committee has the role and function of considering and evaluating the arm’s length nature of any proposed transactions to be entered into in order to ensure that the execution of any such transaction is, indeed, at arm’s length and on a sound commercial basis and, ultimately, in the best interests of the Issuer and the Group. In this regard, the Audit Committee has the task of ensuring that any potential abuse which may arise is immediately identified and resolved.

The Audit Committee is entrusted with the review of the financial position of the Issuer and all other entities comprising the Group on a quarterly basis. To this effect, the Issuer and all other entities comprising the Group shall submit to the Audit Committee bi-annual accounts, as well as least quarterly comparisons of actuals against projections. The Audit Committee is composed of three members, being the three non-executive directors of the Issuer, two of which are independent, non-executive directors, who are appointed for a period of 3 years.

Mr Alfred Grech is the independent, non-executive director who is competent in accounting and/or auditing matters. The CV of the said Director may be found in section 7.1.

17 COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS

The Company supports the Rules in their entirety and the stipulations of the said Rules in relation to dealing restrictions.

The Issuer complies with the Code of Principles of Good Corporate Governance forming part of the Listing Rules of the Listing Authority (the “Code”) with the exceptions mentioned below, and is confident that the adoption of the Code shall result in positive effects accruing to it. The Issuer adopts measures in line with the Code of Principles with a view to ensure that the all transactions are carried out at arm’s length.

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

As required by the Act, the Issuer’s financial statements are to be subject to annual audit by the Issuer’s external auditors. Moreover, the non-executive Directors will have direct access to the external auditors of the Issuer who attend at Board meetings at which the Company’s financial statements are approved. In ensuring compliance with other statutory requirements and with continuing admission obligations, the Board is advised directly, as appropriate, by its appointed corporate advisor, legal advisor and the external auditors. Directors are entitled to seek independent professional advice at any time on any aspect of their duties and responsibilities, at the Issuer’s expense.

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

Principle 8: The Board of Directors considers that the size and operation of the Issuer does not warrant the setting up of nomination and remuneration committee. Also, the Issuer will not be incorporating a nomination committee. Appointments to the Board of Directors are determined by the shareholders of the Issuer in accordance with the company’s Memorandum and Articles of Association. The Issuer considers that the members of the Board possess the level of skill, knowledge and experience expected in terms of the Code.

18 THIRD PARTY INFORMATION, STATEMENTS BY EXPERTS AND DECLARATIONS OF ANY INTEREST

Save for the architect’s property valuation report annexed to this Admission Document and marked as Annex A, this Admission Document does not contain any statement or report attributed to any person as an expert.

The architect’s property valuation report dated 5th September 2018 has been included in Annex A of this Document in the form and context in which it appears with the authorisation of Perit Darren Sciberras of 106, Sunset Lodge, Triq San Nikola, Qrendi QRD 1212, Malta who has given and has not withdrawn his consent to the inclusion of said report herein. In terms of said property valuation report, the Property is valued at eight million, five hundred thousand Euro (€8,500,000).

The foregoing expert does not have any beneficial interest in the Issuer. The Issuer confirms that the said architect’s property valuation report has been accurately reproduced in this Admission Document and that there are no facts of which the Issuer is aware that have been omitted and which would render the reproduced information inaccurate or misleading.

19 ESSENTIAL INFORMATION CONCERNING THE BONDS

19.1 REASONS FOR THE ISSUE AND USE OF PROCEEDS

The proceeds from the Bond Issue, which net of Bond Issue expenses are expected to amount to approximately €4,900,000, will be used by the Issuer to provide financing to Gillieru Holdings Limited for the following purposes, in the following amounts and order of priority:

1. an amount of €4,250,000 shall be used to settle all amounts due in respect of the acquisition of the Property and the ancillary business from the original ownership structure (including interim bank facilities taken out to finance such acquisitions); and
2. an amount of €650,000 shall be used to part finance the general upgrading of the Property.

In the event that the Bond Issue is not fully subscribed but subject in all cases to the Minimum Amount of €3,500,000 being subscribed, the Issuer will proceed with the admission of the amount of Bonds subscribed for and the proceeds from the Bond Issue shall be applied in the manner and order of priority set out above. Any residual amounts required by the Issuer for the purposes of the uses specified above which shall not have been raised through the Bond Issue shall be financed from the Group's general cash flow and/or bank financing.

19.2 EXPENSES

Professional fees, and costs related to the admission to Prospects MTF, registrar fees, selling commission, and other miscellaneous expenses in connection with this Bond Issue are estimated not to exceed €100,000 and shall be borne by the Group. There is no particular order of priority with respect to such expenses.

19.3 ISSUE STATISTICS

Amount	€5,000,000;
Bond Issue Price	At par (€100 per Bond);
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 CSD;
Denomination	Euro (€);
ISIN	MT0002071208
Minimum amount per subscription:	Minimum of €2,000 and multiples of €100 thereafter;
Redemption date	30 th November 2028;
Plan of Distribution	The Bonds are available for subscription to all categories of investors. The Bonds have been conditionally placed by means of the placement agreement entered into between the Issuer and the Placement Agent and Manager, details of which can be found in section 19.3 of this Admission Document;
Status of the Bonds	The Bonds constitute the general, direct and unconditional obligations of the Issuer and shall be secured by means of the Collateral granted in terms of the Pledge Agreement. The Bonds shall at all times rank <i>pari passu</i> , without any priority or preference among themselves, but shall

	rank with priority or preference in relation to other unsecured debt of the Issuer, if any;
Placement Arrangement	The Issuer has entered into a conditional placement agreement with the Placement Agent and Manager, details of which can be found in Section 20.2 of this Admission Document;
Interest	4.75%;
Interest Payment Date	Annually on the 30 th November of each year with the first interest payment date being the 30 th November 2019;
Issue Period	the period between the 23 rd November 2018 until the 30 th November 2018 (or such earlier date as may be determined by the Issuer) during which the Bonds are available for subscription;
Governing law of the Bonds	The Bonds are governed by and shall be construed in accordance with Maltese law;
Jurisdiction	The Maltese Courts shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Bonds;
Underwriting	The Bond Issue is not underwritten. Should subscriptions for a total of at least €3,500,000 (the "Minimum Amount") not be received, no allotment of the Bonds shall be made, the Applications for Bonds shall be deemed not to have been accepted by the Issuer and all money received from Applicants for Bonds shall be refunded accordingly. In the event that the Minimum Amount is reached but the Bond Issue is still not fully subscribed, the Issuer will proceed with the allotment of the amount of Bonds subscribed.

20 INFORMATION CONCERNING THE BONDS

Each Bond shall be issued on the terms and conditions set out in this Document 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.

20.1 General

- 20.1.1** Each Bond forms part of a duly authorised issue of 4.75% secured bonds 2028 of a nominal value of €100 per Bond issued by the Issuer at par up to the principal amount of €5,000,000 (except as otherwise provided under section 20.17 "Further Issues" below).
- 20.1.2** The currency of the Bonds is Euro (€).
- 20.1.3** Subject to admission to trading of the Bonds to the Prospects MTF List of the MSE, the Bonds are expected to be assigned the following ISIN: MT0002071208 .
- 20.1.4** All outstanding Bonds not previously purchased and cancelled shall be redeemed by the Issuer at par (together with accrued interest to the date fixed for redemption) on the Redemption Date.
- 20.1.5** The issue of the Bonds is made in accordance with the requirements of the Prospects MTF Rules.

- 20.1.6** The Issue Period of the Bonds is between Friday 23rd November 2018 and Friday 30th November 2018, both days included.
- 20.1.7** There are no special rights attached to the Bonds other than the right of the Bondholders to payment of capital and interest (as detailed below), the benefit of the Collateral through the Security Trustee (as detailed in section 20.7 below) and in accordance with the ranking specified in section 20.4 of this Admission Document.
- 20.1.8** The Bond Issue is not underwritten. Should subscriptions for a total of at least €3,500,000 (the “Minimum Amount”) not be received, no allotment of the Bonds shall be made, the Applications for Bonds shall be deemed not to have been accepted by the Issuer and all money received from Applicants for Bonds shall be refunded accordingly. In the event that the Minimum Amount is reached but the Bond Issue is still not fully subscribed, the Issuer will proceed with the allotment of the amount of Bonds subscribed.
- 20.1.9** The Bonds will not be listed on the Official List or the Alternative Companies list of the Malta Stock Exchange or on any other regulated market except for the Prospects MTF market.

20.2 Subscription

The Issuer has appointed Calamatta Cuschieri as Placement Agent and Manager for the purposes of this Bond Issue and interested investors may contact the Placement Agent and Manager for the purposes of subscribing to Bonds during the Issue Period. Applications for subscriptions to the Bonds will be processed at the discretion of the Placement Agent and Manager and the offer may close earlier than that indicated in the timetable in the event of over subscription.

The Bonds are open for subscription to all categories of investors, provided that the Placement Agent and Manager shall be required to carry out an Appropriateness Test in respect of each Applicant for the purpose of assessing such Applicant's level of knowledge and experience prior to investing in the Bonds. Applications shall not be accepted by the Placement Agent and Manager unless, based on the results of such Appropriateness Test, the Placement Agent and Manager is satisfied that an investment in the Bonds may be considered appropriate for the Applicant. To the extent that the Placement Agent and Manager is providing advice in respect of a purchase of the Bonds by an Applicant, the Placement Agent and Manager shall also be required to conduct a Suitability Test in respect of the Applicant and, based on the results of such test, be satisfied that an investment in the Bonds may be considered suitable for the Applicant.

The Bond Issue is not underwritten. Should subscriptions for a total of at least €3,500,000 (the “Minimum Amount”) not be received, no allotment of the Bonds shall be made, the Applications for Bonds shall be deemed not to have been accepted by the Issuer and all money received from Applicants for Bonds shall be refunded accordingly. In the event that the Minimum Amount is reached but the Bond Issue is still not fully subscribed, the Issuer will proceed with the allotment of the amount of Bonds subscribed.

The total amount of €5,000,000 of Bonds is being reserved for subscription by the Placement Agent and Manager participating in the Placement Offer. The Issuer shall enter into a conditional subscription agreement with the Placement Agent and Manager for the subscription of Bonds, whereby it will bind itself to allocate Bonds thereto up to the total amount of €5,000,000 as aforesaid.

In terms of the said subscription agreement entered into with the Placement Agent and Manager, the Issuer will be conditionally bound to issue, and the Placement Agent and Manager will be conditionally bound to subscribe to, up to the total amount of €5,000,000 of Bonds as indicated therein, each subject to the Minimum Amount of €3,500,000 being subscribed.

20.3 Plan of distribution and allotment & Allocation Policy

The Bonds shall be allocated to the Placement Agent and Manager pursuant to the subscription agreement, details of which are included in section 20.2 immediately above, without priority or preference and in accordance with the allocation policy as determined by the Issuer.

