SUMMARY NOTE

This Summary Note is issued in accordance with the provisions of Chapter 4 of the Listing Rules published by the Listing Authority and in accordance with the provisions of Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements, as amended by Commission Delegated Regulation (EU) No. 486/2012 of the 30 March 2012, Commission Delegated Regulation (EU) No. 862/2012 of 4 June 2012, Commission Delegated Regulation (EU) No. 759/2013 of 30 April 2013, Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014 and Commission Delegated Regulation (EU) No. 2016/301 of 30 November 2015. Application has been made for the admission to listing and trading of the Secured Bonds on the Official List of the Malta Stock Exchange. This Summary Note should be read in conjunction with the Registration Document containing information about the Issuer and Securities Note containing information about the Secured Bonds.

dated 31 July 2018

in respect of an issue of
€15,000,000 4% Secured Bonds 2028
of a nominal value of €100 per Secured Bond, issued and redeemable at par
by

EXALCO FINANCE P.L.C.

A PUBLIC LIMITED LIABILITY COMPANY REGISTERED IN MALTA
WITH COMPANY REGISTRATION NUMBER C 87384
with the joint and several Guarantee * of

EXALCO PROPERTIES LIMITED

A PRIVATE LIMITED LIABILITY COMPANY REGISTERED IN MALTA
WITH COMPANY REGISTRATION NUMBER C 11273

**Prospective investors are to refer to the Guarantee contained in Annex II of the Securities Note and to section 1 of the Registration Document for a description of the Guarantee. Reference should also be made to the sections entitled "Risk Factors" contained in the Registration Document and Securities Note for a description of certain risk factors which should be considered by prospective investors in connection with the Secured Bonds and the Guarantee.*

ISIN: MT0001911206

Sponsor, Manager & Registrar

RIZZO FARRUGIA
YOUR INVESTMENT CONSULTANTS

Legal Counsel

CAMILLERI PREZIOSI
ADVOCATES

THE LISTING AUTHORITY HAS AUTHORISED THE ADMISSIBILITY OF THESE SECURITIES AS A LISTED FINANCIAL INSTRUMENT. THIS MEANS THAT THE SAID INSTRUMENT IS IN COMPLIANCE WITH THE REQUIREMENTS AND CONDITIONS SET OUT IN THE LISTING RULES. IN PROVIDING THIS AUTHORISATION, THE LISTING AUTHORITY DOES NOT GIVE ANY CERTIFICATION REGARDING THE POTENTIAL RISKS IN INVESTING IN THE SAID INSTRUMENT AND SUCH AUTHORISATION SHOULD NOT BE DEEMED OR BE CONSTRUED AS A REPRESENTATION OR WARRANTY AS TO THE SAFETY OF INVESTING IN SUCH INSTRUMENT.

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

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

Approved by the directors of Exalco Finance p.l.c

Alexander Montanaro

Jean Marc Montanaro

Signing in their capacity as directors of the company and on behalf each of Michael Montanaro, Kevin Valenzia, Lawrence Zammit and Mario P. Galea.

IMPORTANT INFORMATION

THIS SUMMARY NOTE CONSTITUTES PART OF A PROSPECTUS AND CONTAINS INFORMATION IN RELATION TO EXALCO FINANCE P.L.C. IN ITS CAPACITY AS ISSUER AND EXALCO PROPERTIES LIMITED AS GUARANTOR. THIS SUMMARY NOTE INCLUDES INFORMATION GIVEN IN COMPLIANCE WITH: (A) THE COMPANIES ACT (CAP. 386 OF THE LAWS OF MALTA) AND COMMISSION REGULATION (EC) NO. 809/2004 OF 29 APRIL 2004 IMPLEMENTING DIRECTIVE 2003/71/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL AS REGARDS INFORMATION CONTAINED IN PROSPECTUSES AS WELL AS THE FORMAT, INCORPORATION BY REFERENCE AND PUBLICATION OF SUCH PROSPECTUSES AND DISSEMINATION OF ADVERTISEMENTS (AS AMENDED BY COMMISSION DELEGATED REGULATION (EU) NO. 486/2012 OF 30 MARCH 2012, COMMISSION DELEGATED REGULATION (EU) NO. 862/2012 OF 4 JUNE 2012, COMMISSION DELEGATED REGULATION (EU) NO. 759/2013 OF 30 APRIL 2013, COMMISSION DELEGATED REGULATION (EU) NO. 382/2014 OF 7 MARCH 2014 AND COMMISSION DELEGATED REGULATION (EU) NO. 2016/301 OF 30 NOVEMBER 2015 (THE "**PROSPECTUS REGULATION**"); AND (B) THE RULES AND REGULATIONS APPLICABLE TO THE ADMISSION OF SECURITIES ON THE OFFICIAL LIST OF THE MSE.

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 THE PROSPECTUS AND IN THE DOCUMENTS REFERRED TO HEREIN, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY THE ISSUER OR ITS DIRECTORS OR ADVISERS.

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

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

A COPY OF THIS DOCUMENT HAS BEEN SUBMITTED TO THE LISTING AUTHORITY IN SATISFACTION OF THE LISTING RULES, THE MALTA STOCK EXCHANGE IN SATISFACTION OF THE MALTA STOCK EXCHANGE BYE-LAWS, AND HAS BEEN DULY FILED WITH THE REGISTRY OF COMPANIES IN ACCORDANCE WITH THE ACT. APPLICATION HAS BEEN MADE TO THE MSE FOR THE BONDS TO BE ADMITTED TO THE OFFICIAL LIST OF THE MSE. **A PROSPECTIVE INVESTOR SHOULD BE AWARE OF THE POTENTIAL RISKS IN INVESTING IN THE ISSUER AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION AND CONSULTATION WITH HIS OR HER OWN INDEPENDENT FINANCIAL ADVISER.**

THIS SUMMARY NOTE AND ALL AGREEMENTS, ACCEPTANCES AND CONTRACTS RESULTING THEREFROM SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF MALTA, AND ANY PERSON ACQUIRING ANY BONDS PURSUANT TO THE PROSPECTUS SHALL SUBMIT TO THE JURISDICTION OF THE MALTESE COURTS, WITHOUT LIMITING IN ANY MANNER THE RIGHT OF THE ISSUER TO BRING ANY ACTION, SUIT OR PROCEEDING, IN ANY OTHER COMPETENT JURISDICTION, ARISING OUT OF OR IN CONNECTION WITH ANY PURCHASE OF BONDS, OR AGREEMENT, ACCEPTANCE OR CONTRACT RESULTING HEREFROM OR FROM THE PROSPECTUS AS A WHOLE.

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

ALL THE ADVISERS TO THE ISSUER AND THE GUARANTOR UNDER THE HEADING "*ADVISERS TO THE ISSUER AND THE GUARANTOR*" IN SECTION 3.2 OF THE REGISTRATION DOCUMENT HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER AND THE GUARANTOR IN RELATION TO THIS ISSUE AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION TOWARDS ANY OTHER PERSON. NONE OF THE ADVISERS ACCEPT ANY RESPONSIBILITY TO ANY INVESTOR OR ANY OTHER PERSON WHOMSOEVER IN RELATION TO THE CONTENTS OF, AND ANY INFORMATION CONTAINED IN, THE PROSPECTUS, ITS COMPLETENESS OR ACCURACY OR ANY OTHER STATEMENT MADE IN CONNECTION THEREWITH.

