



C54352/3

Prospectus

Dated 12 March 2012

13 MAR 2012

AS

GAP Group Finance p.l.c.

registered with limited liability in Malta

Issue of

€15,500,000 7% Secured Notes 2014-2016

Issued at Par

THIS DOCUMENT IS A PROSPECTUS ISSUED IN ACCORDANCE WITH THE PROVISIONS OF SECTION 90 OF THE COMPANIES ACT (CAP. 386 OF THE LAWS OF MALTA) 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 A PROSPECTUS AS WELL AS THE FORMAT, INCORPORATION BY REFERENCE AND PUBLICATION OF SUCH PROSPECTUSES AND DISSEMINATION OF ADVERTISEMENTS.

THIS DOCUMENT CONTAINS INFORMATION ABOUT GAP GROUP FINANCE P.L.C. (THE "ISSUER"), AS THE ISSUER OF SECURITIES AND ABOUT MANIKATA HOLDINGS LIMITED AND GAP PROPERTIES LIMITED (JOINTLY THE "GUARANTORS") ACTING AS THE GUARANTORS OF THE SAID SECURITIES. THE SECURITIES OFFERED HEREBY ARE BEING ISSUED AND OFFERED THROUGH AN OFFER TO THE PUBLIC BY THE ISSUER. NO APPLICATION HAS BEEN MADE NOR IS IT INTENDED THAT AN APPLICATION IS MADE FOR THE SECURITIES ISSUED HEREBY TO BE ADMITTED TO LISTING ON A REGULATED MARKET OR OTHER TRADING PLATFORM.

RELIANCE ON THIS PROMOTION FOR THE PURPOSE OF ENGAGING IN ANY INVESTMENT ACTIVITY MAY EXPOSE AN INDIVIDUAL TO A SIGNIFICANT RISK OF LOSING ALL OF THE PROPERTY OR OTHER ASSETS INVESTED.

A COPY OF THIS DOCUMENT HAS BEEN REGISTERED WITH THE REGISTRY OF COMPANIES IN MALTA. THE DIRECTORS OF THE COMPANY, WHOSE NAMES ARE SET OUT HEREIN, ARE THE PERSONS RESPONSIBLE FOR THE INFORMATION CONTAINED IN THIS DOCUMENT. THE DIRECTORS HAVE TAKEN REASONABLE CARE TO ENSURE THAT TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THE INFORMATION CONTAINED HEREIN IS IN ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION.

Manager & Placement Agent

ECHARTS
WEALTH MANAGEMENT • CORPORATE BROKERS

Trustee

EQUINOX INTERNATIONAL

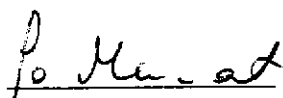
GAP Group Finance p.l.c. (the "Company") proposes to take a loan of €15,500,000 (fifteen million five hundred thousand Euro) by issuing a First Tranche Preliminary Note and the Second Tranche Preliminary Note, as may be replaced by the Master Loan Note upon issuance of the Second Tranche Preliminary Note (as defined below) in favour of Equinox International Limited as trustee (the "Trustee") redeemable on 30 March 2016.

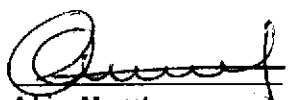
The Trustee has the intention of transferring its interests and recognising the interests of third parties in the First Tranche Preliminary Note and the Second Tranche Preliminary Note, as may be replaced by the Master Loan Note upon issuance of the Second Tranche Preliminary Note, by issuing Participation Notes. The Participation Notes will be in certificated and registered form and will be constituted by a Trust Deed (the "Trust Deed") in favour of the Registered Beneficiaries. The First Tranche Preliminary Note and the Second Tranche Preliminary Note, as may be replaced by the Master Loan Note upon issuance of the Second Tranche Preliminary Note, may be redeemed earlier by the Company at any time between 31 March 2014 and 29 March 2016 in whole or in part, at nominal value including accrued but unpaid interest on giving not less than 30 days prior notice to the Trustee (see "Terms and Conditions of the First Tranche Preliminary Note, the Second Tranche Preliminary Note and the Master Loan Note, to the extent that the latter substitutes the First Tranche Preliminary Note and the Second Tranche Preliminary Note in terms of the Trust Deed and the Prospectus"). The repayment of the principal amount of the First Tranche Preliminary Note and the Second Tranche Preliminary Note, as may be replaced by the Master Loan Note upon issuance of the Second Tranche Preliminary Note, and interest thereon is secured by a first ranking general hypothec over all the assets present and future of the Company and the Guarantors which is further supported by special hypothecs over the Properties (as defined below). Interest on the First

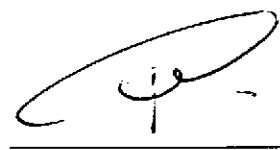
Tranche Preliminary Note and the Second Tranche Preliminary Note, as may be replaced by the Master Loan Note upon issuance of the Second Tranche Preliminary Note, will become due and payable annually in arrears on 30 March of each year between 2013 and 2016 (both years included) at the rate of 7% (seven per cent) *per annum*. The net cash proceeds from the First Tranche Preliminary Note and the Second Tranche Preliminary Note, as may be replaced by the Master Loan Note upon issuance of the Second Tranche Preliminary Note, will be advanced by the Company to the Guarantors and shall be applied to finance the acquisition of the sites underlying the Projects as well as the construction and completion of the Projects (see Part III – “Use of Proceeds” below).