It is expected that an allotment letter will be dispatched to Applicants within five (5) Business Days of the announcement of the allocation policy. The registration advice and other documents and any monies returnable to Applicants may be retained pending clearance of the remittance, verification of identity and relevant risk assessment under customer acceptance and internal control policies and procedures as required by the Prevention of Money Laundering and Funding of Terrorism Regulations, made under the Prevention of Money Laundering Act (Chapter 373 of the laws of Malta). 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.

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

20.4 Ranking of the Bonds

The Bonds, as and when issued and allotted, shall constitute the general, direct and unconditional obligations of the Issuer and shall be secured by means of the Collateral granted in terms of the Pledge Agreement. The Bonds shall at all times rank *pari passu*, without any priority or preference among themselves. The Bonds shall rank with priority in relation to other unsecured debt of the Issuer, if any.

Pursuant to the Pledge Agreement and the Security Trust Deed, the Issuer has agreed to constitute in favour of the Security Trustee for the benefit of Bondholders as primary beneficiaries, security over the Collateral and to appoint the Security Trustee to hold and administer the Collateral under trust. The Collateral will secure the claim of the Security Trustee, for the benefit and in the interest of Bondholders, for the repayment of the principal and interest under the Bonds.

Accordingly, following the issue of the Bonds and application of the proceeds as set out above, the Security Trustee for the benefit of Bondholders will have the benefit of security over the Collateral.

Immediately following the date of issuance of the Bonds, the bank facilities set out below shall be repaid in full with the resulting effect that all securities burdening the Property up to the date of this Admission Document shall be released by the respective banks and the Property shall, thereafter, be free and unencumbered.

In virtue of a sanction letter dated 5th June 2018 and as amended on 13th June 2018, a secured facility amounting to €2,500,000 was granted by Bank of Valletta plc to Mr Stephen and Mrs Maria Concetta Cremona for the purpose of the acquisition of such part of the Group companies previously held by Mr Stephen Cremona's cousins and costs ancillary to the acquisition (hereinafter "BOV Facility 1"). BOV Facility 1 is secured by a number of securities and guarantees taken out by the bank over the Property, all of which shall be released by the bank upon settlement of the amount of €2,500,000 which remains outstanding at the date of this Admission Document and which will be repaid in full immediately following the issue of the Bonds.

In virtue of a Loan Facility Agreement dated 28th January 2014, a secured and guaranteed facility amounting to €500,000 was granted by Bank of Valletta plc to Gillieru Limited for the purpose of carrying out refurbishment works to the Property (hereinafter "BOV Facility 2"). BOV Facility 2 is secured by a number of securities and guarantees taken out by the bank over the Property, all of which shall be released by the bank upon settlement of the amount of €130,000 which remains outstanding at the date of this Admission Document and which will be repaid in full immediately following the issue of the Bonds.

As at the date of this Admission Document, the Property is also burdened by hypothecary security granted in favour of HSBC Bank Malta plc pursuant to an overdraft facility held in the name of Group operating companies, which security shall be released by the bank upon settlement of the amount of €131,000 which remains outstanding at the date of this Admission Document and which will be repaid in full immediately following the issue of the Bonds.

The bank borrowings and facilities set out above are secured by privileges and hypothecs, which will, however, in view of the commitment to settle said bank facilities, be released and accordingly the Property shall become free and unencumbered from any security.

Furthermore, in order to crystallise this position and to achieve the Security Trustee's intention of holding security over an asset which is free and unencumbered and ensure that the value of the security granted to Bondholders is not in any manner undermined, the Issuer, Josephine Gatt Holdings Limited, Anna Grech Holdings Limited and Gillieru Holdings Limited shall be irrevocably and unconditionally undertaking not to create or permit to subsist any privilege, hypothec, pledge, lien, charge or other encumbrance or real right which grants rights of preference to a creditor over the Property without the express prior written consent of the Security Trustee, as set out in section 20.7 of this Company Admission Document.

20.5 Negative pledge

The Issuer undertakes, for as long as any principal or interest under the Bonds or any of the Bonds remains outstanding, not to 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 its present or future assets or revenues to secure any Financial Indebtedness (as defined below) of the Issuer, unless at the same time or prior thereto the Issuer's indebtedness under the Bonds shares in and 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 Issuer;

"Permitted Security Interest" means: (A) any Security Interest arising by operation of law; (B) any Security Interest securing temporary bank loans or overdrafts or guarantees in the ordinary course of business; (C) any Security Interest securing any indebtedness of the Issuer created for the sole purpose of financing or raising finance for the redemption of all the Bonds; (D) any other Security Interest (in addition to (A), (B) and (C) above) securing Financial Indebtedness of the Issuer, in an aggregate outstanding amount not exceeding 80% of the difference between the value of the unencumbered assets of the Issuer and the aggregate principal amount of Bonds outstanding at the time.

Provided that the aggregate Security Interests referred to in (B), (C) and (D) above do not result in the unencumbered assets of the Issuer being less than the aggregate principal amount of the Bonds still outstanding together with one (1) year's interest thereon;

"unencumbered assets" means assets which are not subject to a Security Interest.

20.6 Limitation on debt

The Issuer will not, and will not permit any Group company to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively, “incur”) any debt; provided, however, that the Issuer and the Group companies may incur debt if:

- a) at the time of such incurrence the Interest Coverage Ratio² for the Group’s most recently ended four full fiscal quarters for which internal consolidated financial statements are available immediately preceding the incurrence of such debt, taken as one period, would have been at least 2.50x, determined on a pro forma basis after giving effect to the incurrence of such Debt and the application of the net proceeds therefrom; and
- b) Such debt would be incurred to finance any of the following:
 - a. The Group’s capital expenditure;
 - b. The Group’s working capital; and / or
 - c. The buy-out of the minority shareholders.

20.7 Security Trust

Security for the fulfilment of the Issuer’s obligations in terms of the Bond Issue is to be granted in favour of the Security Trustee for the benefit of Bondholders, by way, inter alia, of the granting of the Collateral, as described hereunder.

Specifically, the Issuer has agreed to grant the Collateral in favour of the Security Trustee for the benefit of Bondholders, as primary beneficiaries, in terms of the Pledge Agreement and the Security Trust Deed, and to appoint the Security Trustee to hold and administer the Collateral under trust. The Collateral will secure the claim of the Security Trustee, for the benefit and in the interest of Bondholders, for the repayment of the principal and interest under the Bonds. The initial Security Trustee is GVZH Trustees Limited.

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

The Issuer and Gillieru Holdings Limited will enter into a Security Trust Deed with the Security Trustee on Friday 30th November 2018, which consists of the covenants of the Issuer to pay the principal amount under the Bonds on the Redemption Date and interest thereon on each Interest Payment Date in terms of this Admission Document, and all other ancillary rights and benefits under the Security Trust Deed. The Collateral will be vested in the Security Trustee for the benefit of the Bondholders in proportion to their respective holding of Bonds.

The Security Trustee’s role includes holding of the Collateral for the benefit of the Bondholders and the enforcement of the said Collateral upon the happening of certain events. The Security Trustee shall have no payment obligations to Bondholders under the Bonds, which remain exclusively the obligations of the Issuer.

The Security Trustee shall hold the said property under trust in relation to a commercial transaction (as defined in the Trust and Trustees Act, Chapter 331 of the laws of Malta) and transactions connected or ancillary thereto. Furthermore, the Security Trustee shall hold the said property under a security trust as provided in Article 2095E of the Civil Code (Chapter 16 of the laws of Malta). A security shall be, therefore, constituted in the name of the Security Trustee in the manner provided for by applicable law of Malta for the benefit of the Bondholders and this for all amounts owing to the Bondholders by the Issuer in terms of this Admission Document, as may be amended from time to time, including all amounts of interest or charges due in terms thereof, in relation to the Bonds.

² Interest Coverage Ratio: calculated by dividing a company’s earnings before interest, taxes, depreciation and amortisation (EBITDA) during a given period by the company’s interest payments due within the same period.

In the event that the Issuer commits any of the Events of Default set out in section 20.15 below, including default of its obligations to repay any Bonds (together with interest and charges thereon) in terms of this Admission Document, the Security Trustee shall have the authority to enforce the Collateral.

The Security Trustee shall not be bound to take any steps to ascertain whether any Events of Default or other condition, event or circumstance has occurred or may occur. Until it shall have actual knowledge or express notice to the contrary, the Security Trustee shall be entitled to assume that no such Events of Default or condition, event or other circumstance has happened and that the Issuer is observing and performing all the obligations, conditions and provisions on its part pursuant to this Admission Document, the Pledge Agreement and the Security Trust Deed.

In the event that it is ascertained that any of the Events of Default has taken place, the Security Trustee may take one or more actions in accordance with Article 122 of the Act.

Without prejudice to other powers and discretions of the Security Trustee in terms of the Pledge Agreement and the Security Trust Deed, the Security Trustee shall have the discretion to enforce the Collateral on its own accord or upon receiving notice from the Bondholders that any of the Events of Default has occurred in accordance with the provisions of this Admission Document.

Following the Security Trustee's enforcement of the Collateral, the Security Trustee shall apply any available funds as follows:

- First to pay any sums due to the Security Trustee as trust administration costs or liabilities of the Security Trustee; and
- Secondly to pay the Bondholders any outstanding dues by the Issuer in terms of this Admission Document.

The property held under trust shall include:

- a pledge by the Issuer over all of its shares held in Gillieru Holdings Limited, from time to time, in virtue of the Pledge Agreement, in favour of the Security Trustee in its capacity as trustee of the Gillieru Security Trust pursuant to the terms of the Security Trust Deed; and
- a pledge over the proceeds from the Insurance Policy in favour of the Security Trustee in its capacity as trustee of the Gillieru Security Trust pursuant to the terms of the Security Trust Deed.

In terms of the Pledge Agreement (to be entered into as a public deed in the records of Notary James Grech on Friday 30th November) the Issuer, Josephine Gatt Holdings Limited, Anna Grech Holdings Limited and Gillieru Holdings Limited irrevocably and unconditionally undertook, for as long as any principal or interest under the Bonds or any of the Bonds remains outstanding, (i) not to transfer or assign in any manner and under any title at law the Property and/or (ii) not to create or permit to subsist any privilege, hypothec, pledge, lien, charge or other encumbrance or real right which grants rights of preference to a creditor over the Property, without the express prior written consent of the Security Trustee, and provided that, at the discretion of the Security Trustee in terms of the Security Trust Deed, alternative security is granted to the Security Trustee as security property, subject to an independent valuation report confirming that the value of the security being substituted and added to the rights constituting the Collateral is at least equal to the value of the Collateral to be removed as a security property at such date.

Pursuant to the aforesaid undertaking on the part of the Issuer, Josephine Gatt Holdings Limited, Anna Grech Holdings Limited and Gillieru Holdings Limited not to transfer, assign or in any manner encumber the Property, in terms of the Security Trust Deed and the Pledge Agreement the Security Trustee has committed to order searches in respect of Gillieru Holdings Limited (being the entity which owns the Property) at the Public Registry and in respect of the Property at the Land Registry on a monthly basis throughout the term of the Bond Issue.