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

THE DIRECTORS OF THE ISSUER CONFIRM THAT WHERE INFORMATION INCLUDED IN THIS PROSPECTUS HAS BEEN SOURCED FROM A THIRD PARTY, SUCH INFORMATION HAS BEEN ACCURATELY REPRODUCED, AND AS FAR AS THE DIRECTORS OF THE ISSUER ARE

AWARE AND ARE ABLE TO ASCERTAIN FROM INFORMATION PUBLISHED BY THAT THIRD PARTY, NO FACTS HAVE BEEN OMITTED WHICH WOULD RENDER THE REPRODUCED INFORMATION INACCURATE OR MISLEADING.

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

This Summary Note is prepared in accordance with the requirements of the Regulation.

Summaries are made up of disclosure requirements known as 'Elements'. These elements are numbered in Sections A – E (A.1– E.7). This summary contains all the Elements required to be included in a summary for this type of securities and Issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in the summary because of the type of securities and Issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of 'not applicable'.

Except where the context otherwise requires, the capitalised words and expressions used in this Summary Note shall bear the meanings assigned to them in the Registration Document and the Securities Note, as the case may be.

SECTION A INTRODUCTION AND WARNINGS

A.1 Prospective investors are hereby warned that:

i. this summary is being provided to convey the essential characteristics and risks associated with the Issuer and the securities being offered pursuant to this Summary Note. This part is merely a summary and therefore should only be read as an introduction to the Prospectus. It is not and does not purport to be exhaustive and investors are warned that they should not rely on the information contained in this summary in making a decision as to whether to invest in the securities described in this document. Any decision to invest in the securities should be based on consideration of the Prospectus as a whole by the investor;
ii. where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of Malta, have to bear the costs of translating the Prospectus before the legal proceedings are initiated; and
iii. civil liability attaches only to those persons who have tabled the summary including any translation thereof, and who applied for its notification, but only if the summary, when read together with the other parts of the Prospectus: is misleading, inaccurate or inconsistent; or does not provide key information in order to aid investors when considering whether to invest in such securities.

A.2 Consent required in connection with the use of the Prospectus by the Authorised Financial Intermediaries: prospective investors are hereby informed that:

i. for the purposes of any subscription for Bonds through any of the Authorised Financial Intermediaries and any subsequent resale, placement or other offering of Bonds by such Authorised Financial Intermediaries in circumstances where there is no exemption from the requirement to publish a prospectus under the Prospectus Directive, the Issuer consents to the use of the Prospectus (and accepts responsibility for the information contained therein) with respect to any such subsequent resale or placement or other offering of Bonds, provided this is limited only:
   a. in respect of Bonds subscribed for by Authorised Financial Intermediaries either for their own account or for the account of underlying customers;
   b. to any resale or placement of Bonds subscribed for as aforesaid, taking place in Malta;
   c. to any resale or placement of Bonds subscribed for as aforesaid, taking place within the period of sixty (60) days from the date of the Prospectus.

ii. in the event of a resale, placement or other offering of Bonds by an Authorised Financial Intermediary, the Authorised Financial Intermediary shall be responsible to provide information to investors on the terms and conditions of the resale, placement or other offering at the time such is made.

SECTION B ISSUER AND GUARANTOR

B.1 / B.19 The legal and commercial name of the Issuer is Exalco Finance p.l.c. The legal and commercial name of the Guarantor is Exalco Properties Limited.

B.2 / B.19 The Issuer was registered in Malta in terms of the Act on 17 July 2018 as a public limited liability company. The Issuer is domiciled in Malta. The Guarantor was registered in Malta in terms of the Act on 11 January 1990 as a private limited liability company, previously under the name 'Exalco Group Limited'. The Guarantor is domiciled in Malta.

B.4b / B.19 The Issuer is dependent on the business prospects of the Guarantor and, therefore, the trend information of the Guarantor (detailed below) is considered to have a material effect on the Issuer's financial prospects.

The following is a brief synopsis of the significant trends affecting the operations of the Guarantor:

The Guarantor's primary operating activity comprises the acquisition and development of high-quality business centres and the leasing of office and retail space to third parties. The Guarantor owns five large business centres in prime locations across Malta and also owns other smaller properties.

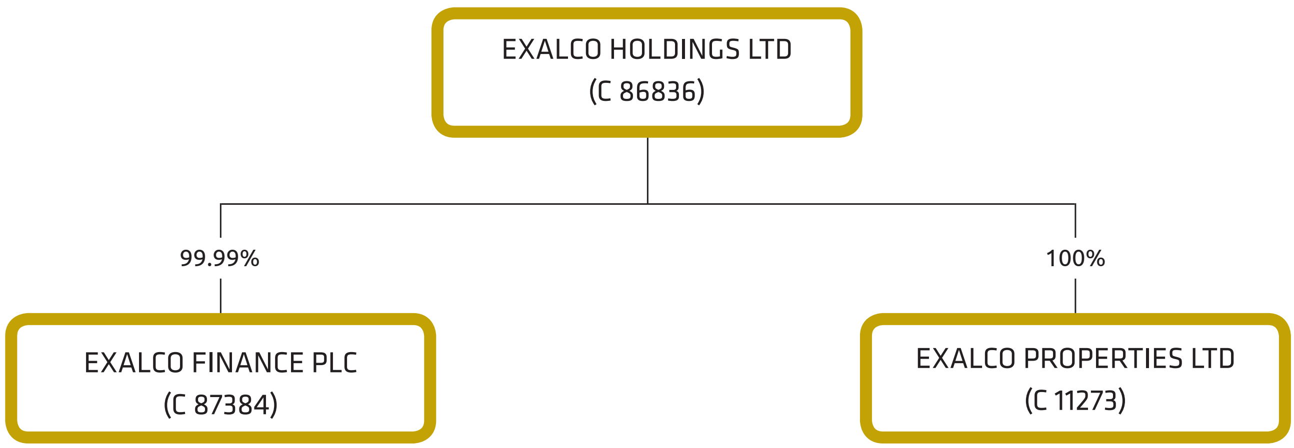
Historically, the Guarantor's properties have nearly always operated close to full occupancy. Occupancy levels in 2017 averaged 100% across all properties, with only one unit of circa 64m^2 and five car spaces becoming available during the last quarter of the year. In 2018, occupancy levels are expected to remain consistent with 2017, since over 90% of expected rental revenue is contracted. The Guarantor's rental income is highly dependent on the rental of office space. In fact, this is expected to comprise circa 85% of the company's rental revenue in 2018. A significant proportion of tenants operate in the gaming and financial services sectors, with over 70% of total rental revenue expected to be generated in 2018 relating to these two sectors. Growth in the gaming and financial services sectors in Malta has been one of the principal drivers of the increase in demand for office space in recent years.

The heightened demand for office space has resulted in a significant pipeline of real estate projects, which include a substantial element of office accommodation. The take-up of this additional office space remains dependent on continued growth in foreign direct investment and employment particularly from the gaming and finance industry. The Guarantor is confident that its experience and track record place it in a suitable position to remain one of the leading providers of quality office space in Malta. The Guarantor intends to continue expanding its property portfolio and actively monitor the local market for new investment opportunities. In fact, since the completion of the Golden Mile development in 2017, management has been assessing the viability of a number of prospective projects.