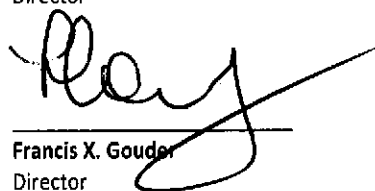
The payment of the First Tranche Preliminary Note and the Second Tranche Preliminary Note, as may be replaced by the Master Loan Note upon issuance of the Second Tranche Preliminary Note, and interest thereon shall at all times constitute the unconditional payment obligations of the Company jointly and severally guaranteed by the Guarantors and shall rank with preference and priority over all unsecured indebtedness of the Company and Guarantors, and in addition shall enjoy a first priority and preference over all other creditors of the Company and Guarantors over the Hypothecated Properties by virtue of the special hypothecs constituted by the Guarantors on the Hypothecated Properties in support of its obligation for the repayment of the principal and interest on the First Tranche Preliminary Note and the Second Tranche Preliminary Note, as may be replaced by the Master Loan Note upon issuance of the Second Tranche Preliminary Note.

The First Tranche Preliminary Note and the Second Tranche Preliminary Note, as may be replaced by the Master Loan Note upon issuance of the Second Tranche Preliminary Note as well as the Participation Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”) and may not be offered or sold in the United States.


George Muscat
Director


Adrian Muscat
Director


Paul Attard
Director


Francis X. Gouda
Director

IMPORTANT INFORMATION

THIS DOCUMENT CONTAINS INFORMATION ON AN OFFER BY GAP GROUP FINANCE P.L.C. (THE "COMPANY") AND JOINTLY AND SEVERALLY GUARANTEED BY MANIKATA HOLDINGS LIMITED AND GAP PROPERTIES LIMITED IN RELATION TO A 7% (SEVEN PER CENT) MASTER LOAN NOTE OF €15,500,000 (FIFTEEN MILLION FIVE HUNDRED THOUSAND EURO) (2014-2016) ISSUED IN FAVOUR OF THE TRUSTEE AND THE SUBSEQUENT TRANSFER OF PARTICIPATIONS IN THE FIRST TRANCHE PRELIMINARY NOTE AND THE SECOND TRANCHE PRELIMINARY NOTE, AS MAY BE REPLACED BY THE MASTER LOAN NOTE UPON ISSUANCE OF THE SECOND TRANCHE PRELIMINARY NOTE THROUGH THE ISSUE OF PARTICIPATION NOTES (THE "OFFER"). THE ISSUER RESERVES THE RIGHT TO PREPAY ALL OR PART OF THE FIRST TRANCHE PRELIMINARY NOTE AND THE SECOND TRANCHE PRELIMINARY NOTE, AS MAY BE REPLACED BY THE MASTER LOAN NOTE UPON ISSUANCE OF THE SECOND TRANCHE PRELIMINARY NOTE, BEFORE THE REDEMPTION DATE ON A DAY TO BE DETERMINED AND ANNOUNCED BY THE COMPANY BEING A DAY NOT BEFORE 31 MARCH 2014. THIS PROSPECTUS ALSO CONTAINS INFORMATION ABOUT THE COMPANY, THE GUARANTORS AND THE PROJECTS.

THE DIRECTORS OF THE COMPANY WHOSE NAMES APPEAR UNDER THE HEADING DIRECTORS AND ADVISORS (THE "DIRECTORS"), ARE THE PERSONS RESPONSIBLE FOR THE INFORMATION CONTAINED IN THIS PROSPECTUS. TO THE BEST OF THE KNOWLEDGE AND BELIEF OF THE DIRECTORS OF THE COMPANY (WHO HAVE ALL TAKEN REASONABLE CARE TO ENSURE SUCH IS THE CASE) THE INFORMATION CONTAINED IN THIS PROSPECTUS IS IN ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION. THE DIRECTORS ACCEPT RESPONSIBILITY ACCORDINGLY.

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

INVESTORS ARE NOT TO CONSTRUE THE CONTENTS OF THIS PROSPECTUS AS LEGAL, BUSINESS OR TAX ADVICE. EACH INVESTOR SHOULD CONSULT ITS OWN ATTORNEY, BUSINESS ADVISOR AND TAX ADVISOR AS TO THE LEGAL, BUSINESS, TAX AND RELATED MATTERS CONCERNING THIS OFFER.

IT IS THE RESPONSIBILITY OF ANY PERSONS IN POSSESSION OF THIS PROSPECTUS TO INFORM THEMSELVES OF, AND TO OBSERVE AND COMPLY WITH, ALL APPLICABLE LAWS AND REGULATIONS.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR EXAMINATION OF WHOLE OF THIS DOCUMENT AND THE INFORMATION REGARDING THE COMPANY AND THE TERMS OF THE OFFER, INCLUDING THE MERITS AND RISKS INVOLVED.