In the event where the Security Trustee makes declarations of trust indicating additional property settled on trust, the Issuer shall make the necessary company announcement in accordance with the Prospects MTF Rules to that effect.

The Security Trustee shall have the discretion to postpone any sale of the assets held on trust if the best value reasonably achievable for the said assets on the open market for the time being would not be considered a fair value in the opinion of the Security Trustee or in the opinion of any advisor appointed by the Security Trustee for the valuation of the said assets.

No provision contained in this Admission Document, the Pledge Agreement and/or the Security Trust Deed, shall be construed as creating or otherwise acknowledging any obligation on the part of the Security Trustee in favour of the Bondholders for any payments that may fall due under the Bonds.

In terms of the Security Trust Deed, the Security Trust shall terminate in any of the following events, whichever is the earliest:

- upon the Issuer repaying all amounts outstanding to the Bondholders in terms of this Admission Document and upon the Security Trustee receiving confirmation in writing to this effect from the Issuer and/ or the MSE; or
- after one hundred and twenty-five (125) years from the date of the Security Trust Deed; or
- on such earlier date as the Security Trustee shall declare in writing to be the date on which the relative trust period shall end, provided that such action is in accordance with the terms of this Admission Document and the Pledge Agreement; or
- the property held in trust ceases to exist.

Every Bondholder shall be entitled to be entered in the Register of Bondholders and shall, thereupon, become a primary beneficiary under the Security Trust Deed. The beneficial interest of a primary beneficiary in terms of the Security Trust Deed shall terminate upon such time as a Bondholder is no longer registered in the Register of Bondholders maintained by the CSD, or upon the redemption of the principal amount of the Bonds and payment of all interests thereunder, as the case may be.

The Security Trustee shall, so far as is reasonable and within a reasonable time of receiving a request in writing to that effect, provide full and accurate information on the Security Trust Deed to beneficiaries of the Gillieru Security Trust.

20.8 Rights attached to the Bonds

There are no special rights attached to the Bonds other than the right of the Bondholders to:

-) the payment of interest;
-) the payment of capital;
-) the benefit of the Collateral through the Security Trustee, in accordance with the provisions of section 20.7 of this Document;
-) ranking with respect to other indebtedness of the Issuer in accordance with the provisions of section 20.4 of this Document;
-) attend, participate in and vote at meetings of Bondholders in accordance with the Terms and Conditions of the Bond Issue; and
-) enjoy all such other rights attached to the Bonds emanating from the Admission Document.

20.9 Interest

The Bonds shall bear interest from and including the 30th November 2018 at the rate of 4.75% per annum on the nominal value thereof, payable annually in arrears on each Interest Payment Date. The first interest payment shall be effected on the 30th November 2019 (covering the period 30th November 2018 to 30th November 2019). 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. Each Bond will cease to bear interest from and including its due date for redemption, unless payment of the principal in respect of the Bond is improperly withheld or refused or unless default is otherwise made in respect of payment, in any of which events interest shall continue to accrue at the rate specified above plus one per cent (1%), but in any event not in excess of the maximum rate of interest allowed by Maltese law. In terms of article 2156 of the Civil Code (Chapter 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.

20.10 Yield

For Bonds issued at the Bond Issue Price, the gross yield calculated on the basis of the Interest, the Bond Issue Price and the Redemption Value of the Bonds at Redemption Date is 4.75% per annum.

20.11 Form, Denomination and Title

- 20.11.1** Certificates will not be delivered to Bondholders in respect of the Bonds in virtue of the fact that the entitlement to Bonds will be represented in an uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at 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 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.
- 20.11.2** The CSD will issue, upon a request by a Bondholder, a statement of holdings to such Bondholder evidencing his/her/its entitlement to Bonds held in the register kept by the CSD.
- 20.11.3** Upon submission of an Application Form, Bondholders who do not have an online e-portfolio account 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 the Bonds held in the register kept by the CSD and registration advices evidencing movements in such register will be available through the said e-portfolio facility on <https://eportfolio.borzamalta.com.mt/>. Those Bondholders who opt not to avail themselves of this facility should indicate such on the Application Form. Further detail on the e-portfolio is found on <https://eportfolio.borzamalta.com.mt/Help>.
- 20.11.4** 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 a minimum of €2,000 per individual Bondholder. The Placement Agent and Manager may subscribe for Bonds for its own account or for the account of underlying customers, including retail customers.
- 20.11.5** 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" as per the relative stipulations of this Admission Document.

20.12 Pricing

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

20.13 Payments

- 20.13.1** Payment of the principal amount of a Bond 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 effected within seven

(7) days of the Redemption Date. The Issuer shall not be responsible for any 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.

- 20.13.2** 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.
- 20.13.3** 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 and held with any licensed bank in Malta. Such payment shall be effected within seven (7) days of the Interest Payment Date. The Issuer shall not be responsible for any loss or delay in transmission.
- 20.13.4** 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 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.
- 20.13.5** No commissions or expenses shall be charged by the Issuer to Bondholders in respect of payments made in terms of section 20.13. The Issuer shall not be liable for charges, expenses and commissions levied by parties other than the Issuer.

20.14 Redemption and purchase

- 20.14.1** Unless previously purchased and cancelled, the Issuer hereby irrevocably covenants in favour of each Bondholder that the Bonds will be redeemed at their nominal value (together with accrued interest up to the date fixed for redemption) on 30th November 2028. In such a case 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.
- 20.14.2** Subject to the provisions of this section 20.14, 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 so redeemed or re-purchased will be cancelled forthwith and may not be re-issued or re-sold.

20.15 Events of Default

Pursuant to the Security Trust Deed, the Security Trustee may in its absolute and unfettered discretion, and shall upon the request in writing of not less than 65% in value of the Bondholders qua primary beneficiaries, by notice in writing to the Issuer declare the Bonds to have become immediately due and repayable at their principal amount, together with any accrued interest, upon the happening of any of the following events ("Events of Default"):

-) If the Issuer shall fail to pay any interest on any Bond when due and such failure shall continue for thirty (30) days after written notice thereof shall have been given to the Issuer by any Bondholder and/or by the Security Trustee; and/or
-) If the Issuer shall fail to pay the principal amount of a Bond on the date fixed for its redemption and such failure shall continue for thirty (30) days after written notice thereof shall have been given to the Issuer by any Bondholder and/or by the Security Trustee; and/or
-) If 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 and/or by the Security Trustee; and/or
-) If the Issuer, Josephine Gatt Holdings Limited, Anna Grech Holdings Limited and/or Gillieru Holdings Limited commits a breach of any of the covenants or provisions contained in the Secured Trust Deed and/or the Pledge

Agreement, as applicable, to be observed and performed on their respective parts (including, specifically, the undertaking on their part not to transfer, assign or in any manner encumber the Property) and the said breach still subsists for thirty (30) days after having been notified by the Security Trustee (other than any covenant for the payment of interests or principal monies owing in respect of the Bonds); and/or

-) If 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 and/or of Gillieru Holdings Limited; and/or
-) If the Issuer stops or suspends payments (whether of principal or interest) with respect to all or any class of its debts or announces an intention to do so or ceases or threatens to cease to carry on its business or a substantial part of its business; and/or
-) If the Issuer is unable, or admits in writing its inability, to pay its debts as they fall due or otherwise becomes insolvent; and/or
-) If there shall have been entered against the Issuer and/or Gillieru Holdings Limited 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 one million Euro (€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; and/or
-) If any default occurs and continues for ninety (90) days under any contract or document relating to any Financial Indebtedness (as defined above) of the Issuer in excess of one million Euro (€1,000,000) or its equivalent at any time.

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

In the event that the Security Trustee becomes aware of the fact that an Event of Default has occurred or is likely to occur it shall **promptly in writing** notify the MSE, the Issuer, the Corporate Advisor and the Bondholders.

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

20.16 Transferability of the Bonds

20.16.1 The Bonds are freely transferable and, once admitted to the Prospects MTF List, shall be transferable only in whole (in multiples in €100) in accordance with the rules and regulations of the MSE applicable from time to time. If Bonds are transferred in part, the transferee thereof will not be registered as a Bondholder.

20.16.2 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. Provided always that if a Bond is transmitted in furtherance of this paragraph, a person will not be registered as a Bondholder unless such transmission is made in multiples of €100.

- 20.16.3** All transfers and transmissions are subject in all cases to any pledge (duly constituted) of the Bonds and to any applicable laws and regulations.
- 20.16.4** 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 person to whom the transfer / transmission has been made.
- 20.16.5** The Issuer will not register 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 or the due date for redemption.
- 20.16.6** The minimum subscription amount of €2,000 shall only apply during the Issue Period. No minimum holding requirement shall be applicable once the Bonds are admitted to listing on the Prospects MTF List and commence trading thereafter, subject to trading in multiples of €100.

20.17 Further Issues

The Issuer may, from time to time, without the consent of the Bondholders, create and issue further debentures, debenture stock, bonds, loan notes, or any other debt securities, either having the same terms and conditions as any outstanding debt securities of any series (including the Bonds) and so that such further issue shall be consolidated and form a single series with the outstanding debt securities of the relevant series (including the Bonds), or upon such terms as the Issuer may determine at the time of their issue.

20.18 Meetings of Bondholders

- 20.18.1** The Issuer may, through the Security Trustee, from time to time, call meetings of Bondholders for the purpose of consultation with Bondholders or for the purpose of any of the following: (i) considering and approving any matter affecting their interest, including the amendment, modification, waiver, abrogation or substitution of any of the Terms and Conditions of the Bonds and the rights of the Bondholders, whether or not those rights arise under the Admission Document; (ii) considering and approving the exchange or substitution of the Bonds by, or the conversion of the Bonds into, shares, debentures or other obligations or securities of the Issuer; and (iii) obtaining the consent of Bondholders on other matters which in terms of the Admission Document require the approval of a Bondholders' meeting in accordance with the below.
- 20.18.2** A meeting of Bondholders shall be called by the Directors by giving the Security Trustee and all Bondholders listed on the register of Bondholders as at a date being not more than thirty (30) days preceding the date scheduled for the meeting, not less than fourteen (14) days' notice in writing. Such notice shall set out the time, place and date set for the meeting and the matters to be discussed or decided thereat, including, if applicable, sufficient information on any amendment of the Document that is proposed to be voted upon at the meeting and seeking the approval of the Bondholders. Following a meeting of Bondholders held in accordance with the provisions contained hereunder, the Issuer shall, acting in accordance with the resolution(s) taken at the meeting, communicate to the Bondholders whether the necessary consent to the proposal made by the Issuer has been granted or withheld. Subject to having obtained the necessary approval by the Bondholders in accordance with the provisions of this section at a meeting called for that purpose as aforesaid, any such decision shall subsequently be given effect to by the Issuer.
- 20.18.3** The amendment of any of the Terms and Conditions of issue of the Bonds may only be made with the approval of Bondholders at a meeting called and held for that purpose in accordance with the terms hereof.