In pursuit of this objective, a related party of the Issuer and the Guarantor, ALMO Properties Limited (C 69554), entered into a promise of sale agreement dated 22 June 2018 for the acquisition of a six-floor complex bordered on three streets namely by Triq il-Ferrovija, Triq Regjonali and Triq Blata l-Kahla, Santa Venera (the "**Target Property**"), for the price of €6,204,839. The acquisition is subject to the successful conclusion of the final deed of sale. Pursuant to the terms of the promise of sale agreement, the related party is vested with a right of assignment in favour of, *inter alia*, the Guarantor. The Board of Directors of the Issuer understands that such right of assignment is due to be exercised with a view to the Guarantor appearing on the final deed of sale for the acquisition of the Target Property. In addition, the Guarantor will seek to identify additional properties for acquisition and subsequent development.

As at the time of publication of this Prospectus, the Guarantor considers that generally it shall be subject to the normal business risks associated with the property market 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 Guarantor and its business, at least with respect to the current financial year. However, investors are strongly advised to carefully read the risk factors included within the Prospectus.

B.5 / B.19 The organisational structure of the Group is illustrated in the diagram below:



B.9 / B.19 *Not Applicable*: No profit forecasts or estimates have been included in the Registration Document.

B.10 / B.19 *Not Applicable*: As at the date hereof, the recently incorporated Issuer has no financial information to report. The audit reports on the audited financial statements for the years ended 31 December 2015 to 2017 of the Guarantor do not contain any material qualifications.

B.12 / B.19 The Issuer was registered on 17 July 2018 as a special purpose vehicle to act as the financing arm of the Group and has, to the date of the Prospectus, not conducted any business. As at the date hereof, 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 financial statements.

The historical financial information of the Guarantor is set out in the audited financial statements for each of the financial years ended 31 December 2015 to 2017. Copies of the aforementioned financial statements are available from the Issuer's registered office and website at http://www.exalcogroup.com/.

There has been no material adverse change in the prospects of the Guarantor since the date of its last published audited financial statements.

The following are extracts from the audited financial statements of the Guarantor for the financial years ended 31 December 2015, 2016 and 2017.

Exalco Properties Limited Income Statement for the year ended 31 December €'000s	2015 Audited	2016 Audited restated	2017 Audited
Net revenue from property leasing activities	1,770	1,863	2,323
Net operating costs	(250)	(237)	(274)
Normalised EBITDA[1]	**1,520**	**1,626**	**2,049**
Depreciation	(50)	(83)	(204)
Normalised operating profit	**1,470**	**1,543**	**1,845**
Net finance costs	(542)	(509)	(538)
Normalised profit before tax	**928**	**1,034**	**1,307**
Normalisation adjustments	(71)	(32)	(56)
Reported profit before tax	**857**	**1,002**	**1,251**
Taxation	(268)	(295)	(333)
Reported profit after tax	**589**	**707**	**918**

Source: Consolidated audited financial statements of Exalco Properties Limited for the years ended 31 December 2015 and 2016 (restated) and audited financial statements for the year ended 31 December 2017

Exalco Properties Limited Statement of Financial Position as at 31 December €'000s	2015 Audited	2016 Audited restated	2017 Audited
Non-current assets	34,881	34,940	54,172
Current assets	1,606	1,012	1,213
Total Assets	**36,487**	**35,952**	**55,385**
Equity and liabilities			
Equity	21,353	21,970	35,468
Non-current liabilities	11,965	10,426	15,812
Current liabilities	3,169	3,556	4,105
Total equity and liabilities	**36,487**	**35,952**	**55,385**

Source: Consolidated audited financial statements of Exalco Properties Limited for the years ended 31 December 2015 and 2016 (restated) and audited financial statements for the year ended 31 December 2017

[1] Earnings before Interest, Tax, Depreciation and Amortisation

Exalco Properties Limited Cash Flow Statement for the year ended 31 December €'000s	2015 Audited	2016 Mgt. Info.	2017 Mgt. Info.
Net cash from operating activities	211	1,622	1,322
Net cash used in investing activities	(869)	(614)	(3,407)
Net cash from / (used in) financing activities	1,882	(1,216)	1,601
Net movement in cash and cash equivalents	**1,224**	**(208)**	**(484)**
Cash and cash equivalents at beginning of year	(319)	905	697
Cash and cash equivalents at end of year	**905**	**697**	**213**

Source: Consolidated audited financial statements of Exalco Properties Limited for the year ended 31 December 2015 and management information

The Guarantor's net revenue from property leasing activities stepped up by 31% from €1.8 million in 2015 to €2.3 million in 2017. The increase in revenue reflects the effect of rental rate increments as per lease agreements entered into with tenants, as well as the commencement of the lease of the Golden Mile Business Centre in September 2017.

The Guarantor's normalised EBITDA margin increased from 86% in 2015 to 88% in 2017, which means that the company has been consistently achieving improved margins in its operations, translating into additional profit. Profit for the year increased from €0.6 million in 2015 to €0.9 million in 2017.

Total assets as at 31 December 2017 amounted to circa €55.4 million and primarily include the Guarantor's investment property portfolio, which is carried at a total value of €53.7 million. The carrying amount of the properties is based on a valuation carried out by an independent qualified architect in 2018 in accordance with the requirements of Chapter 7 of the Listing Rules, which is included in Annex I of the Registration Document. The valuation resulted in the recognition of a revaluation gain of €18 million, a significant portion of which was recognised on the Golden Mile Business Centre (+€12.4 million).

Total liabilities as at 31 December 2017 amounted to circa €19.9 million, with the principal liabilities relating to borrowings and deferred tax liabilities. Borrowings, which amounted to €11.7 million as at 31 December 2017, include bank loans of €11 million and a bank overdraft balance of €0.7 million. The level of debt as at this date results in a financial gearing ratio (net of cash and cash equivalents) of 24.4%. The borrowings are secured by a special and general hypothec over the Guarantor's principal properties and a pledge over the insurance policies of the Guarantor.

Deferred tax liabilities, which amounted to €4.7 million as at 31 December 2017, include provision for the future tax liabilities that would arise upon an eventual sale of the properties owned by the Guarantor.

Between 2015 and 2017, the Guarantor generated total cash from operating and financing activities of €3.1 million and €2.3 million respectively, which were utilised primarily to finance the development of the Golden Mile Business Centre.

The 2016 financial statements of Exalco Properties were restated to include accumulated depreciation of €0.5 million on the buildings of the properties held by the Guarantor, which was not being accounted for in prior years, and €0.4 million relating to revaluation gains, previously credited to retained earnings instead of the revaluation reserve.

B.13 / B.19 *Not Applicable:* Neither the Issuer nor the Guarantor is aware of any recent events which are to a material extent relevant to the evaluation of their solvency.

B.14 / B.19 The Issuer was registered as a subsidiary of Exalco Holdings, with the latter holding the entire issued share capital of the Issuer, save for one share which is held by Mr Alexander Montanaro. The Issuer itself does not itself carry on any trading activities apart from the raising of capital and advancing thereof to the Group, specifically the Guarantor, as and when the demands of its business so requires. Accordingly, the Issuer is economically dependent on the Group.