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

A SUBSCRIPTION AGREEMENT IS PROVIDED WITH THIS DOCUMENT. THE FIRST TRANCHE PRELIMINARY NOTE AND THE SECOND TRANCHE PRELIMINARY NOTE, AS MAY BE REPLACED BY THE MASTER LOAN NOTE UPON ISSUANCE OF THE SECOND TRANCHE PRELIMINARY NOTE, AND THE PARTICIPATION NOTES ARE ISSUED AS SUBJECT TO THE TERMS AND CONDITIONS AS SET OUT IN ANNEX A1 AND ANNEX A2 OF THIS DOCUMENT AND THE RELEVANT SCHEDULES OF THE TRUST DEED. **BENEFICIARIES ARE ENTITLED TO THE BENEFIT OF, ARE BOUND BY, AND ARE DEEMED TO HAVE NOTICE OF, ALL THE PROVISIONS OF THE TRUST DEED AND THE TERMS AND CONDITIONS APPLICABLE TO THEM.**

ATTENTION IS DRAWN TO THE FACT THAT THIS IS A PUBLIC OFFER AND IS BEING MADE IN COMPLIANCE WITH THE PROVISIONS OF THE COMPANIES ACT, CAP 386 OF THE LAWS OF MALTA RELATING TO PUBLIC OFFERINGS. THE PARTICIPATION NOTES REPRESENT PARTICIPATION IN THE FIRST TRANCHE PRELIMINARY NOTE AND THE SECOND TRANCHE PRELIMINARY NOTE, AS MAY BE REPLACED BY THE MASTER LOAN NOTE UPON ISSUANCE OF THE SECOND TRANCHE PRELIMINARY NOTE. THE FIRST TRANCHE PRELIMINARY NOTE AND THE SECOND TRANCHE PRELIMINARY NOTE, AS MAY BE REPLACED BY THE MASTER LOAN NOTE UPON ISSUANCE OF THE SECOND TRANCHE PRELIMINARY NOTE AND THE PARTICIPATION NOTES MAY NOT BE TRANSFERRED BUT MAY BE REDEEMED BY THE COMPANY OR THE TRUSTEE IN ACCORDANCE WITH THE TERMS AND CONDITIONS CONTAINED HEREIN.

WITHOUT THE PRIOR WRITTEN PERMISSION OF THE COMPANY, NO PERSONS SHALL RELEASE THIS DOCUMENT OR DISCUSS THE INFORMATION CONTAINED HEREIN OR MAKE REPRODUCTION OF OR USE THIS DOCUMENT FOR ANY PURPOSE OTHER THAN EVALUATION OF POTENTIAL INVESTMENT DESCRIBED HEREIN. THIS PROSPECTUS IS INDIVIDUALLY DIRECTED TO EACH PROSPECTIVE INVESTOR BY AN AUTHORISED SELLING AGENT AND DOES NOT CONSTITUTE AN OFFER TO ANY OTHER PERSON TO SUBSCRIBE FOR OR OTHERWISE PURCHASE THE NOTES OR TO PARTICIPATE THEREIN. DISTRIBUTION OF THIS PROSPECTUS TO ANY PERSON OTHER THAN THE PROSPECTIVE NAMED INVESTORS AND THOSE PERSONS, IF ANY, RETAINED TO ADVISE SUCH PROSPECTIVE INVESTORS WITH RESPECT THERETO, IS UNAUTHORISED, AND ANY DISCLOSURE OF ANY OF ITS CONTENTS, WITHOUT THE PRIOR WRITTEN CONSENT OF THE COMPANY, IS PROHIBITED.

THE INFORMATION CONTAINED HEREIN HAS BEEN PREPARED BY THE COMPANY AND IS BEING FURNISHED BY THE PLACEMENT AGENT SOLELY FOR USE BY PROSPECTIVE INVESTORS IN CONNECTION WITH THE OFFER. THE TRUSTEE AND PLACEMENT AGENT AND EACH OF THE ADVISORS TO THE OFFER HAS NOT INDEPENDENTLY VERIFIED THE INFORMATION CONTAINED HEREIN OR OTHERWISE MADE AVAILABLE IN CONNECTION WITH ANY INVESTIGATION OF THE COMPANY AND MAKES NO REPRESENTATIONS OR WARRANTIES AS TO THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION. NOTHING CONTAINED HEREIN IS, OR SHOULD BE RELIED ON, AS A PROMISE OR REPRESENTATION AS TO THE FUTURE PERFORMANCE OF THE COMPANY AND GUARANTORS.

A PROSPECTIVE INVESTOR, BY ACCEPTING DELIVERY OF THIS PROSPECTUS, AGREES PROMPTLY TO RETURN TO THE PLACEMENT AGENT OR THE COMPANY THIS PROSPECTUS AND ANY OTHER DOCUMENTS OR INFORMATION FURNISHED IF THE PROSPECTIVE INVESTOR ELECTS NOT TO PURCHASE ANY OF THE NOTES OFFERED HEREBY OR TO PARTICIPATE THEREIN OR IF THE OFFER IS TERMINATED OR WITHDRAWN.

THIS PROSPECTUS DOES NOT PURPORT TO BE ALL-INCLUSIVE OR TO CONTAIN ALL THE INFORMATION THAT A PROSPECTIVE INVESTOR MAY DESIRE IN INVESTIGATING THE COMPANY. EACH INVESTOR MUST CONDUCT AND RELY ON ITS OWN EVALUATION OF THE COMPANY AND GUARANTORS AND THE TERMS OF THE OFFER, INCLUDING THE MERITS OF THE RISKS INVOLVED IN MAKING AN INVESTMENT DECISION WITH RESPECT TO THE NOTES.