- 20.18.4** A meeting of Bondholders shall only validly and properly proceed to business if there is a quorum present at the commencement of the meeting. For this purpose at least two (2) Bondholders present, in person or by proxy, representing not less than 50% in nominal value of the Bonds then outstanding, shall constitute a quorum. If a quorum is not present within thirty (30) minutes from the time scheduled for the commencement of the meeting as indicated on the notice convening same, the meeting shall stand adjourned to a place, date and time as shall be communicated by the Directors to the Security Trustee and to Bondholders present at that meeting. The Issuer shall within two (2) days from the date of the original meeting publish by way of a company announcement the date, time and place where the adjourned meeting is to be held. An adjourned meeting shall be held not earlier than seven (7) days, and not later than fifteen (15) days, following the original meeting. At an adjourned meeting the number of Bondholders present at the commencement of the meeting, in person or by proxy, shall constitute a quorum; and only the matters specified in the notice calling the original meeting shall be placed on the agenda of, and shall be discussed at and decided upon during, the adjourned meeting.
- 20.18.5** Any person who in accordance with the Memorandum and Articles of Association of the Issuer is to chair the annual general meetings of shareholders shall also chair meetings of Bondholders.
- 20.18.6** Once a quorum is declared present by the chairman of the meeting, the meeting may then proceed to business and address the matters set out in the notice convening the meeting. In the event of decisions being required at the meeting the Directors or their representative shall present to the Bondholders the reasons why it is deemed necessary or desirable and appropriate that a particular decision is taken. The meeting shall allow reasonable and adequate time to Bondholders to present their views to the Issuer and the other Bondholders present at the meeting. The meeting shall then put the matter as proposed by the Issuer to a vote of Bondholders present at the time at which the vote is being taken, and any Bondholders taken into account for the purpose of constituting a quorum who are no longer present for the taking of the vote shall not be taken into account for the purpose of such vote.
- 20.18.7** The voting process shall be managed by the Issuer's company secretary under the supervision and scrutiny of the auditors of the Issuer and the Security Trustee.
- 20.18.8** The proposal placed before a meeting of Bondholders shall only be considered approved if at least sixty per cent (60%) in nominal value of the Bondholders present at the meeting at the time when the vote is being taken, in person or by proxy, shall have voted in favour of the proposal.
- 20.18.9** 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.

20.19 Authorizations and approvals

The Directors authorised the Bond Issue and the publication of the Admission Document pursuant to a board of directors' resolution passed on the 22nd October 2018.

20.20 Admission to trading

Application has been made to the Malta Stock Exchange for the Bonds being issued pursuant to the Admission Document to be traded on its Prospects MTF List. The Bonds are expected to be admitted to the Prospects MTF with

effect from Wednesday 5th December 2018 and trading is expected to commence on Thursday 6th December 2018. Dealing may commence prior to notification of the amount allotted being issued to Applicants.

20.21 Representations and warranties

20.21.1 The Issuer represents and warrants to Bondholders and to the Security Trustee for the benefit of Bondholders, that shall be entitled to rely on such representations and warranties, that:

- i. it is duly incorporated and validly existing under the laws of Malta and has the power to carry on its business as it is now being conducted and to hold its property and other assets under legal title;
- ii. it has the power to execute, deliver and perform its obligations under this Admission Document and that all necessary corporate, shareholder and other actions have been duly taken to authorise the execution, delivery and performance of the same, and further that no limitation on its power to borrow or guarantee shall be exceeded as a result of the Terms and Conditions or this Document; and
- iii. no litigation, arbitration or administrative proceedings are taking place, pending or, to the knowledge of the officers of the Issuer, threatened against the Issuer which could have a material adverse effect on the business, assets or financial condition of the Issuer.

20.21.2 This Admission Document contains all relevant material information with respect to the Issuer and all information contained in this Document is in every material respect true and accurate and not misleading, and there are no other facts in relation to the Issuer, its businesses and financial position, the omission of which would, in the context of issue of the Bonds, make any statement in this Admission Document misleading or inaccurate in any material respect.

20.22 Bonds held jointly

In respect of any Bonds held jointly by several persons (including husband and wife), the joint holders shall nominate one (1) of their number as their representative and his/her name will be entered in the register with such designation. The person whose name shall be inserted in the field entitled "Applicant" on the Application Form, or the first named in the register of Bondholders shall, for all intents and purposes, be deemed to be such nominated person by all those joint holders. Such person shall, for all intents and purposes, be deemed to be the registered holder of the Bond/s so held.

20.23 Bonds held subject to usufruct

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-a-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).

21 TERMS AND CONDITIONS OF THE BOND ISSUE

21.1 The issue and allotment of the Bonds is conditional upon the Bonds being admitted to the Prospects MTF List. In the event that the Bonds are not admitted to the Prospects MTF List any Application monies received by the Issuer will be returned without interest by direct credit into the Applicant's bank account indicated by the Applicant on the relative Application Form. If no such bank account number is provided, or in the event that

bank account details on the Application Form are incorrect or inaccurate, such returns will be made by means of a cheque mailed to the Applicant's address (or, in the case of joint Applications, the address of the first named Applicant) indicated in the Application Form.

- 21.2 It is the responsibility of investors wishing to apply for the Bonds to inform themselves as to the legal requirements of so applying, including any requirements relating to external transaction requirements in Malta and any exchange control in the countries of their nationality, residence or domicile.
- 21.3 The contract created by the Issuer's acceptance of an Application filed by a prospective bondholder shall be subject to all the terms and conditions set out in this Document and the Memorandum and Articles of Association of the Issuer.
- 21.4 Any person, whether natural or legal, shall be eligible to submit an Application and any one (1) person, whether directly or indirectly, should not submit more than one (1) Application Form. If an Application Form is signed on behalf of another party or on behalf of a corporation or corporate entity or association of persons, the person signing 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/or the Corporate Advisor, but it shall not be the duty or responsibility of the Corporate Advisor or Issuer to ascertain that such representative is duly authorised to appear on the Application Form and bind the Applicant.
- 21.5 In the case of joint Applications, 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.
- 21.6 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 accompanied by a Public Registry birth certificate of the minor in whose name and for whose benefit the Application Form 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 eighteen (18) years, following which all interest and redemption monies shall be paid directly to the registered holder, provided that the Issuer has been duly notified in writing of the fact that the minor has attained the age of eighteen (18) years.
- 21.7 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.
- 21.8 No person receiving a copy of the Document 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.
- 21.9 It is the responsibility of any person outside Malta wishing to make any Application to satisfy himself/herself/itself 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.
- 21.10 Subject to all other terms and conditions set out in the Document, the Issuer reserves the right to reject, in whole or in part, or to scale down, any Application, including multiple or suspected multiple applications, 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 is not properly completed in all respects in accordance with the instructions or is not accompanied by the required documents. Only original Application Forms will be accepted and photocopies/facsimile copies will not be accepted. In the case of joint Applications, reference to the

Applicant in these Terms and Conditions is a reference to each Applicant, and liability therefor is joint and several.

- 21.11 Save where the context requires otherwise or where otherwise defined therein, terms defined in this Document bear the same meaning when used in these Terms and Conditions, in the Application Forms, in any of the Annexes and in any other document issued pursuant to this Admission Document.
- 21.12 The Issuer has not sought assessment of the Bonds by any independent credit rating agency.
- 21.13 Subject to all other terms and conditions set out in the Document, the Issuer reserves the right to revoke the Issue at any time before the closing of the Issue Period. The circumstances in which such revocation might occur are expected to be exceptional, for example where a significant change in market conditions occurs.
- 21.14 The Bonds will be issued in multiples of €100. The minimum subscription amount of Bonds that can be subscribed for by all Applicants is €2,000.
- 21.15 The completed Application Forms are to be lodged with the Placement Agent and Manager. The Placement Agent and Manager shall, prior to accepting an Application, conduct an Appropriateness Test in respect of the Applicant and, based on the results of such test, be satisfied that an investment in the Bonds may be considered appropriate for the Applicant. To the extent that the authorized financial intermediary is providing advice in respect of a purchase of the Bonds by an Applicant, the authorized financial intermediary shall also be required to conduct a Suitability Test in respect of the Applicant and, based on the results of such test, be satisfied that an investment in the Bonds may be considered suitable for the Applicant.

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

For the purpose of this Admission Document, the term “Suitability Test” means the process through which a licensed financial intermediary providing investment advice or portfolio management services in relation to the subscription for and trading of Bonds obtains such information from the Applicant or prospective transferee as is necessary to enable the licensed financial intermediary to recommend to or, in the case of portfolio management, to effect for, the Applicant or prospective transferee, the investment service and trading in Bonds that are considered suitable for him/her, in accordance with Part BI of the ISR. The information obtained pursuant to this test must be such as to enable the licensed financial intermediary to understand the essential facts about the Applicant or prospective transferee and to have a reasonable basis for believing, giving due consideration to the nature and extent of the service provided, that the specific transaction to be recommended, or to be entered into in the course of providing a portfolio management service, satisfies the following criteria:

-)] it meets the investment objectives of the Applicant or prospective transferee in question;
-)] it is such that the Applicant or prospective transferee is able financially to bear any related investment risks consistent with investment objectives of such Applicant or prospective transferee; and
-)] it is such that the Applicant or prospective transferee has the necessary experience and knowledge in order to understand the risks involved in the transaction or in the management of his portfolio.