B.15 / B.19 As at the date of the Prospectus, the Issuer, which was set up in 2018 as a special purpose vehicle to act as the financing arm of the Group, does not itself carry on any trading activities apart from the raising of capital and advancing thereof to members of the Group as and when the demands of their business so require. In terms of its Memorandum and Articles of Association, the principal objects of the Issuer include, but are not limited to: the carrying on the business of a finance company; the borrowing and raising of money in such manner as the Issuer may deem fit, including the issuing of bonds, debentures, commercial paper or other instruments creating or acknowledging indebtedness and to offer the same to the public; and the securing of the repayment of any money borrowed or raised and any interest payable thereon.

In terms of its memorandum and articles of association, the principal objects of the Guarantor include, but are not limited to, the following: to carry on the business of a holding company; to carry on business in Malta as property developers and building contractors; to acquire and dispose of, by any title valid at law, movable or immovable property, whether for commercial or other purposes and to hold the property so acquired; to construct, reconstruct, build, improve, renovate, alter, develop, decorate, enlarge, pull down, demolish and remove or replace, furnish and maintain buildings, operations and other works of every kind and description; to invest, lease, hire, grant by way of emphyteutical concession or in any other manner employ, improve, manage or develop any of its assets as may from time to time be determined; and to guarantee the payment of monies or the performance of any contract or obligation in which the company may be interested in, even by the hypothecation of the company's property, present or future.

B.16 / B.19 The entire issued share capital of the Issuer is subscribed for, allotted and taken up as fully paid up shares by Exalco Holdings, save for one share held by Mr Alexander Montanaro (ID Number 606952 M). All of the issued share capital of the Guarantor is held by Exalco Holdings. Exalco Holdings is owned in equal proportions by Mr Jean Marc Montanaro (ID Number 460781 M), Mr Michael Montanaro (ID 157485 M), Ms Lee Ann Montanaro (ID Number 433683 M) and Mr Steve Montanaro (ID Number 267394 M).

B.17 / B.19 *Not Applicable:* Neither the Issuer nor the Guarantor has sought the credit rating of an independent rating agency, and there has been no assessment by any independent rating agency of the Bonds issued by the Issuer.

B.18 / B.19 For the purposes of the Guarantee, the Guarantor irrevocably and unconditionally guarantees to the Security Trustee, for the benefit of the Bondholders, the payment of, and undertakes on first demand in writing made by the Security Trustee on the Guarantor to pay, the Indebtedness to the Security Trustee or any balance thereof at any time due or owing under the Bonds. The Guarantee is further supported by the Collateral over the Security Property, however recourse thereto would be triggered only in the event that the Guarantee proves insufficient to address a claim brought by the Security Trustee. The obligations of the Guarantor under the Guarantee shall remain in full force and effect until no sum remains payable to any Bondholder pursuant to the issue of the Bonds.

SECTION C SECURITIES

C.1 The Issuer shall issue an aggregate of €15,000,000 in Secured Bonds having a nominal value of €100 per Bond, subject to a minimum application of €5,000 in Bonds. 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, the Bonds will have the following ISIN: MT0001911206. The Bonds shall bear interest at the rate of 4% per annum.

C.2 The Bonds are denominated in Euro (€).

C.5 The Bonds are freely transferable and, once admitted to the Official List, shall be transferable only in whole in accordance with the rules and regulations of the MSE applicable from time to time.

C.8 A Bondholder shall have such rights as are, pursuant to the Securities Note, attached to the Bonds, including:

i. the repayment of capital;
ii. the payment of interest;
iii. the benefit of the Collateral through the Security Trustee, as explained in Element E.3(3) below;
iv. the right to attend, participate in and vote at meetings of Bondholders in accordance with the terms and conditions of the Bond Issue; and
v. the enjoyment of all such other rights attached to the Bonds emanating from the Prospectus.

Following the issue of the Bonds and application of the proceeds, the Security Trustee, for the benefit of Bondholders, will enjoy a first-ranking special hypothec over the Security Property for the full amount of €15,000,000 and interest thereon. In addition to the above, the Security Trustee, for the benefit of Bondholders, will enjoy a pledge over the proceeds from any insurance policy required under clause 5(1)(h) of the Security Trust Deed. Also, the Secured Bonds shall be guaranteed, in respect of both the interest due and the principal amount under said Bonds, by the Guarantor in terms of the Guarantee.

C.9 The issue and allotment of the Bonds is conditional upon: (i) the Bonds being admitted to the Official List by no later than 4 September 2018; and (ii) the Collateral being constituted in favour of the Security Trustee, in accordance with the provisions of the Security Trust Deed. Subject to the Bond Issue becoming unconditional, the Bonds shall bear interest from and including 20 August 2018 at the rate of 4% per annum on the nominal value thereof, payable annually in arrears on each Interest Payment Date, provided that if any such day falls on a day other than a Business Day such Interest Payment Date will be carried over to the next following day that is a Business Day. The nominal value of the Bonds will be repayable in full upon maturity on 20 August 2028 unless the Bonds are previously re-purchased and cancelled. The first interest payment will be effected on 20 August 2019. The gross yield calculated on the basis of the Interest, the Bond Issue Price (that is the price of €100 per Bond) and the Redemption Value of the Bonds (that is the nominal value of each Bond, being €100 per Bond) is 4% per annum.

The remaining component of Element C.9 is not applicable, given that no representative of debt security holders has been appointed.

C.10 *Not Applicable:* There is no derivative component in the interest payments on the Bonds.

C.11 The Listing Authority has authorised the Bonds as admissible to Listing pursuant to the Listing Rules by virtue of a letter dated 31 July 2018. Application has been made to the MSE for the Bonds being issued pursuant to the Prospectus to be listed and traded on the Official List. The Bonds are expected to be admitted to the Official List by no later than 4 September 2018 and trading is expected to commence thereafter.

SECTION D RISKS

D.2 Key information on the key risks specific to the Issuer:

Holding of a Bond involves certain risks. Prospective investors should carefully consider, with their own independent financial and other professional advisers, the following risk factors and other investment considerations as well as all the other information contained in the Prospectus before deciding to acquire Bonds. Prospective Investors are warned that by investing in the Bonds they may be exposing themselves to significant risks that may have the consequence of losing a substantial part of all of their investment.

This document contains statements that are, or may be deemed to be, "forward-looking statements", which relate to matters that are not historical facts and which may involve projections of future circumstances. They appear in a number of places throughout the Prospectus and include statements regarding the intentions, beliefs or current expectations of the Issuer and/or its' Directors. These forward-looking statements are subject to a number of risks, uncertainties and assumptions and important factors that could cause actual risks to differ materially from the expectations of the Issuer's Directors. No assurance is given that the future results or expectations will be achieved.

Prospective investors are advised to read the Prospectus in its entirety and, in particular, the sections entitled "*Risk Factors*" in the Registration Document and Securities Note, for an assessment of the factors that could affect the Issuer's and the Guarantor's future performance.