THE VALUE OF INVESTMENTS CAN GO UP OR DOWN AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. THE NOMINAL VALUE OF THE NOTES WILL BE REPAYABLE IN FULL UPON REDEMPTION.

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DEFINITIONS

In this document the following words and expressions shall bear the following meanings except where the context otherwise requires:

Act	The Companies Act, Cap. 386 of the Laws of Malta;
Authorised Selling Agent	Charts Investment Management Service Limited a private limited liability company duly registered and validly existing under the laws of Malta with company registration number C7944 and with its registered office at Valletta Waterfront, Vault 17, Pinto Wharf, Floriana FRN 1913, Malta;
Directors or Board	The Directors of the Company whose details appear in the section "Directors and Advisors";
Early Redemption Dates	Any day falling between (and including) 31 March 2014 and 29 March 2016, at the sole option of the Issuer, on which the Issuer shall be entitled to prepay all or part of the principal amount of the First Tranche Preliminary Note, the Second Tranche Preliminary Note or the Master Loan Note, as the case may be, and all interests accrued up to the date of prepayment, by giving 30 days notice of such prepayment between 31 March 2014 and 29 March 2016 (both days included) and "Early Redemption" shall be construed accordingly;
Expected Issue Date	23 March 2012 with respect to Participation Notes in relation to the First Tranche Preliminary Note and 18 June 2012 with respect to the Participation Notes in relation to the Second Tranche Preliminary Note, as referred to in Section 3.10 – "Distribution and Allotment";
First Subscription Period	Means 21 March 2012 to 22 March 2012, both days included, throughout which the Participation Notes representing the First Tranche Preliminary Note are to be issued, provided that the First Subscription Period may be extended by the Trustee by giving written notice thereof to the Issuer by not later than ten (10) days from 12 March 2012;
First Tranche	€5,000,000 (five million Euro) of the Offer Amount;
First Tranche Funds	An amount equivalent to the First Tranche raised by the Trustee from investors by virtue of the subscription by such investors to Participation Notes representing the First Tranche Preliminary Note;
First Tranche Preliminary Note	The note issued by the Issuer in favour of the Trustee in the amount of €5,000,000 (five million Euro) and creating, acknowledging and representing the indebtedness of the Issuer to the Trustee under the terms and conditions set out in the form of Schedule A1 of this Prospectus, which note will be immediately replaced by the Master Loan Note upon issuance of the Second Tranche Preliminary Note;
GAP Properties Limited or GPL	GAP Properties Limited, a private limited liability company duly registered and validly existing under the laws of Malta with company registration number C47928 and with its registered office at GAP Holdings Head Office, Ċensu Scerri Street, Tigné, Sliema, Malta, SLM3060;
Group	The Company and the Guarantors;
Guarantors	(i) Manikata Holdings Limited; and (ii) GAP Properties Limited;
Hypothecated Properties	(i) the Manikata Property and all improvements to be constructed thereon; and (ii) the Żebbuġ Property and all improvements to be constructed thereon, excluding that part of the Żebbuġ property measuring approximately 1,072 square metres;

Interest Payment Date	30 March of each year between the year 2013 and the year 2016, both years included;
Issuer or Company	GAP Group Finance p.l.c. a public limited liability company duly registered and validly existing under the laws of Malta with company registration number C54352 and with its registered office at GAP Holdings Head Office, Ċensu Scerri Street, Tigné, Sliema, Malta, SLM3060;
Manager or Placement Agent	Charts Investment Management Service Limited, a private limited liability company duly registered and validly existing under the laws of Malta with company registration number C7944 and with its registered office at Valletta Waterfront, Vault 17, Pinto Wharf, Floriana FRN 1913, Malta;
Manikata Holdings Limited or MHL	Manikata Holdings Limited, a private limited liability company duly registered and validly existing under the laws of Malta with company registration number C53818 and with its registered office at GAP Holdings Head Office, Ċensu Scerri Street, Tigné, Sliema SLM3060 Malta;
Manikata Property	A plot of land situated at Manikata, in the limits of Mellieħa, previously Saint Paul's Bay, having a global footprint superficial area of approximately 4,880 square meters on which 14 luxury semi-detached villas are to be constructed and developed as detailed in Section 4.2A of this Prospectus;
Master Loan Note	The Master Loan Note issued by the Issuer in favour of the Trustee representing the amounts due by the Issuer to the Trustee and creating, acknowledging and representing the indebtedness of the Issuer to the Trustee under the terms and conditions set out in the form of Schedule A1 and replacing the First Tranche Preliminary Note and the Second Tranche Preliminary Note upon issuance of the Second Tranche Preliminary Note;
Memorandum and Articles of Association	The memorandum and articles of association of the Issuer in force at the time of publication of the Prospectus;
Offer	The offer for participation in the Trust Property through the issuance of Participation Notes;
Offer Amount	€15,500,000 (fifteen million five hundred thousand Euro) (for the avoidance of doubt, the aggregate of the First Tranche and the Second Tranche);
Participation Note	A non-negotiable and non-transferable note issued by the Trustee to a Registered Beneficiary acknowledging the interest of the person named therein in the Trust Property and evidencing an entry in the Register of Beneficiaries;
Participation Note Holder	A holder of a Participation Note;
Projects	<ul style="list-style-type: none"> (i) The acquisition of the Manikata Property and the construction and development thereon of 14 luxury semi-detached villas as detailed in Section 4.2A of this Prospectus; (ii) The acquisition of the Żebbuġ Property for the construction and development thereon of 157 apartments, of which 24 are duplex units and 23 are penthouses, 4 maisonettes, 189 underlying garages/car spaces and 3 retail outlets as detailed in Section 4.2B of this Prospectus;
Prospectus	This document in its entirety including all annexes;
Redemption Date	30 March 2016;
Register of Beneficiaries	The Register maintained by the Trustee identifying the Holders of Participation Notes as beneficiaries of the Trust from time to time in accordance with the Trust Deed;
Registered Beneficiary or Beneficiary	A beneficiary under the Trust whose interest in and benefit of the Trust Property is recognised by the Trustee by means of an entry in the Register of Beneficiaries;