- 21.16 For the purposes of the Prevention of Money Laundering and Funding of Terrorism Regulations, made under the Prevention of Money Laundering Act (Chapter 373 of the Laws of Malta), as amended from time to time, all appointed authorised financial intermediaries are under a duty to communicate to the CSD, all information including customer due diligence data about clients as is required under the Implementing Procedures issued by the Financial Intelligence and Analysis Unit in view of its placing of reliance on the said intermediaries under the said Regulations and Articles 1.2(d) and 2.4 of the “Code of Conduct for Members of the Malta Stock Exchange” appended as Appendix IV to Chapter 3 of the Malta Stock Exchange Bye-Laws, irrespective of whether the said appointed authorised financial intermediaries are Malta Stock Exchange Members or not. Such information shall be held and controlled by the Malta Stock Exchange in terms of the Data Protection Act (Chapter 440 of the laws of Malta) for the purposes and within the terms of the Malta Stock Exchange Data Protection Policy as published from time to time.
- 21.17 Applications in the name of a corporation or corporate entity or association of persons need to include a valid Legal Entity Identifier (“LEI”) in the space provided on the Application Form. Failure to include a valid LEI code will result in the Application being cancelled by the Issuer acting through the Placement Agent and Manager and subscription monies will be returned to the Applicant in accordance with sub-section 21.18 below.
- 21.18 In the event that an Applicant fails to submit full information and/or documentation required with respect to an Application, the Applicant shall receive a full refund, without interest, by direct credit transfer to such account indicated in the Application Form at any time before the Bonds are admitted to listing on the Prospects MTF List. The Issuer shall not be responsible for any charges, loss or delay arising in connection with such credit transfer.
- 21.19 By completing and delivering an Application Form, the Applicant:
- J agrees and acknowledges to have had the opportunity to read the Admission Document and to be deemed to have had notice of all information and representations concerning the Issuer and the issue of the Bonds contained therein;
 - J warrants that the information submitted by the Applicant in the Application Form is true and correct in all respects and in the case where an MSE account number is indicated in the Application Form, 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 the Application Form 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;
 - J authorises the Placement Agent and Manager and the Directors of the Issuer to include his/her/its name or, in the case of joint Applications the first named Applicant, in the register of debentures of the Issuer in respect of the Bonds allocated to such Applicant and further authorises the Issuer and the MSE to process the personal data that the Applicant provides in the Application Form, for all purposes necessary and subsequent to the Bond Issue applied for, in accordance with the Data Protection Act (Chapter 440 of the laws of Malta). The Applicant has the right to request access to and rectification of the personal data relating to him/her/it as processed by the Issuer and/or the MSE. Any such requests must be made in writing and sent to the Issuer at the address indicated in the Admission Document. The requests must further be signed by the Applicant to whom the personal data relates;
 - J 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 Admission Document and, accordingly, agree/s that no person responsible solely or jointly for the Document or any part thereof will have any liability for any such other information or representation;
 - J agrees that the registration advice and other documents and any monies returnable to the Applicant may be retained pending clearance of remittance, verification of identity and relevant risk assessment under customer acceptance and internal control policies and procedures as required by the Prevention of Money Laundering and Funding of Terrorism Regulations, made under 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;

- J agrees to provide the Placement Agent and Manager and/or the Issuer, as the case may be, with any information which it/they may request in connection with the Application;
- J 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/its Application in any territory, and that the Applicant has not taken any action which will or may result in the Issuer or the Corporate Advisor acting in breach of the regulatory or legal requirements of any territory in connection with the issue of the Bonds or his/her/its Application;
- J warrants that all applicable exchange control or other such regulations (including those relating to external transactions) have been duly and fully complied with;
- J 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) and that he/she/it is not accepting the invitation set out in the Admission Document 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;
- J agrees that all documents in connection with the issue of the Bonds and any returned monies, including refunds of all unapplied Application monies, if any, will be sent at the Applicant's own risk and may be sent, in the case of documents, by post at the address (or, in the case of joint Applications, the address of the first named Applicant) as set out in the Application Form and in the case of monies by direct credit into the Applicant's bank account as indicated by the Applicant on the Application Form;
- J 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;
- J irrevocably offers to purchase the number of Bonds specified in his/her/its Application Form (or any smaller number for which the Application is accepted) at the Bond Issue Price subject to the Admission Document, the terms and conditions thereof and the Memorandum and Articles of Association of the Issuer;
- J warrants that his/her/its remittance will be honoured on first presentation and agrees that if such remittance is not so honoured he/she/it will not be entitled to receive a registration advice, or to be registered in the register of debentures or to enjoy or receive any rights in respect of such Bonds unless and until payment in cleared funds for such Bonds is received and accepted by the Issuer and/or the Corporate Advisor (which acceptance shall be made in the absolute discretion of the Issuer and/or the Corporate Advisor and may be on the basis that the Issuer and/or the Corporate Advisor is indemnified against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of such remittance to be honoured on first presentation) and that, at any time prior to unconditional acceptance by the Issuer and/or the Corporate Advisor of such late payment in respect of such Bonds, the Issuer and/or the Corporate Advisor may (without prejudice to other rights) treat the agreement to allocate such Bonds as void and may allocate such Bonds to some other person, in which case the Applicant will not be entitled to any refund or payment in respect of such Bonds (other than return of such late payment);
- J agrees that all Applications, acceptances of applications and contracts resulting therefrom will be governed by, and construed in accordance with, Maltese law and that he/she/it submits to the exclusive jurisdiction of the Maltese Courts and agrees that nothing shall limit the right of the Issuer to bring any action, suit or proceeding arising out of or in connection with any such Applications, acceptances of applications and contracts in any other manner permitted by law in any court of competent jurisdiction;
- J warrants that if he/she signs the Application Form on behalf of another party or on behalf of a corporation or corporate entity or association of persons, he/she has due authority to do so and such person, corporation, corporate entity or association of persons will also be bound accordingly, and will be deemed also to have given the confirmations, warranties and undertakings contained in these Terms and Conditions;
- J warrants that he/she is not under the age of eighteen (18) years or if he/she is lodging an Application in the name and for the benefit of a minor, warrants that he/she is the parent/s or legal guardian/s of the minor;
- J confirms that, in the case of a joint Application entered into in joint names, the first named Applicant shall be deemed the holder of the Bonds; and
- J agrees that, in all cases, any refund of unallocated Application monies, if any, will be sent to the Applicant by direct credit into the Applicant's bank account as indicated by the Applicant on the Application Form. No interest shall be due on refunds. The Issuer shall not be responsible for any changes, loss or delay in transmission. If no such bank account number is provided, or in the event that bank account details on the Application Form are

incorrect or inaccurate, such refund will be made by means of a cheque mailed to the Applicant's address (or, in the case of joint Applications, the address of the first named Applicant) indicated in the Application Form.

22 TAXATION

22.1 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 disposal, as well as any income/gains derived therefrom or made on their disposal. The following is a summary of the anticipated tax treatment applicable to the Bonds and to Bondholders in so far as taxation in Malta is concerned. This information does not constitute legal or tax advice and does not purport to be exhaustive.

The information below is based on an interpretation of tax law and practice relative to the applicable legislation, as known to the Issuer at the date of the Admission Document, 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.

22.2 Malta Tax on Interest

Since interest is payable in respect of a Bond which is the subject of a public issue, 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 41(c) of the Income Tax Act (Chapter 123 of the laws of Malta), interest shall be paid to such person net of a final withholding tax, currently at the rate of 15% of the gross amount of the interest, pursuant to article 33 of the said Income Tax Act. Interest payments made to Prescribed Funds will be subject to a final withholding tax at the rate of 10%. Bondholders who do not fall within the definition of a "recipient" do not qualify for the said rate and should seek advice on the taxation of such income as special rules may apply. For the purpose of the above, a "recipient" is generally a person who is resident in Malta during the year in which investment income is payable to him or other persons or entities acting on behalf of such resident person or a trustee or foundation pursuant to or by virtue of which any money or other property whatsoever shall be paid or applied to or for the benefit of such resident persons.

This withholding tax is considered as a final tax and a Maltese resident individual Bondholder may not declare the interest so received in his income tax return. No person shall be charged to further tax in respect of such income.

In the case of a valid election made by an eligible Bondholder resident in Malta to receive the interest due without the deduction of final tax, interest will be paid gross and such person will be obliged to declare the interest so received in his income tax return and be subject to tax on it at the progressive rate/s applicable to that person at that time. Additionally, in this latter case the Issuer will advise the Inland Revenue on an annual basis in respect of all interest paid gross and of the identity of all such recipients unless the beneficiary does not qualify as a "recipient" in terms of article 41(c) of the Income Tax Act. Any such election made by a resident Bondholder at the time of subscription may be subsequently changed by giving notice in writing to the Issuer. Such election or revocation will be effective within the time limit set out in the Income Tax Act.

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

22.3 Foreign Account Tax Compliance Act

The United States has enacted rules, commonly referred to as "FATCA", that generally impose a new reporting regime and withholding requirements with respect to certain US source payments (including dividends and interest), gross proceeds from the disposition of property that can produce US source interest and dividends and certain payments made by, and financial accounts held with, entities that are classified as financial institutions under FATCA. The United States has entered into an intergovernmental agreement with Malta dated 6 December 2013 regarding the implementation of FATCA with Malta. Payments effected by the Issuer on or with respect to the Bonds are not expected to be subject to withholding under FATCA except to the extent that any Bondholder fails to comply with its obligations under FATCA. However, FATCA may affect payments made to custodians or intermediaries, if any, in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payments to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Bondholders should choose any custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. The Issuer's obligations under the Bonds are discharged once it has effected payment as stipulated in this Admission Document and therefore the Issuer has no responsibility for any amount thereafter transmitted through the payment chain.

FATCA requires participating financial institutions to satisfy applicable due diligence and reporting requirements in terms of the intergovernmental agreement entered into by Malta together with the relevant regulations and guidelines issued by the Commissioner for Revenue. Consequently certain confidential information in relation to the Bondholders and/or other relevant persons may be reported to the Commissioner for Revenue and automatically exchanged pursuant to these requirements.

FATCA is particularly complex. Each Bondholder should consult his own tax advisor to obtain a more detailed explanation of FATCA and to learn how it might affect such holder in his specific circumstance.

22.4 Directive on Administrative Cooperation in the Field of Taxation

The Council of the European Union has adopted Directive 2014/107/EU amending Directive 2011/16/EU on administrative cooperation in the field of taxation so as to introduce an extended automatic exchange of information regime that implements the OECD measures known as the "Common Reporting Standard". Member States are required to begin exchanging information pursuant to this Directive not later than 30 September 2017 (subject to deferral under transitional rules in the case of Austria).

Malta has transposed Directive 2014/107/EU into national law by means of Legal Notice 384 of 2015 amending the Cooperation with Other Jurisdictions on Tax Matters Regulations. In terms of this legal notice, the automatic exchange of information obligations extends also to jurisdictions that are not EU Member States with which there is a relevant arrangement in place.

In consequence, financial institutions of an EU Member State and of participating jurisdictions will be required to report to their respective tax authorities certain financial account information in respect of account holders (and in some cases, beneficial holders), that are residents of another EU Member State or of a participating jurisdiction in order to be exchanged automatically with the tax authorities of the other EU Member States or participating jurisdictions. Financial account information in respect of holders of the Bonds could fall within the scope of EU Directive 2014/107/EU and the may therefore be subject to reporting obligations.

22.5 Maltese taxation on capital gains on transfer of the Bonds

To the extent that the Bonds do 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 instruments that participate in any way in the profits of the company and whose return is not limited to a fixed rate of return*”, no Malta tax on capital gains should be chargeable in respect of transfers of Bonds held as capital assets at the time of disposal.

22.6 Duty on documents and transfers

In terms of article 50 of the Financial Markets Act (Chapter 345 of the laws of Malta), in view of the fact that the Bonds constitute financial instruments of a company quoted on a regulated market Exchange, as is the MSE, redemptions and transfers of the Bonds are exempt from Maltese duty.

22.7 Tax status of the Group

The Maltese incorporated companies forming part of the Group should be subject to tax in Malta at the standard corporate tax rate, which currently stands at 35%.

Income from foreign sources received by such companies (including capital gains, dividends, interest and any other income) is also subject to tax in Malta at the rate of 35%, subject to claiming relief for double taxation in terms of the provisions of the Income Tax Act (Chapter 123 of the laws of Malta).