The risk factors set out below are a summary of the principal risks associated with an investment in the Issuer and the Bonds – there may be other risks which are not mentioned in this summary.

i. Risks relating to the Issuer and its business

Issuer's dependence on the Guarantor and its business
The Issuer is a finance company, with one of its purposes being that of financing or re-financing the funding requirements of the business of the Group, particularly that of the Guarantor. In this respect, the Issuer is mainly dependent on the business prospects of the Guarantor, and consequently, the operating results of the Guarantor have a direct effect on the Issuer's financial position and performance, and as such the risks intrinsic in the business and operations of the Guarantor shall have a direct effect on the ability of the Issuer to meet its obligations under the Bonds.

As a majority of its assets will consist of receivables due in respect of loans to the Guarantor, the Issuer is largely dependent on receipt of interest and capital repayments from the Guarantor, which are subject to certain risks. More specifically, the ability of the Guarantor to effect loan repayments will depend on its respective cash flows and earnings, which may be restricted or affected by changes in applicable laws and regulations, by the terms of agreements to which they are or may become party, or by other factors beyond the control of the Issuer. The occurrence of any such factors could in turn negatively affect the ability of the Issuer to meet its obligations under the Bonds.

ii. Risks relating to the Guarantor and its business

Dependence on the Maltese and international markets and exposure to general economic conditions
The business of the Guarantor is subject to rapidly evolving consumer demands, tastes, preferences and trends. Consequently, the success of the Guarantor's business operations is dependent upon the priority and preference of prospective tenants and its ability to swiftly anticipate, identify and capitalise upon these priorities and preferences. If the Guarantor is unable to do so, the Guarantor could experience a reduction in its revenue, which reduction could in turn have a material adverse effect on the Guarantor's, and in turn, the Issuer's, financial condition, operational results and prospects. Furthermore, the Guarantor and its operations are highly susceptible to the economic trends that may from time to time be felt in Malta and internationally over and above fluctuations in consumer demands. Any future expansion of the Guarantor's operations into other markets would further increase its susceptibility to adverse economic developments and trends affecting such other markets.

Legal and regulatory compliance
The Guarantor is subject to a variety of laws and regulations, including taxation, environmental and health and safety regulations. The Guarantor is at risk in relation to changes in the 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 regulation or administrative practice after the date of this Prospectus upon the business and operations of the Guarantor. In addition, the Guarantor's activities are subject to licensing and regulation by governmental authorities. Difficulties in obtaining development permits for future projects, or difficulties in continued fulfilment of existing permit or license conditions, could adversely affect the Guarantor's business and results of its operations, and there can be no assurance that the Guarantor will be able to acquire, maintain and renew all necessary licenses, certificates, approvals and permits for its present and future operations.

The Guarantor's financing strategy
The Guarantor may not be able to secure sufficient financing for its future operations. No assurance can be given that sufficient financing will be available on commercially reasonable terms or within timeframes required by the Guarantor. Failure to obtain, or delays in obtaining, the capital required to complete current or future developments and investments on commercially reasonable terms may limit the Guarantor's growth and materially and adversely affect its business, financial condition, results of operations and prospects. In addition, the Guarantor may be exposed to a variety of financial risks associated with the unpredictability inherent in financial markets, including market risk, credit risk, foreign exchange rate risk, and interest rate risk.

Key senior personnel and management have been and remain material to the Guarantor's growth
The growth of the Guarantor and its business is partially attributable to the efforts and abilities of the members of its executive management team and other key personnel, specifically Mr Alexander Montanaro, Mr Jean Marc Montanaro and Mr Michael Montanaro. If one or more of the members of this team were unable or unwilling to continue in their present position, the Guarantor might not be able to replace them within the short term, which could have a material adverse effect on the Guarantor's business, financial condition and results of operations.

Liquidity risk
Properties such as those in which the Guarantor has invested, and may in the future invest in, are relatively illiquid. Such illiquidity could have a material adverse effect on the Guarantor's ability to vary its portfolio of properties or to dispose of or liquidate the same, whether in full or in part, in a timely fashion and on commercially acceptable terms. In turn, this illiquidity could have a material adverse effect on the Guarantor's, and in turn, the Issuer's, financial condition, results of operations and prospects.

Operating expenses
The majority of the Guarantor's costs are fixed and may not be easily reduced to react to changes in its revenue. In addition, the Guarantor's operating and other expenses could increase without a corresponding increase in turnover or revenue. The factors which could materially increase operating and other expenses of the Guarantor include: increases in the rate of inflation; increases in payroll expenses; changes in laws, regulations or government policies; increases in insurance premiums; unforeseen increases in the costs of maintaining properties; and unforeseen capital expenditure. Such increases could have a material adverse effect on the financial performance and position of the Guarantor, and in turn of the Issuer, and the latter's ability to fulfil its obligations under the Bonds.

Dependence on tenants fulfilling their obligations
The revenue generated from the Guarantor's property investment activities is dependent in the main part on tenants fulfilling their obligations under their respective lease agreements. There can be no assurance that the tenants will not fail to perform their obligations, which failure may have a material adverse effect on the financial condition of the Guarantor, and in turn of the Issuer, the results of operations and their prospects. In addition, the Guarantor is susceptible to the risk that tenants may terminate, or elect not to renew, their respective lease agreements, which could also have a material adverse effect on the Guarantor's, and in turn, the Issuer's business.

Single sector concentration risk
A significant portion of the Guarantor's property leasing revenue stream is generated through the leasing of units to companies operating in the i-gaming industry. Consequently, the Guarantor's dynamics of revenue generation are dependent, to some degree, on the continued success of the i-gaming industry, thereby exposing the Guarantor to single sector concentration risk. A decline in such industry or in the number of operators establishing themselves in Malta would likely have a greater adverse effect on the financial condition of the Guarantor than if the Guarantor maintained a more diversified real estate portfolio or was less exposed to a particular sector.

In addition, the Guarantor's property portfolio is comprised in the main of commercial real estate. There is no guarantee that the Guarantor will be able to compete successfully against current as well as future competitors in the property segment in which it operates. Its inability to do so may have a negative impact on the Guarantor's operations, income streams and financial position.

Single tenant risk
A significant portion of the revenue generated from the Guarantor's property portfolio is dependent on key tenants occupying a significant portion of a particular property, or in some instances the entire rentable area of a property. The financial failure of, or default in payment by, a key or a single tenant under its lease is likely to cause a significant or complete reduction in the Guarantor's rental revenue from that property and consequently a reduction in the value of the property. In addition, the Guarantor could experience difficulty or a significant delay in re-leasing such property. If this risk were to materialise, this could have a material adverse effect on the Guarantor's, and in turn the Issuer's business, the results of operations and their prospects.

Property valuations and net realisable value
The valuation of property is intrinsically subjective and influenced by a variety of factors, and there can be no assurance that any such property valuations will reflect actual market values. In addition, property valuations are influenced by a variety of factors such as changes in regulatory requirements and applicable laws, political and social conditions, the financial markets, consumer spending power, and interest and inflation rate fluctuations. Consequently, the net realisable value of property of the Guarantor may decrease, which decrease could have a material adverse effect on the financial position of the Guarantor, the level of asset cover and its prospects.

Reliance on non-proprietary software systems and third-party I.T. providers
The Guarantor is reliant, to an extent, upon technologies and operating systems (including IT systems) developed by third parties, for the efficient running of its business, and as such is exposed to the risk of failures in such systems. Disruption to those technologies or systems and/or lack of resilience in operational availability could adversely affect the efficiency of the Guarantor's business, financial condition and/or operating performance.