Regulation	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;
Reserve Account	A segregated bank account held by the Trustee with a credit institution in Malta for the benefit of the Participation Note Holders and in which a fixed amount from the proceeds of the sale of each unit is deposited for the purpose of meeting the redemption of the Participation Notes on their date of maturity. The fixed amount to be deposited in such account will vary according to the unit being sold but shall be equal to <i>circa</i> 65% (sixty five per cent) of the consideration payable by a transferee on the sale of such unit, as in Section 4.3 under the heading "Reserve Account";
Second Subscription Period	Means 1 May 2012 to 15 June 2012, both days included, throughout which the Participation Notes representing the Second Tranche Preliminary Note are to be issued provided that the Second Subscription Period may be extended by the Trustee by giving written notice thereof to the Issuer by not later than ten (10) days from 26 March 2012;
Second Tranche	Means €10,500,000 (ten million five hundred thousand Euro) of the Offer Amount;
Second Tranche Funds	Means an amount equivalent to the Second Tranche raised by the Trustee by virtue of the subscription of Participation Notes representing the Second Tranche Preliminary Note;
Second Tranche Preliminary Note	Means the note issued by the Issuer in favour of the Trustee in the amount of €10,500,000 (ten million five hundred thousand Euro) and creating, acknowledging and representing the indebtedness of the Issuer to the Trustee under the terms and conditions set out in the form of Schedule A1 of this Prospectus, and to be immediately replaced by the Master Loan Note upon issuance of the Second Tranche Preliminary Note;
Security Interests	Means: <ul style="list-style-type: none"> (i) the general hypothec constituted by the Company in favour of the Trustee, over all its assets present and future for the amount of €15,500,000 (fifteen million five hundred thousand Euro) and interests thereon at the rate of 7% (seven per cent) <i>per annum</i>; (ii) the general hypothecs constituted by each of the Guarantors in favour of the Trustee, over all their assets present and future for the amount of €15,500,000 (fifteen million five hundred thousand Euro) and interests thereon at the rate of 7% (seven per cent) <i>per annum</i>; and (iii) the special hypothecs constituted by each of the Guarantors in favour of the Trustee over their respective Hypothecated Properties, each for the amount of €15,500,000 (fifteen million five hundred thousand Euro) and interests thereon at the rate of 7% (seven per cent) <i>per annum</i>;
Subscription Agreement	The agreement to subscribe for the Participation Notes;
Subscription Date	Means the date on which Participation Notes representing the respective full amount of the First Tranche Preliminary Notes and the Second Tranche Preliminary Notes, as the case may be, are subscribed for and issued in accordance with the Trust Deed;
Suretyship Agreement	Means an agreement to be entered into by the Trustee, each of the Guarantors and the Company and pursuant to which the Guarantors each stand surety jointly and severally between them and with the Company to secure the due and punctual fulfilment by the Company of all its obligations under the First Tranche Preliminary Note, the Second Tranche Preliminary Note and Master Loan Note, as the case may be;

Terms and Conditions	The terms and conditions applicable to the Participation Notes set out in Annex A2;
Trustee	Equinox International Limited, a private limited liability company duly registered and validly existing under the laws of Malta, with company registration number C29674 and having its registered office at 9, Level 2, Valletta Buildings, South Street, Valletta VLT 1103, Malta;
Trust Deed	The trust deed signed between the Company and the Trustee dated 12 March 2012;
Trust Property	The rights attaching to and emanating from the First Tranche Preliminary Notes, the Second Tranche Preliminary Notes and Master Loan Note, as the case may be, and the Trust Deed including the right to payment of principal and interest under the First Tranche Preliminary Notes, the Second Tranche Preliminary Notes and Master Loan Note, as the case may be, and the benefit of the security therefor created by virtue of the Security Interests;
Żebbuġ Property	A site in N/S off Triq il-Mula Żebbuġ measuring approximately 6,878 square metres on which 157 apartments, including 24 duplex units and 23 are penthouses, 4 maisonettes, 189 underlying garages/car spaces and 3 retail outlets are to be constructed and developed as detailed in Section 4.28 of this Prospectus. Also included is a plot of land measuring 1,072 square metres which will be subdivided into 8 plots and sold accordingly.