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 BOND 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.

23 LITIGATION PROCEEDINGS AND INVESTIGATIONS

There have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the period covering twelve months prior to the date of the Admission Document which may have, or have had, in the recent past significant effects on the financial position or profitability of the Issuer and / or the Group.

24 GOVERNING LAW

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 this Admission Document shall be brought exclusively before the Maltese courts.

25 NOTICES

Notices will be mailed to Bondholders and to the Security Trustee 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 and to the Security Trustee at his/her/its registered address and posted.

26 DOCUMENTS AVAILABLE FOR INSPECTION

The following documents or certified copies thereof, where applicable, are available for inspection at the registered office of the Issuer at The Gillieru Harbour Hotel, Church Street, St. Paul's Bay, Malta during the term of the Bond Issue during office hours:

1. the Memorandum and Articles of Association of the Issuer;
2. the Architect's property valuation report referred to in Annex A of this Admission Document;
3. Security Trust Deed;
4. Pledge Agreement;
5. The audited financial statements of Gillieru Limited, Gillieru Harbour Hotel Limited, and Gillieru Restaurant Limited for the years ended 31 December 2015, 2016 and 2017 respectively;

Darren Sciberras

B.E.&A.(Hons), A&CE

ARCHITECT & CIVIL ENGINEER

106, Sunset Lodge, Triq San Nikola, Qrendi. QRD1212

Mob : 79911839

20th October 2018

TO WHOM IT MAY CONCERN;

Valuation of Property: Gillieru Harbour Hotel & Gillieru Restaurant,
Church Square, Qawra, St. Paul's Bay.

Client : Gillieru Investments plc

1. Introduction

On behalf of my client, the undersigned has carried out the necessary workings and inspections and carefully considered the above mentioned 4-Star, 74 room Hotel and adjacent restaurant in order to provide an opinion as to the open market value of the property. This valuation has been also prepared in accordance to with Chapter 4 of the Prospects MTF Rules published by the Malta Stock Exchange.

2. Basis of Valuation

For the purpose of evaluation The Appraisal and Valuation Manual published by Royal Institute of Chartered Surveyors was followed. In addition, this valuation has been also prepared in accordance to with Chapter 4 of the Prospects MTF Rules published by the Malta Stock Exchange.

Practice Statement PS 4.2 defines "Open Market Value" as meaning:

An opinion of the best price at which the sale of an interest in property would have been completed unconditionally for cash consideration on the date of valuation, assuming:

-) A willing seller;
-) That, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of price and terms and for the completion of the sale.
-) That the state of the market, level of values and other circumstances were, on any earlier assumed date of exchange of contracts, the same as on the date of valuation.
-) That no account is taken of any additional bid by a purchaser with a special interest; and
-) That both parties to the transaction had acted knowledgeably, prudently and without compulsion

The Guidance Notes refer to the fact that certain types of property designed or adapted for particular uses, invariably change hands in the open market at prices based directly on trading potential for a strictly limited use.

In addition, the Prospects MTF Rules (As per Chapter 4) require that the valuation be made on the basis of an open market value for existing use. An open market value represents an opinion of the best price for which the sale of an interest in a property would have been completed

unconditionally for cash consideration on the date of the valuation. An open market valuation assumes the above-mentioned points stated in PS 4.2.

The existing use value of an asset is effectively the Market Value, based on the continuation of its existing use on a vacant possession basis and the assumption that the asset could be sold in the open market for its existing use. The term value in use has a very similar meaning – it is obtained by estimating the future cash inflows and outflows to be derived from continuing use of the asset, and its ultimate disposal and the application of an appropriate discount cash flow rate to these future cash flows. This value corresponds to the capitalized sum of the fair business earnings potential, and this value could, depending of the commercial success of an enterprise, and particularly in a prime site such as the case of this valuation, differ from the mere replacement costs of the finishing building itself.

3. Location & Description

The above mentioned property consists on a 4-star Hotel development known as the 'Gillieru Harbour Hotel' with adjacent and interconnecting 'Gillieru Restaurant', both of which have an approximate footprint area of 2000sqm.

The Gillieru Harbour Hotel

The Gillieru Harbour Hotel has been constructed in 1992 and has an approximate footprint area of 1000sqm, consisting of a built-up footprint area of approximately 636sqm and the remaining area dedicated for outdoor areas and terraces. The hotel block development is spread on 7 different levels, the upper 4 levels being mainly dedicated for guest rooms. The average guest room size is 22sqm, including bathroom.

The development encompasses the following:

-) Basement level consisting of back of house facilities, stores and a pizzeria;
-) Ground floor level consisting of reception lobby, garage and hotel facilities, including a conference hall;
-) First floor level consisting of a 3-meal restaurant and annexed kitchen, offices as well as guest rooms;
-) Second, third, fourth and fifth floors consisting of hotel guest rooms;
-) Roof space which mainly house the hotel mechanical services;

The hotel's location is considered its biggest asset, while the built-up is developed as a stand-alone block, having almost its all 4 sides facing uninterrupted sea views and breath taking views of St. Paul's and Gozo islands on the opposite northern side. The property is located just a couple of metres from the sea and also faces a small piazza, known as Church Square, on the southern side.

The hotel is currently operating on an average yearly occupancy rate of 85% and its operation mainly depends on direct bookings, online bookings and agency bookings.

The hotel development is freehold and is covered with the necessary planning permits (to operate as Class 3B – Hotel) and MTA license to operate as a 4-star Hotel.

The hotel is presently in full operation.

The property is structurally safe and sound and all internal and external structural elements and built-up are well maintained.

Overall, the property is finished with good quality materials in both the public areas as well as guest rooms, although it requires an overall upgrade in both the guest rooms as well as public areas finishes and services due to the fact that these were finished over 20 years ago and only maintenance routine and minor upgrades have been carried out throughout this period.

All mechanical and electrical services within the hotel are operable and well maintained but require a general upgrade and modernization.

The Gillieru Restaurant

The Gillieru Restaurant has an approximate footprint area of 733sqm, with an interconnecting open-air north terrace of approximately 278sqm and a southern bar terrace of approximately 87sqm, in total having a footprint area of approximately 1098sqm. As in the Gillieru Hotel, the Gillieru Restaurant directly overlooks the sea with uninterrupted seaviews. Partially underlying the restaurant block, one finds other ancillary rooms mainly used as stores.

The Gillieru restaurant is a well known restaurant among both the locals as well as foreigners and tourists. The restaurant supports the Gillieru Hotel in its operation as a themed restaurant but also operates on a stand-alone basis, having its direct access from Church Square.

The restaurant has all the necessary operational licenses and is presently in regular operation.

This property has been constructed in 1961 and since then few maintenance and upgrades were carried out. A recent structural survey carried out by the undersigned revealed that most of the existing concrete structure required urgent repairs mainly due to the level of deterioration of the structural members themselves. This was mainly cause due to the aging of the structure itself as well as the direct exposure of these structural elements to the open sea. The structural survey identified most of the structural elements including columns, beams and slabs as structurally unsafe and temporary rectification works have been carried out to partially reinstate the structural integrity of such elements, including the installation of temporary columns as shown in the attached photos.

Overall, the property requires a total refurbishment in both finishes, building envelope as well as kitchen services and equipment.

All mechanical and electrical services although operable require maintenance or replacement.

The property has a temporary emphyteusis for the remaining period of 42 years with the Government property division while the use of such property is legally bound to remain tourism related.

No additional development is permissible onto the existing development.

4. General Considerations

-) No allowances have been made for the balance of outstanding loans or other charges which may exist, either in respect of capital or interest thereon.
-) No allowances have been made in our valuations for any expenses of purchase or realization.
-) The valuation stated within this report is exclusive of any VAT liability which may be incurred in development or disposal.

- J It is being assumed that the freehold and leasehold properties are capable of unrestricted transfer to third party purchasers (in the case of leasehold properties subject to the lessors consent, not to be unreasonably withheld).
- J The valuation reflects only that goodwill which is transferable. It excludes goodwill which attaches to personal reputations and qualities.
- J The valuation calculation were based on information made available by the directors and reviewed by the company's auditors with regards to income and operational costs, and by the undersigned in respect of the special maintenance and replacement costs.
- J It is being noted that a physical inspection was carried out by the undersigned, including all areas and levels of both the Gillieru Hotel and Gillieru restaurant. Following the collection of as built structural and architectural drawings, an analysis of the exiting buildup was also carried including a comparative analysis of the actual structural components with the as built drawings. A serious of non-destructive tests were also carried out to establish the structural integrity of all development. Other general areas were also inspected including plant and service areas (and their functionality), kitchen and restaurant areas and a number of guest rooms.

In the event of a future change in the trading potential, the open market value of the existing use could vary.

5. Valuation Conclusions.

After having considered the above mentioned assumptions and taking into account the existing condition build-up property as well as its potential, the undersigned is hereby considering that the total open market value for existing use of the above existing finished and operable Gillieru Harbour Hotel and Gillieru Restaurant with vacant possession as on this 5th September 2018 to be eight million and five hundred thousand Euros (€ 8,500,000).

Note should be taken of the fact that the valuation was based an analysis of the selling price of similar property in the area and a projection as to the demand for properties of the same characteristics in the vicinity.

6. Confidentiality

Neither the whole nor any part of this report, nor any reference thereto, may be included in any published document, circular or statement nor published in any way without our prior written approval of the form and context in which it may appear.



 Darren Sciberras
B.E.&A.(Hons), A.&C.E.
F/Landmark Architects
Warrant No: 536 / Warrant No: P32
Accredited Valuation's Course - KTP, Malta







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The Directors
Calamatta Cuschieri Investment Services Limited
Ewropa Business Center
Triq Dun Karm
Birkirkara BKR9034

08 October 2018

Dear Sirs,

Independent Accountants' Report on the Forecast Financial Information of Gillieru Investments plc

We report on the forecast consolidated statements of financial position, income statement and cash flow ('the Forecast Financial Information') of Gillieru Investments plc ('the Issuer'), and its subsidiaries (collectively 'the Group') for the financial years ending 30 June 2019, 30 June 2020, and 30 June 2021. The Forecast Financial Information, the basis of preparation and the material assumptions upon which the forecasts are based, are set out in Annex D "Forecast Information" and Annex E "Summary of significant assumptions and accounting policies" of the Company Admission Document issued by Gillieru Investments plc dated 08 October 2018.

This report is required in terms of Appendix 4.7 (4) in the Prospects MTF Rules issued by the Malta Stock Exchange dated September 2017 and is given for the purpose of complying with that regulation and for no other purpose.

Directors' responsibilities for the Forecast Financial Information

It is the responsibility of the Directors of the Issuer to prepare the Forecast Financial Information and the assumptions upon which it is based, as set out in Annex E "Summary of significant assumptions and accounting policies" of the Company Admission Document, in accordance with the requirements of the Prospects MTF Rules issued by the Malta Stock Exchange.