Level of interest rates
Interest rate risk refers to the potential changes in the value of financial assets and liabilities in response to changes in the level of interest rates and their impact on cash flows. The Guarantor may be exposed to the risks associated with the effects of fluctuations in the prevailing levels of the market interest rates on its financing position and cash flows.

Complaints and litigation
Since the Guarantor operates in an industry which involves the continuous provision of goods and services to customers and consumers and such operation necessarily requires continuous interaction with counterparties, employees, and regulatory authorities, the Guarantor is exposed to the risk of legal claims, with or without merit. Adverse publicity from such claims may materially affect sales revenue generated by the Guarantor regardless of whether such claims are upheld. All litigation is expensive, time consuming and may divert management's attention away from the operation of the business. In addition, the Guarantor cannot be certain that its insurance coverage will be sufficient to cover one or more substantial claims. Although in so far as the directors of the Issuer are aware, the Guarantor and the Issuer are not involved in any governmental, legal or arbitration proceedings, which may have, or have had during the 12 months preceding the date of this Prospectus, a significant effect on the Guarantor's and/or the Issuer's financial condition or operational performance, no assurance can be given that disputes which could have such effect would not arise in the future. Exposure to litigation or fines imposed by regulatory authorities may affect the Guarantor's and/or the Issuer's reputation even though the monetary consequences may not be significant.

The Guarantor's insurance policies
Historically, the Guarantor has maintained insurance at levels determined by the Guarantor to be appropriate in light of the cost of cover and the risk profiles of the business in which the Guarantor operates. Recovery of losses from insurers may be difficult and time-consuming and the Guarantor may be unable to recover the full loss incurred. No assurance can be given that the Guarantor's current insurance coverage would be sufficient to cover all potential losses, regardless of the cause, nor can any assurance be given that appropriate coverage would always be available at acceptable commercial rates.

iii. Risks relating to property development

As at the date of this Prospectus, the Guarantor does not have any property under development. However, given its line of business, it is likely that during the lifetime of the Bonds the Guarantor will invest in one or more property development opportunities. Were this to be the case, the Guarantor would be susceptible to a variety of risk factors associated with property development and the property market as a whole, including, but not limited to, those risk factors described hereunder.

General property market conditions
There are a number of factors that commonly affect the property market generally speaking, many of which are beyond the control of the Guarantor, and which could adversely affect the economic performance and value of the portfolio of property of the Guarantor and any properties under development. Such factors include: changes in general economic, social and political conditions; general industry trends; over-supply of properties of a similar nature or a reduction in demand for such property; possible structural and environmental problems; acts of nature that may damage the property or delay its development; increase in competition in the relevant market segment; introduction of, or changes to, laws, rules and regulations; interest rate and inflation fluctuations; and the availability of financing and alternative yields of investment. Such factors may be expected to cause fluctuations in the price of property and an increase in supply could negatively impact the value and income streams of the Guarantor's property portfolio.

Furthermore, the continued growth of the Guarantor's property development business is dependent, in part, on the ability of the Guarantor to identify high quality land and/or property in desirable locations and to acquire the same in sufficient quantity and on commercially advantageous terms.

Competition

The property market in Malta is very competitive in nature. An increase in supply and/or a reduction in demand in the property segment in which the Guarantor operates, may result in units forming part of the Guarantor's property remaining vacant or being leased out at prices which are lower than what is being anticipated by the Guarantor, including the risk of cost overruns, the risk of insufficiency of resources to complete, higher interest costs, and the erosion of revenue generation. Such changes in market trends could have a material adverse impact on the financial condition and prospects of the Guarantor.

Construction and third-party risks

Construction projects are generally subject to a number of specific risks inherent in the property development industry. If these risks were to materialise, they could have a material adverse impact on the Guarantor's revenue generation, cash flows and financial performance.

Furthermore, for the timely completion of its property development projects, the Guarantor would typically place certain reliance on counterparties who may fail to perform or may default on their obligations towards the Guarantor due to reasons which are beyond the Guarantor's control. The resulting development delays in completion could have an adverse impact on the Guarantor's businesses, its financial condition, results of operations and prospects.

Exposure to environmental and other regulatory liability

The Guarantor may become liable for the costs of 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. The Guarantor may also be required to remove or remediate any such substances or materials that it causes or knowingly permits at any property that it owns or may in future own.

In addition to environmental constraints, the Guarantor's property development operations are subject to extensive regulations and administrative requirements and policies which relate to, among other things, planning, developing, land use, local urban regeneration strategy, fire, health and safety, and others. These regulations often provide broad discretion to the relevant authorities and non-compliance may adversely affect the Guarantor's financial condition, results of its operations and its prospects.

Risk of injury or fatality

There are inherent risks to health and safety arising from the nature of property development, including the risk of serious injury or even fatality. Any failure in health and safety performance may result in penalties for non-compliance with the relevant regulatory requirements, and a failure which results in a major or significant health and safety incident may be costly in terms of potential liabilities arising as a result, as well as the generation of adverse publicity having a negative impact on the Guarantor's reputation, and in turn, that of the Issuer.

Ability to secure planning and construction consents on a timely basis

Securing planning consents by the competent planning and environment authorities in a timely manner is of key importance to the Guarantor's business. There can be no certainty that any given application will result in planning consent being granted, or that if granted, will not be on unduly onerous terms, which, if occurring across a large number of developments, may materially and adversely affect the Guarantor's business.

Delays in completion and cost overruns

Each property development project which may in future be undertaken by the Guarantor is susceptible to the risk of non-completion within the scheduled completion date, which could but may not necessarily come about as a result of unanticipated significant cost overruns being incurred, and that of non-completion within the budgeted cost. If either or both of these risks were to materialise, this could have a significant impact on the financial condition of the Guarantor, and in turn, the Issuer.

iv. Risk relating to the Guarantee and Security Property

In view of the fact that the Bonds are being guaranteed by the Guarantor on a joint and several basis, the Security Trustee, for the benefit and in the name of the Bondholders, shall be required to request the Guarantor to pay both the interest due and the principal amount under said Bonds if the Issuer fails to meet any amount, when due in terms of the Prospectus. The joint and several Guarantee requires the Security Trustee to take action against the Guarantor before taking action against the Issuer. The strength of this undertaking on the part of the Guarantor and therefore, the level of recoverability by the Security Trustee from the Guarantor of any amounts due under any of the Bonds, is dependent upon, and directly linked to, the financial position and solvency of the Guarantor.

The Guarantee is further supported by the Collateral that is to be granted over the Security Property, however recourse thereto would be triggered only in the event that the Guarantee proves insufficient to address a claim brought by the Security Trustee as aforesaid. In terms of the Security Trust Deed, the Security Trustee reserves the right to demand that additional or alternative immovable (and unencumbered) property owned by the Guarantor be given as security in addition to and/or in place of the Security Property, should at any given time the value of the Security Property be reported to be lower than the nominal value of outstanding Bonds in issue plus interest yet to accrue until the Redemption Date. In such case, the Issuer shall identify which unencumbered property/ies in the Guarantor's portfolio would replace or be added to the existing Security Property for the purpose of securing the Bond Issue and procure that the Guarantor takes the steps necessary in this respect.