DIRECTORS AND ADVISORS

DIRECTORS

George Muscat	Non-executive Director
Paul Attard	Non-executive Director
Adrian Muscat	Non-executive Director
Francis X. Gouder	Non-executive Director

COMPANY SECRETARY

Paul Attard

The business address of the Directors and Company Secretary is GAP Holdings Head Office, Ċensu Scerri Street, Tigné, Sliema, Malta, SLM3060.

MANAGER AND PLACEMENT AGENT

Charts Investment Management Service Limited	Valletta Waterfront, Vault 17, Pinto Wharf, Floriana, Malta
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TRUSTEE

Equinox International Limited	Level 2, Valletta Buildings, South Street, Valletta, Malta
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LEGAL COUNSEL

Dr. Chris Cilia LL.D.	53, Doni Street, Rabat, Malta
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AUDITOR AND REPORTING ACCOUNTANT OF THE ISSUER, MANIKATA HOLDINGS LIMITED AND GAP PROPERTIES LIMITED

Emanuel P. Fenech FIA, ACIB, CPA	1, Tal-Providenza Mansions, Main Street, Balzan, Malta
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PART I – SUMMARY

This part of this document is prepared in accordance with the requirements of paragraph 6 of Part A of the Second Schedule to the Act.

This summary is being provided to convey the essential characteristics and risks associated with the Issuer and the securities being offered pursuant to this document. This part is merely a summary and therefore should only be read as an introduction to the other parts of 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 investment decision ought to be based solely and exclusively on consideration of this prospectus as a whole and reliance should not be made on any single part of this Prospectus.

1.1 Directors and Advisors of the Company

The directors and advisors of the Company are the persons whose names are set forth in the list above under the heading Directors and Advisors.

1.2 Offer Statistics and Expected Time-table

The following is a summary of the offer statistics and expected time table of the offer:

Offer Statistics

Amount:	€15,500,000 (fifteen million five hundred thousand Euro) divided into the First Tranche and the Second Tranche;
Form:	the Participation Notes will be issued in fully certificated and registered form, without coupons. The First Tranche Preliminary Note and the Second Tranche Preliminary Note, as may be replaced by the Master Loan Note upon the issuance of the Second Tranche Preliminary Note, shall be issued to the Trustee up to the Offer Amount and the Trustee shall be entered in the register of Note Holders as the holder respectively of the First Tranche Preliminary Note, the Second Tranche Preliminary Note or of the Master Loan Note, as the case may be. The Trustee shall hold First Tranche Preliminary Note, the Second Tranche Preliminary Note or the Master Loan Note, as the case may be, on trust for the benefit of the Registered Beneficiaries;
Denomination:	Euro (€);
Minimum amount per subscription:	a minimum of €30,000 (thirty thousand Euro) and multiples of €10,000 (ten thousand Euro) thereafter. If Participation Notes are held by financial intermediaries on behalf of clients under one or more nominee accounts, the minimum holding of €30,000 (thirty thousand Euro) shall apply to each underlying beneficial owner;
Redemption Date:	30 March 2016, unless otherwise redeemed following a redemption by the Issuer of the First Tranche Preliminary Note, the Second Tranche Preliminary Note or the Master Loan Note, as the case may be, on any of the Early Redemption Dates;
Early Redemption Date/s:	any day falling between and including 31 March 2014 and 29 March 2016;
Plan of Distribution:	all applications for participation in the Offer shall be available from Charts Investment Management Service Limited;

Participation Note Issue Price:	at par (€10,000 (ten thousand Euro) per Participation Note);
Status of the Participation Note:	<p>a Participation Note is a non-negotiable and non-transferable note issued by the Trustee to a Registered Beneficiary acknowledging the interest of the person named therein in the Trust Property and thereby in the First Tranche Preliminary Note or the Master Loan Note, as the case may be, and evidencing an entry in the Register of Beneficiaries.</p> <p>The First Tranche Preliminary Note and the Second Tranche Preliminary Note, as may be replaced by the Master Loan Note immediately upon issuance of the Second Tranche Preliminary Note, constitute the general, direct, unconditional and secured obligations of the Issuer, and will rank with priority and preference over all other present and future unsecured and unsubordinated obligations of the Issuer. In addition, the Guarantors shall jointly and severally between them guarantee the First Tranche Preliminary Note and the Second Tranche Preliminary Note, as may be replaced by the Master Loan Note immediately upon issuance of the Second Tranche Preliminary Note and for such purpose shall constitute general hypothecs over all their assets, present and future, as well as special hypothecs over the Hypothecated Properties to better secure their obligations and grant a right of preference to the Trustee for the benefit of Participation Note Holders in terms of the Trust Deed;</p>
Listing:	no application has been made nor is it intended that an application is made for the Participation Note representing the Trust Property to be admitted to listing on a regulated market or other trading platform;
Subscription Period:	the subscription period for the First Tranche is between 21 March 2012 and 22 March 2012 (both days included), and the subscription period for the Second Tranche is between 1 May 2012 and 15 June 2012 (both days included) and extendable upon the discretion of the Trustee;
Interest:	7% (seven per cent) <i>per annum</i> ;
Interest Payment Date/s:	<p>Interest on amounts outstanding under the Participation Note shall accrue at the rate of 7% (seven per cent) <i>per annum</i>. Interest shall be payable annually in arrears on 30 March in each year between the years 2013 and 2016 (both years included), provided that the Trustee receives a corresponding payment of interest outstanding under the First Tranche Preliminary Note, the Second Tranche Preliminary Note or the Master Loan Note, as the case may be. The first interest payment on 30 March 2013 shall be on a pro-rata basis and shall cover the period as follows:</p> <ul style="list-style-type: none"> (i) Interest to holders of the Participation Notes representing the First Tranche Preliminary Note shall be payable from 22 March 2012 to 30 March 2013 (both days included); (ii) Interest to holders of the Participation Note representing the Second Tranche Preliminary Note shall be payable from 15 June 2012 to 30 March 2013 (both days included);
Redemption Value:	at par (€10,000 (ten thousand Euro) per Note);
Governing law of the Participation Notes:	the Participation Notes are governed by and shall be construed in accordance with the laws of Malta;
Jurisdiction:	the Maltese Courts shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Participation Notes.