Accountants' responsibility

It is our responsibility to form an opinion as required by Appendix 4.7 (4) in the Prospects MTF Rules as issued by the Malta Stock Exchange as to the proper compilation of the Forecast Financial Information, in so far as the application of the underlying accounting policies and accuracy of calculations are concerned, and to report that opinion to you.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed, to the fullest extent permitted by law, we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such person as a result of, arising out of, or in connection with the report or our statement, required by and given solely for the purposes of complying with the Prospects MTF Rules.

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Basis of preparation of the Forecast Financial Information

The financial information has been prepared on the basis stated in “Summary of significant assumptions and accounting policies” in Annex E of the Company Admission Document and is based on the forecasts for the years ending 30 June 2019, 30 June 2020 and 30 June 2021. The Forecast Financial Information is required to be presented on a basis consistent with the accounting policies of the Group.

Basis of opinion

We have examined the basis of compilation and the accounting policies of the accompanying Forecast Financial Information of the Group for the years ending 30 June 2019, 30 June 2020 and 30 June 2021 in accordance with ISAE 3000 “Assurance Engagements Other than Audits and Reviews of Historical Financial Information”. Our work included evaluating the basis on which the financial information included in the forecast has been prepared and considering whether the Forecast Financial Information has been accurately computed based upon the disclosed assumptions and the accounting policies of the Group.

The assumptions upon which the Forecast Financial Information is based are solely the responsibility of the Directors of Gillieru Investments plc and accordingly we express no opinion on the validity of the assumptions. However, we considered whether anything came to our attention to indicate that any of the assumptions adopted by the Directors which, in our opinion, are necessary for a proper understanding of the Forecast Financial Information have not been disclosed and whether any material assumption made by the Directors appears to us to be unrealistic.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Forecast Financial Information has been properly compiled on the basis stated, in so far as the application of the underlying accounting policies and accuracy of calculations are concerned.

The Forecast Financial Information is not intended to, and does not provide all the information and disclosures necessary to give a true and fair view of the results of the operations and the financial position of the Group in accordance with International Financial Reporting Standards as adopted by the EU (IFRSs).

Since the Forecast Financial Information and the assumptions on which it is based relate to the future and may therefore be affected by unforeseen events, we can express no opinion as to whether the actual results reported will correspond to those shown in the Forecast Financial Information and differences may be material.

Opinion

In our opinion, the Forecast Financial Information has been properly compiled on the basis stated and the basis of accounting used is consistent with the accounting policies of the Group.

Yours faithfully,
Deloitte Services Limited



Raphael Aloisio

29 ANNEX C - Specimen Application Forms

Gillieru Investments plc

€5,000,000 4.75% Secured Bonds 2028

APPLICATION FORM

Application No. _____

Please read the notes overleaf before completing this Application Form. Mark 'X' if applicable. Unless otherwise indicated, each of the panels below is to be completed.

APPLICANT			
☐ Non-Resident	☐ Minor (under 18)	☐ Corporate	☐ CIS
TITLE (Mr/Mrs/Ms/...)		FULL NAME & SURNAME / REGISTERED NAME	
ADDRESS			
		POST CODE	
MSE A/C NO. (if applicable) 		DATE OF BIRTH	NATIONALITY
☐ I.D. CARD / PASSPORT ☐ LEGAL ENTITY IDENTIFIER (LEI)		DOCUMENT NUMBER	CONTRY OF ISSUANCE
E-MAIL ADDRESS			MOBILE NO.
Already Registered for e-Portfolio ☐		Please register me for e-Portfolio ☐	Please do NOT register me for e-Portfolio ☐
ADDITIONAL (JOINT) APPLICANTS (please use additional application form if space is not sufficient)			
TITLE (Mr/Mrs/Ms/...)		FULL NAME & SURNAME	
☐ I.D. CARD / PASSPORT		DOCUMENT NUMBER	
		DATE OF BIRTH	
☐ I.D. CARD / PASSPORT		CONTRY OF ISSUANCE	
MINOR'S PARENTS/LEGAL GUARDIANS (See Note 4) (to be completed ONLY if the Applicant is a minor)			
TITLE (Mr/Mrs/Ms/...)		FULL NAME & SURNAME	
☐ I.D. CARD / PASSPORT		DOCUMENT NUMBER	
		DATE OF BIRTH	
☐ I.D. CARD / PASSPORT		CONTRY OF ISSUANCE	
TITLE (Mr/Mrs/Ms/...)		FULL NAME & SURNAME	
☐ I.D. CARD / PASSPORT		DOCUMENT NUMBER	
		DATE OF BIRTH	
☐ I.D. CARD / PASSPORT		CONTRY OF ISSUANCE	
I/We apply to purchase and acquire the amount set out below			
AMOUNT IN FIGURES €		AMOUNT IN WORDS	
Gillieru Investments plc €5,000,000 Secured 4.75% Bonds 2028 at the Bond Issue Price (at par) pursuant to the Admission Document dated 21 st November 2018 (minimum €2,000 and in multiples of €100 thereafter)			
RESIDENT - WITHHOLDING TAX DECLARATION (to be completed ONLY if the Applicant is a Resident of Malta)			
☐ I/We elect to have Final Withholding Tax deducted from my/our interest.			
☐ I/We elect to receive interest GROSS (i.e. without deduction of withholding tax).			
NON-RESIDENT DECLARATION FOR TAX PURPOSES (to be completed ONLY if the Applicant is a Non-Resident)			
TAX COUNTRY		TOWN OF BIRTH	
T.I.N. (Tax Identification Number)		COUNTRY OF BIRTH	
PASSPORT/NATIONAL I.D. CARD NUMBER		ISSUE DATE	
☐ I/We am/are NOT Resident in Malta but I/we am/are Resident in the European Union.			
☐ I/We am/are NOT Resident in Malta and I/we am/are NOT Resident in the European Union.			
INTEREST, REFUND AND REDEMPTION MANDATE (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 on the basis of the Admission Document, and subject to its Terms and Conditions (as defined therein) which have been explained to me/us, and which I/we fully accept.			
Signature/s of Applicant/s		Date	
Financial Intermediary			
(All parties are to sign in the case of a joint Application)			
FINANCIAL INTERMEDIARY'S STAMP		FINANCIAL INTERMEDIARY'S CODE 	

Notes on how to complete this Application Form and other information

The following notes are to be read in conjunction with the Admission Document dated 21st November 2018

1. This Application is governed by the Terms and Conditions of Application contained in the Admission Document. Capitalised terms not defined herein shall, unless the context otherwise requires, have the same meaning ascribed to them in the Admission Document.
2. The Application Form is to be completed in BLOCK LETTERS.
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 – including I.D. Card Numbers – 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 7 below).
 Upon submission of an Application Form, Bondholders who do not have an online e-portfolio account 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 Secured Bonds held in the register kept by the CSD and registration advices evidencing movements in such register will be available through the said e-portfolio facility on <https://eportfolio.borzamalta.com.mt/>. Those Bondholders who opt not to avail themselves of this facility should indicate such on the Application Form. Further detail on the e-portfolio is found on <https://eportfolio.borzamalta.com.mt/Help>.
4. Applications in the name and for the benefit of minors shall be allowed provided that they are signed by both parents or by the legal guardian/s and accompanied by a Public Registry birth certificate of the minor in whose name and for whose benefit the Application Form is submitted. The relative box in Panel A must also be marked appropriately. 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.
5. Applicants who are Non-Resident 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.
6. 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. Applications must be signed by duly authorised representatives indicating the capacity in which they are signing.
7. APPLICANTS WHO ALREADY HOLD SECURITIES ON THE MSE ARE TO INDICATE THEIR MSE ACCOUNT NUMBER IN PANEL B. APPLICANTS ARE TO NOTE THAT ANY SECURITIES ALLOTTED TO THEM WILL BE RECORDED IN THE MSE ACCOUNT NUMBER QUOTED ON THE APPLICATION FORM. IF DETAILS OF SUCH MSE ACCOUNT NUMBER, AS HELD BY THE MSE, 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 EFFECTED.
8. The amount applied for must be in multiples of €100 subject to a minimum application of €2,000. The Applicant must ensure that the relative Application Form is accompanied by payment of the full price of the amount of Bonds applied for. Payment of the amount, must be made in Euro in cleared funds to "The Placement Agent and Manager – Gillieru Investments plc". In the event that the cheque accompanying the Application Form is not honoured on the first presentation the Issuer and the Registrar reserve the right to invalidate the relative Application.
9. Only Applicants who hold an 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 he/she will be obliged to declare interest so received on his/her tax return. 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.
10. In terms of Section 21 of the Admissions Document, 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 41(c) of the Income Tax Act (Cap. 123 of the Laws of Malta), Interest shall be paid to such a person net of final withholding tax (currently 15%) of the gross amount of interest, pursuant to Article 33 of the Tax Act (Cap. 123 of the Laws of Malta).
11. 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 of the balance of the amount paid but not allocated, as the case may be, will be returned by direct credit into the bank account as indicated in the application form. Interest or redemption proceeds will be credited to the account designated or as otherwise amended by the Bondholder/s during the term of the Bond.
12. European Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments requires all payors established in the EU which pay interest to an individual resident in another EU Member State, to report the interest payment to the tax authorities of the Member State in which the payor is established. If the Applicant's permanent residential address is in an EU Member State or in another country to which the said Directive applies (called a "specified territory") then the interest paid will be reported.
13. Completed Application Forms are to be delivered to the Placement Agent and Manager, Calamatta Cuschieri Investment Services Limited during normal office hours by not later than 12:00 noon on the 30th November 2018. Remittances by post are made at the risk of the Applicant and the Issuer disclaims all responsibility for any such remittances not being received by the closing date indicated above. The Issuer reserves the right to refuse any Application, which appears to be in breach of the general terms and conditions of the Admissions Document. Any applications received by the Placement Agent and Manager after 12:00 noon on the 30th November 2018 will be rejected.
14. By completing and delivering an Application Form you (as the Applicant(s)):
 - a. acknowledge that the Issuer may process the personal data that you provide in the Application Form in accordance with the Data Protection Act (Cap. 440 of the Laws of Malta);
 - b. acknowledge that the Issuer may process such personal data for all purposes necessary for and related to the Bonds applied for; and
 - c. acknowledge that 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 an independent financial advisor, licensed under the Investment Services Act (Cap. 370 of the Laws of Malta), for advice.