Whilst the Security Trust Deed grants the Security Trustee a right of preference and priority for repayment over the Security Property, there can be no guarantee that the value of the Security Property (or other properties forming part of the Guarantor's portfolio that may from time to time replace or be added to the Security Property, as currently constituted, as explained in the Securities Note) over the term of the Bonds will be sufficient to cover the full amount of interest and principal outstanding under the Bonds. If such circumstances where to arise or subsist at the time that 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.

D.3 Key information on the key risks specific to the Bonds:

An investment in the Bonds involves certain risks, including those set out below in this section. In deciding whether to make an investment in the Bonds, prospective investors are advised to carefully consider, with their own independent financial and other (including tax, accounting, credit, legal and regulatory) professional advisers, the following risk factors (not listed in order of priority) and other investment considerations, together with all the other information contained in the Prospectus:

i. ***No prior market.*** **Due to the absence of any prior public market or trading record 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.**
ii. ***Orderly and liquid market.*** **There can be no assurance that an active secondary market for the Bonds will develop, or, if it develops, that it will continue. Accordingly, there can be no assurance that an investor will be able to sell or otherwise trade in the Bonds at or above the Bond Issue Price or at all.**
iii. ***Subsequent changes in interest rates.*** **Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds.**
iv. ***Market risk.*** **Investors should also be aware that the price of 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.**
v. ***Currency risk.*** **Any investor whose currency of reference is not the Euro shall bear the risk of any fluctuations in exchange rates between the currency of denomination of the Bonds (€) and the Bondholder's currency of reference.**
vi. ***Changes in circumstances.*** **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 the Bonds prevailing from time to time.**
vii. ***Collateral and the Guarantee.*** **In connection with the risk identified in section D.2(iv) above, it is pertinent to note that notwithstanding that the Bonds constitute the general, direct and unconditional obligations of the Issuer and in relation to the Guarantor the general, direct, unconditional and secured obligations, there can be no guarantee that privileges accorded by law in specific situations will not arise during the course of the business of each of the Issuer and the Guarantor which may rank with priority or preference to the Collateral.**
viii. ***Conditions precedent.*** **The issue and allotment of the Bonds is conditional upon the Bonds being admitted to the Official List by no later than 4 September 2018 and on the Collateral being constituted in favour of the Security Trustee, and in the event that either of the aforesaid conditions is not satisfied, the Security Trustee shall return Bond Issue proceeds to Bondholders.**
ix. ***Changes to Terms and Conditions.*** **In the event that the Issuer wishes to amend any of the Terms and Conditions of this Bond Issue it shall call a meeting of Bondholders. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.**
x. ***Changes in law.*** **The terms and conditions of this Bond Issue are based on the requirements of the Listing Rules of the Listing Authority, the Act and the Regulation. No assurance can be given as to the impact of any possible judicial decision or change in Maltese law, European regulation or administrative practice after the date of this Prospectus.**
xi. ***Property valuations.*** **The valuations referred to in the Prospectus are prepared by an independent qualified architect in accordance with Chapter 7 of the Listing Rules. 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.**
xii. ***Additional indebtedness and security.*** **Both the Issuer and the Guarantor may incur further borrowings or indebtedness and may create or permit to subsist security interests upon the whole or any part of their respective present or future undertakings, assets or revenues (including uncalled capital).**

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

xiv. ***Discontinuation of listing.*** **Even after the Bonds are admitted to trading on the MSE, the Issuer is required to remain in compliance with certain requirements in order to remain a listed company in good standing. Moreover, the Listing Authority has the authority to suspend trading or listing of the Bonds if, inter alia, it comes to believe that such a suspension is required for the protection of investors or the integrity or reputation of the market. The Listing Authority may discontinue the listing of the Bonds on the MSE. Any such trading suspensions or listing revocations/ discontinuations described above could have a material adverse effect on the liquidity and value of the Bonds.**

SECTION E OFFER

E.2b The proceeds from the Bond Issue, which net of Bond Issue expenses are expected to amount to approximately €14,700,000, will be used by the Issuer for the following purposes, in the amounts and order of priority set out below:

i. a maximum amount of circa €11,200,000 will be loaned by the Issuer to the Guarantor for the purpose of it re-financing the outstanding banking facilities held with HSBC Bank Malta p.l.c. which were originally utilised by the Guarantor to acquire and/or develop various properties and for capital expenditure purposes; and

ii. the remaining balance of the net Bond Issue proceeds equivalent to circa €3,500,000 shall be applied towards financing the Guarantor's general financing requirements including but not limited to the (re-)financing of future costs of acquisition and development of other immovable properties (in full or in part) in pursuance of the Guarantor's business development strategy.

For the purposes of (i) and (ii) above, a loan agreement dated 20 July 2018 has been entered into by and between the Issuer (as lender) and the Guarantor (as borrower). Such loan agreement is conditional upon the Bond Issue being approved by the Listing Authority issue and allotment of the Bonds, which in turn is conditional upon: the Bonds being admitted to the Official List; and the Collateral being constituted in favour of the Security Trustee in accordance with the provisions of the Security Trust Deed.

The net bond proceeds shall be transferred to the Security Trustee on or around 10 August 2018 and shall be released by the Security Trustee in the following manner:

- A maximum amount of circa €11,200,000 to be allocated to the bank refinancing referred to in (i) above shall be released by the Security Trustee on condition that: (a) it receives appropriate assurance that publication and registration of the necessary notarial deeds for the cancellation of the existing charges over the Security Property, and the simultaneous publication and registration of the Deed of Hypothec pursuant to which all security over the Security Property for the benefit of Bondholders is to be duly perfected and registered, will be effected once the outstanding bank facilities referred to in (i) above are refinanced through the application of Bond Issue proceeds; (b) the pledge on insurance proceeds referred to in clause 5(1)(h) of the Security Trust Deed is duly and properly executed; and (c) confirmation that the Bonds will be admitted to the Official List by no later than 4 September 2018 is communicated to the Security Trustee.
- Following registration of the notarial deeds and the Deed of Hypothec described above and the presentation to the Security Trustee of the appropriate notes of hypothec, and upon the Bonds being admitted to the Official List, the Security Trustee shall release the remaining balance of the net Bond Issue proceeds, equivalent to circa €3,500,000, to be applied for the purposes specified in (ii) above. In the event that either of the aforesaid conditions is not satisfied, the Security Trustee shall, through the Registrar and/or Authorised Financial Intermediaries (as applicable), return the proceeds of the Bond Issue to the Bondholders.

E.3 The Bonds are open for subscription by Authorised Financial Intermediaries, either for their own account or for the account of their underlying customers. The Issuer has reserved a maximum amount of €15,000,000 in value of Bonds for subscription by Rizzo, Farrugia & Co. (Stockbrokers) Ltd. and Bank of Valletta p.l.c. as Authorised Financial Intermediaries pursuant to placement agreements, which are conditional upon the Bonds being admitted to the Official List.