Time-table

1. Application Forms available	12 March 2012
2. First Subscription Period	21 March 2012 to 22 March 2012, both days included and extendable upon discretion of the Trustee
3. Commencement of interest on the Participation Notes issued upon closure of First Subscription Period	22 March 2012, or any later Subscription Date as the case may be
4. Announcement of basis of acceptance (First Subscription Period)	22 March 2012
5. Expected dispatch of allotment advices and refunds of unallocated monies (First Subscription Period)	23 March 2012
6. Second Subscription Period	1 May 2012 to 15 June 2012 both days included, extendable upon discretion of the Trustee
7. Issuance of Notes	On the respective Subscription Date of the First Tranche Preliminary Note and Second Tranche Preliminary Note as the case may be
8. Commencement of interest on the Participation Notes issued upon closure of Second Subscription Period	15 June 2012 or any later Subscription Date as the case may be
9. Announcement of basis of acceptance (Second Subscription Period)	15 June 2012
10. Expected dispatch of allotment advices and refunds of unallocated monies (Second Subscription Period)	18 June 2012

1.3 Risk Factors

Holding of a Participation Note 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 Participation Notes. Prospective Investors are warned that by investing in the Participation Notes they may be exposing themselves to significant risks that may have the consequence of losing a substantial part of all of their investment. The risk factors set out below are a summary of the principal risks associated with an investment in the Issuer and the Participation Notes – there may be other risks which are not mentioned in this summary. Investors are therefore urged to consult their own financial or other professional advisers with respect to the suitability of investing in this instrument. The following is a summary of the principal risks:

The Issuer is dependent on payments due by the Guarantors which may be affected by factors beyond the Issuer's control

The Issuer has no business operations or assets, and will be largely dependent on the receipt of loan repayments from the Guarantors. In this respect, therefore, the operating results of the Guarantors have a direct effect on the Issuer's financial position and as such the risks intrinsic in the business and operations of the Guarantors shall have a direct effect on the ability of the Issuer to meet its obligations in respect of the repayment of principal and interest under the said securities when due.

The Guarantors are subject to market and economic conditions generally

The Guarantors are subject to the general market and economic risks which may have a significant impact on the Projects and their timely completion within budget. These include factors such as the health of the local property market, inflation and fluctuations in interest rates, exchange rates and property prices. In the event that general economic conditions and property

market conditions experience a downturn, which is not contemplated in the Guarantors' planning during the construction and completion of the Projects, this shall have an adverse impact on the financial condition of the Issuer and its ability to meet its obligations under the First Tranche Preliminary Note, the Second Tranche Preliminary Note and Master Loan Note, as the case may be.

The Guarantors are start-up operations

The Guarantors as such have no trading record or history of operations. They were set up specifically to undertake the Projects and are seeking to raise finance for the purpose of completing their respective Project. Although the directors and senior management have experience in the real estate development market, the Guarantors remain start-up operations with all the attendant risks that start-ups normally entail. These risks include, but are not limited to the lack of financial stability, risks of cost over-runs; and risks of delays in completion of the Projects. In the event that these risks were to materialise they could have a significant impact on the financial position of the Guarantors.

The property market is a very competitive market that can influence the sales of units in the Projects

The real estate market in Malta is very competitive in nature, this includes the increase in competition in the market segment in which the Guarantors intend to sell the proposed projects. An increase in supply and/or a reduction in demand in the property segments in which the Guarantors operate may cause sales of units forming part of the Projects to sell at prices which are lower than are being anticipated by the Guarantors or that sales of such units are in fact slower than is being anticipated. The occurrence of any of these events will have a significant adverse impact on the Guarantors' businesses and respective financial condition, including the Issuer's ability to repay the First Tranche Preliminary Note, the Second Tranche Preliminary Note and Master Loan Note, as the case may be on maturity and servicing the interest payments on interest payment dates.

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

The Guarantors rely upon third-party service providers such as those with architects, building contractors and suppliers for the construction and completion of the Projects. They have engaged the services of third party contractors for the purpose of the development of the Projects including, excavation, construction and finishing of the developments in a timely manner and within agreed cost parameters. This gives rise to counter-party risks in those instances where such third parties do not perform in line with the Guarantors' expectations and in accordance with their contractual obligations. If these risks were to materialise, the resulting development cost over-runs or delays in completion could have an adverse impact on the Guarantors' businesses, and their respective financial condition, results of operations and prospects.