30 ANNEX D - Forecast Information

Forecast Income Statement – Issuer

Gillieru Investments plc income statement for the years ending 30 June

€'000	FY19	FY20	FY21
Revenue	734	894	1,006
Operating costs	(60)	(60)	(60)
EBIT	674	834	946
Finance costs	(238)	(238)	(238)
Profit before tax	436	596	708
Tax for the year	(170)	(225)	(264)
Profit after tax	266	371	444

Source: Management information

Forecast Balance Sheet – Issuer

Gillieru Investments plc statement of financial position as at

€'000	30 Jun 19	30 Jun 20	30 Jun 21
Assets			
<u>Non-current assets</u>			
Investment in subsidiary	6,717	6,717	6,717
Receivables from subsidiaries	750	750	750
	7,467	7,467	7,467
<u>Current assets</u>			
Cash and cash equivalents	176	557	1,011
Prepaid expenditure	90	80	70
	266	637	1,081
Total assets	7,733	8,104	8,548
Equity and Liabilities			
<u>Equity</u>			
Share capital	200	200	200
Other equity	2,267	2,267	2,267
Retained earnings	266	637	1,081
Total equity	2,733	3,104	3,548
Liabilities			
<u>Non-current liabilities</u>			
Bond	5,000	5,000	5,000
Total liabilities	5,000	5,000	5,000
Total equity and liabilities	7,733	8,104	8,548

Source: Management information

Forecast Cash Flow Statement – Issuer

Gillieru Investments plc statement of cash flows for the years ending

€'000	FY19	FY20	FY21
<u>Cash flows from operating activities</u>			
EBIT	674	834	946
Depreciation and amortisation	10	10	10
Tax paid	(170)	(225)	(264)
Net cash generated from operating activities	514	619	692
<u>Cash flows from investing activities</u>			
Advances to subsidiaries	(750)	-	-
Investment in subsidiaries	(6,717)	-	-
Net cash used in investing activities	(7,467)	-	-
<u>Cash flow (used in)/from financing activities</u>			
Issue of share capital	200	-	-
Advances from shareholders	2,267	-	-
Bond proceeds	5,000	-	-
Bond issue costs	(100)	-	-
Payment of interest to bondholders	(238)	(238)	(238)
Net cash (used in)/generated from financing activities	7,129	(238)	(238)
Net movement in cash and cash equivalents	176	381	454
Cash and cash equivalents at the beginning of the year	-	176	557
Cash and cash equivalents at the end of the year	176	557	1,011

Source: Management information

Forecast Income Statement – Group

Consolidated income statement for the years ending 30 June

€'000	FY19	FY20	FY21
Revenue	3,177	3,579	3,804
Cost of sales	(791)	(867)	(891)
Gross profit	2,386	2,712	2,913
Operating costs	(959)	(1,046)	(1,076)
Administrative expenses	(503)	(528)	(554)
EBIDTA	924	1,138	1,283
Depreciation and amortisation	(122)	(143)	(156)
EBIT	802	995	1,127
Finance costs	(280)	(280)	(280)
Profit before tax	522	715	847
Tax for the year	(193)	(261)	(307)
Profit after tax	329	454	540
Profit is attributable to:			
Owners of Gillieru Investments plc	267	371	443
Non-controlling interests	62	82	97
	329	454	540

Source: Management information

Forecast Balance Sheet – Group

Consolidated statement of financial position as at

€'000	30 Jun 19	30 Jun 20	30 Jun 21
Assets			
<u>Non-current assets</u>			
Property, plant and equipment	8,889	8,959	8,927
<u>Current assets</u>			
Inventories	50	50	50
Trade receivables	307	308	297
Prepaid expenditure	90	80	70
Cash and cash equivalents	626	951	1,414
	1,073	1,389	1,831
Total assets	9,962	10,348	10,758
Equity and Liabilities			
<u>Equity</u>			
Share capital	200	200	200
Other equity	2,267	2,267	2,267
Retained earnings	266	638	1,081
Capital and reserves attributable to owners of Gillieru Investments plc	2,733	3,105	3,548
Non controlling interest	1,323	1,323	1,323
Total equity	4,056	4,428	4,871
Liabilities			
<u>Non-current liabilities</u>			
Bond	5,000	5,000	5,000
Other borrowings	368	322	276
	5,368	5,322	5,276
<u>Current liabilities</u>			
Trade and other payables	492	552	565
Other borrowings	46	46	46
	538	598	611
Total liabilities	5,906	5,920	5,887
Total equity and liabilities	9,962	10,348	10,758

Source: Management information

Forecast Cash Flow Statement – Group

Consolidated statement of cash flows for the years ending 30 June

€'000	FY19	FY20	FY21
Cash flows from operating activities			
EBIT	802	995	1,127
Depreciation	122	143	156
Amortisation	10	10	10
<u>Working capital adjustments</u>			
Changes in inventories	(50)	-	-
Changes in receivables	(307)	(2)	12
Changes in payables	491	61	12
Operating cash flow	1,068	1,207	1,317
Tax paid	(193)	(261)	(307)
Net cash generated from operating activities	875	946	1,010
Cash flows used in investing activities			
Payments to acquire property, plant and equipment	(8,500)	-	-
Recurring capital expenditure	(511)	(213)	(124)
Net cash (used in)/generated from investing activities	(9,011)	(213)	(124)
Cash flow (used in)/from financing activities			
Issue of share capital	200	-	-
Advances from majority interest shareholders	2,267	-	-
Advances from minority interest shareholders	1,323	-	-
Receipt/(payment) of other borrowings	414	(46)	(46)
Bond proceeds	5,000	-	-
Bond issue costs	(100)	-	-
Payment of interest to bondholders	(238)	(238)	(238)
Payment of interest to minority shareholders	(42)	(42)	(42)
Financing cash flow	8,824	(326)	(326)
Dividend paid to minority shareholders	(62)	(82)	(97)
Net cash (used in)/generated from financing activities	8,762	(408)	(423)
Net movement in cash and cash equivalents	626	325	463
Cash and cash equivalents at the beginning of the year	-	626	951
Cash and cash equivalents at the end of the year	626	951	1,414

Source: Management information

31 ANNEX E - Summary of Significant Assumptions and Accounting Policies

1. Introduction

Gillieru Investments plc (the “Issuer”) was incorporated on 14th June 2018 and has no trading record of operations. The Issuer itself is a public listed company set up to act as a holding company and a financing company solely for the needs of its subsidiary undertakings. The issuer and its subsidiaries are collectively referred to as the ‘the Group’.

The forecast statement of financial position, the forecast income statement, and the forecast statement of cash flows (“the Forecasts”) of the Group for the period of three years to June 2021 have been prepared to provide financial information for the purposes of inclusion in the Issuer’s Company Admission Document, dated 21st November 2018. The Forecasts as presented in Section D of the Admission Document, together with the assumptions set out below, are the sole responsibility of the Directors of the Issuer.

The Forecasts are intended to show a possible outcome based on assumptions relating to anticipated future events which the Directors expect to take place, and on actions the Directors expect to take. Events and circumstances frequently do not occur as expected, and therefore, actual results may differ materially from those included in the forecast and projected financial information. Attention is drawn in particular, to the risk factors set out in the Admission Document, which describe the primary risks associated with the business to which the Forecasts relate.

The Forecasts are not intended to and do not provide all the information and disclosures necessary to give a true and fair view of the financial results, financial position, and cash flows of the Group, in accordance with International Financial Reporting Standards as adopted by the EU, however the Directors have exercised due care and diligence in adopting the assumptions set out below.

The Forecasts were formally approved on 22nd October 2018 by the Directors of the Issuer, and the stated assumptions reflect the judgements made by the Directors at that date. The assumptions that the Directors believe are significant to the prospective financial information are described in Section 3 below.

2. Significant accounting policies

The significant accounting policies of the Group are those applied in preparing financial statements in accordance with the International Financial Reporting Standards (IFRS) and their interpretations as adopted by the EU and in accordance with the requirements of the Companies Act, 1995.

3. Basis of preparation and principal assumptions

Since the Issuer and the Group have no trading record of operations these projections have been prepared solely on management assumptions which are summarised below.

The principal assumptions relating to the environment in which the Group will operate, and the factors which are exclusively outside the influence of the Directors and which underlie the forecast financial statements, are the following:

-) Exchange rates will not change significantly over the period covered by the forecast financial information;
-) Interest rates will not change significantly over the period covered by the forecast financial information;
-) The Group will continue to enjoy the confidence of its bankers;
-) The Group will be able to meet its financial obligations;
-) The basis and rates of taxation, direct and indirect, will not change materially throughout the period covered by the prospective financial information.

The principal assumptions relating to the environment in which the Group will operate, and the factors which the Directors can influence and which underlie the Forecasts, are the following:

Key assumptions underlying the financial projections

-) Bond proceeds will be invested by the Issuer to settle all amounts due in respect of the acquisition of the Property and the ancillary business from the original ownership structure, and to finance the general upgrading of the Hotel and Restaurant.
-) The amount transferred to group companies will be repaid out of operating cashflows as reflected in the financial sustainability forecast of the group.
-) Annual revenue and direct costs have been projected using on the basis of management experience as well as management's expectations of future growth.
-) Administrative expenses have been forecast on the basis of management's experience.
-) Finance costs have been forecast on the basis of existing arrangements, whereas interest on the Bond has been established at 4.75% per annum.

Other assumptions

-) Projected year end receivables relate to tour operators and are based on the assumption that they are allowed a six month credit period.
-) Projected year end payable balances are based on the assumption that the operation avails itself of a six month credit period for purchases

4. Conclusion

The Directors believe that the assumptions on which the projections are based are reasonable. The Directors further believe that, in the absence of unforeseen circumstances outside their control, the working capital available to the Group will be sufficient for the carrying on of its business.

Approved by the Board of Directors on 22nd October 2018 and signed on its behalf by:



George
Micallef



Stephen
Cremona



Stephanie
Cremona



Karl
Cremona



Alfred
Grech

32 ANNEX F – Current and past directorships of the Directors of the Issuer

Directors	Current Directorships	Past Directorships
George Micallef	Sunroute Hotels Ltd KM Holdings Limited Sunflower Hotel 2 Co. Limited Insite Consultants Ltd Valentina Hotel Ltd Gillieru Investments plc Malta Tourism Authority	Air Malta plc Selmun Palace Hotel Ltd Visitmalta Limited
Stephen Cremona	Gillieru Limited Gillieru Restaurant Ltd Gillieru Harbour Hotel Ltd Gillieru Investments plc Gillieru Holdings Limited Carmelo Cremona Limited K.S.C.S.T.V Limited NIKITA LTD Stephen Cremona Holdings Limited	
Stephanie Cremona	Gillieru Investments plc Gillieru Harbour Hotel Limited Gillieru Limited	
Karl Cremona	Gillieru Investments plc Gillieru Limited	
Alfred Grech	AG Holdings Limited Polaris Marine Services Co. Ltd MAAL Co. Ltd Gillieru Investments plc Brittania Property Developments Ltd Centre Game Limited	

Issuer



Gillieru Investments plc
The Gillieru Harbour Hotel, Church Street, St. Paul's Bay, Malta
www.gillieru.com

**Corporate Advisor, Placement
Agent and Manager**



Calamatta Cuschieri
Investment Services Limited

Reporting Accountants



Deloitte
Services Limited

Security Trustee



GVZH
Trustees Limited