The following is a synopsis of the general terms and conditions applicable to the Bonds. A Bondholder is deemed to have invested only after having received, read and understood the contents of the Prospectus, including the full terms and conditions contained in the annexes thereto:

I. Form, Denomination and Title

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. The Bonds will be issued without interest coupons, in denominations of any integral multiple of €100 provided that on subscription the Bonds will be issued for a minimum of €5,000 per individual Bondholder. Authorised Financial Intermediaries subscribing to the Bonds through nominee accounts for and on behalf of clients shall apply the minimum subscription amount of €5,000 to each underlying client. Any person in whose name a Bond is registered may (to the fullest extent permitted by applicable law) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute owner of such Bond. Title to the Secured Bonds may be transferred as provided in the Securities Note.

II. Interest
Details of interest payable on the Bonds are provided in Element C.9 of this Summary Note.

III. Status of the Bonds and Security
The Bonds shall constitute the general, direct and unconditional obligations of the Issuer and shall be guaranteed in respect of both the interest due and the principal amount under said Bonds by the Guarantor. The Bonds shall at all times rank *pari passu*, without any priority or preference among themselves but, in respect of the Guarantor, they shall rank with priority or preference over all unsecured indebtedness, if any. The payment of the principal under the Bonds and interest thereon is guaranteed by the Guarantor in terms of the Guarantee, and shall be secured by a first-ranking special hypothec over the Security Property which the Guarantor has agreed to constitute in favour of the Security Trustee for the benefit of Bondholders. In addition to the above, the Security Trustee, for the benefit of Bondholders, will have the benefit of a pledge over the proceeds from any insurance policy required under clause 5(1)(h) of the Security Trust Deed.

IV. Payments
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. Such payment shall be effected within seven days of the Redemption Date. Payment of interest on a Bond will be made to the person in whose name such Secured Bond is registered at the close of business fifteen 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. Such payment shall be effected within seven days of the Interest Payment Date.

V. Redemption
Unless previously re-purchased and cancelled, the Bonds will be redeemed at their nominal value (together with interest accrued to the date fixed for redemption) on the Redemption Date.

VI. Events of Default
Pursuant to the Security Trust Deed, the Security Trustee may in its absolute and uncontrolled discretion, and shall upon the request in writing of not less than seventy five per cent (75%) in value of the Bondholders, declare the Bonds to have become immediately due and repayable at their principal amount together with accrued interest, upon the happening of any of the following events: (a) the Issuer fails to effect the payment of interest or the principal amount when due and such failure continues for a period of sixty (60) days after written notice thereof by the Security Trustee to the Issuer; (b) the Issuer fails duly to perform or shall otherwise be in breach of any other material obligation contained in the Prospectus and such failure shall continue for sixty (60) days after written notice thereof shall have been given to the Issuer by a Bondholder; (c) a Court order or other judicial process is levied or enforced upon or sued out against any part of the property of the Issuer and is not paid out, withdrawn or discharged within one month; (d) the Issuer or the Guarantor stop or suspend payments (whether of principal or interest) with respect to all or any class of its debts or ceases or threatens to cease to carry on its business or a substantial part of its business; (e) the Issuer or the Guarantor is unable to pay its debts within the meaning of article 214(5) of the Act; (f) a judicial or provisional administrator is appointed upon the whole or any part of the property of the Issuer or the Guarantor; (g) an order is made or an effective resolution is passed for winding up of the Issuer or the Guarantor; (h) the Issuer or the Guarantor substantially changes the object or nature of its business as currently carried on; (i) the Issuer or the Guarantor commits a breach of any of the covenants or provisions contained in the Security Trust Deed and the said breach still subsists for thirty (30) days after having been notified by the Security Trustee; (j) the security constituted by any hypothec, pledge or charge upon the whole or any part of the undertaking or assets of the Issuer or the Guarantor shall become enforceable and steps are taken to enforce the same and the taking of such steps shall be certified in writing by the Security Trustee to be in its opinion prejudicial to the Bondholders; (k) any representation or warranty made or deemed to be made or repeated by or in respect of the Issuer or the Guarantor is or proves to have been incorrect in any material respect in the sole opinion of the Security Trustee; (l) any default occurs relating to any financial indebtedness of the Issuer or the Guarantor in excess of €1,000,000; (m) any consent, permit, authorisation, licence or approval of, or registration with, or declaration to governmental, statutory or public bodies, or authorities or courts, required by the Guarantor in connection with the operation of the Security Property, or required by the Issuer for the performance of its obligations hereunder or under the Security Trust Deed, is substantially modified in the sole opinion of the Security Trustee, or is not granted, or is revoked, or terminated, or expires and is not renewed, or otherwise ceases to be in full force and effect; (n) it becomes unlawful at any time for the Issuer or the Guarantor to perform all or any of its obligations hereunder or under the Security Trust Deed; (o) the Issuer or the Guarantor repudiates, or does or causes or permits to be done any act or thing evidencing an intention to repudiate the Bonds and/or the Security Trust Deed; or (p) all or a material part, of the undertakings, assets, rights, or revenues of or shares or other ownership interests in the Issuer or the Guarantor are seized, nationalised, expropriated or compulsorily acquired by or under the authority of any government.

VII. Transferability of the Bonds
The Bonds are freely transferable and, once admitted to the Official List shall be transferable only in whole in accordance with the rules and regulations of the MSE applicable from time to time. All transfers and transmissions are subject in all cases to any pledge (duly constituted) of the Bonds and to any applicable laws and regulations. The cost and expenses of effecting any registration of transfer or transmission, except for the expenses of delivery by any means other than regular mail (if any) and except, if the Issuer shall so require, the payment of a sum sufficient to cover any tax, duty or other governmental charge or insurance charges that may be imposed

in relation thereto, will be borne by the Issuer. The Issuer will not register the transfer or transmission of Bonds for a period of 15 days preceding the due date for any payment of interest on the Bonds.

VIII. Register of Bondholders

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

IX. Further Issues

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

X. Meetings of Bondholders

The Terms and Conditions of the Bonds (as defined in the Securities Note) may be amended or waived with the approval of the Bondholders at a meeting called for that purpose by the Issuer through the Security Trustee.

XI. Governing Law and Jurisdiction

The Bonds shall be governed by and shall be construed in accordance with Maltese law. Any legal action, suit, action or proceeding against the Issuer and/or the Guarantor arising out of or in connection with the Bonds shall be brought exclusively before the Maltese Courts and the Bondholder shall be deemed to acknowledge that it is submitting to the exclusive jurisdiction of the Maltese Courts as aforesaid.

E.4 Save for the subscription for Bonds by Rizzo, Farrugia & Co. (Stockbrokers) Ltd. and Bank of Valletta p.l.c., and any fees payable in connection with the Bond Issue to Rizzo, Farrugia & Co. (Stockbrokers) Ltd. as Sponsor, Manager and Registrar, so far as the Issuer is aware, no person involved in the Bond Issue has an interest material to the Issue.

E.7 *Not applicable*. No expenses shall be charged to the Bondholders by the issuer.

EXPECTED TIME TABLE OF THE BOND ISSUE

1.	Placement Date	10 August 2018
2.	Commencement of interest on the Bonds	20 August 2018
3.	Expected date of constitution of Collateral	31 August 2018
4.	Expected date of admission of the securities to listing	4 September 2018
5.	Expected date of commencement of trading in the securities	5 September 2018

In the event that the constitution of Collateral is completed in advance of 31 August 2018, the events set out in steps 4 and 5 above shall also be brought forward accordingly, although the number of Business Days between the respective events shall remain unaltered.