Material risks relating to real estate development may affect the economic performance and value of the properties under development

The Projects are still in their initial stages of development. There are a number of factors that commonly affect the real estate development industry, many of which are beyond the Guarantors' control, and which could adversely affect the economic performance and value of the Guarantors' real estate properties under development. Such factors include:

- changes in general economic conditions in Malta;
- general industry trends, including the cyclical nature of the real estate market;
- changes in local market conditions, such as an oversupply of similar properties, a reduction in demand for real estate or change of local preferences and tastes;
- delays or refusals in obtaining all planning, building, and other required permits and authorisations;
- shortages and/or price increases in raw materials or other construction inputs, such as, among others, cement, steel, energy and other utilities, leading to cost overruns;
- possible structural and environmental problems;
- acts of nature, such as earthquakes and floods, that may damage the properties or delay their development; and

- increased competition in the market segment in which the Guarantors are undertaking the real estate development may lead to an over-supply of commercial or residential properties in such markets, which could lead to a lowering of prices and a corresponding reduction in revenue of the Guarantors from the Projects.

Any of the factors described above could have a material adverse effect on the Guarantors' business, their respective financial condition and prospects, which may include an increase in projected costs and times for completion of the proposed developments.

Risks relating to the First Tranche Preliminary Note, the Second Tranche Preliminary Note or the Master Loan Note

A subscription in the First Tranche Preliminary Note, the Second Tranche Preliminary Note or the Master Loan Note involves certain risks including those described below:

- (i) The First Tranche Preliminary Note, the Second Tranche Preliminary Note or the Master Loan Note and the Participation Notes shall NOT be traded on any regulated market or other trading facility.
- (ii) The First Tranche Preliminary Note, the Second Tranche Preliminary Note or the Master Loan Note are subject to redemption upon the discretion of the Issuer.

The Issuer has not sought the credit rating of an independent rating agency and there has been no assessment by any independent rating agency of the First Tranche Preliminary Note, the Second Tranche Preliminary Note or the Master Loan Note.

1.4 Key Information

The following is a summary of the key information on selected financial data, capitalisation and indebtedness of the Company, and reasons for the Offer.

Selected Financial Data

The Issuer was set up and established to act as a finance company. Manikata Holdings Limited and GAP Properties Limited (jointly the Guarantors) were incorporated to acquire two sites: a plot of land measuring *circa* 4,880 square metres which is situated in Triq Mejjesa Manikata to develop to a fully finished state 14 luxury semi-detached villas; and a site in Żebbuġ measuring approximately 6,878 square metres to develop to a fully finished state 157 apartments, of which 24 are duplex units and 23 are penthouses, 4 maisonettes, 189 underlying garages/car spaces and 3 retail outlets. The Żebbuġ site also includes 8 plots in aggregate measuring 1,072 square metres. As at the date of this Prospectus the Issuer and Guarantors have not conducted any business and have no trading record.

Capitalisation & Indebtedness

The following financial information sets out the capitalisation and indebtedness of the Issuer following the Offer and is based on the assumption that the Offer shall be fully subscribed:

	€'000
EQUITY	
Capital and reserves	50
INDEBTEDNESS	
7% Secured Notes 2014-2016	15,500

Total capitalisation	15,550
	=====
Gearing ratio (debt/total capital)	100%
	=====

Reasons for the Offer and Use of Proceeds

The Issuer intends to raise funds through the First Tranche Preliminary Note and the Second Tranche Preliminary Note, as may be replaced by the Master Loan Note upon issuance of the Second Tranche Preliminary Note, to lend the proceeds thereof to the Guarantors for the purpose of enabling them to finance the acquisition of the sites in Manikata and Żebbuġ, part finance the completion of the Projects and to finance the consideration due by Guarantors to the Issuer for the assignment of an intercompany loan.

1.5 Information Concerning the Issuer and Guarantors

The Issuer was registered, incorporated and established on 8 November 2011 as a public company with limited liability and having one principal shareholder, namely GEOM Developments Limited. Save for what is stated hereunder, the Issuer has no trading record since the date of its establishment and has not published any financial statements. The Issuer has two wholly owned subsidiary companies, namely GAP Properties Limited and Manikata Holdings Limited. On 18 November 2009, GAP Properties Limited entered into a preliminary agreement for the acquisition of legal title to the Żebbuġ Property on which it plans to develop 157 apartments, 4 maisonettes, 189 underlying garages/car spaces and 3 retail outlets, and to sell 8 parcels of land as plots. On 14 December 2011, Manikata Holdings Limited entered into a preliminary agreement for the acquisition of legal title to the Manikata Property on which it plans to develop 14 luxury semi-detached villas. The business of the Group is property development and whilst its only plan for the foreseeable future is the acquisition of and the development of the said Projects, it has the intention in the medium to long term of identifying other projects relative to the development of real estate.

1.6 Operating and Financing Review and Prospects

The Issuer and the Guarantors have not been involved in any activity since their inception and the Issuer and Manikata Holdings Limited have not published any audited financial statements. GAP Properties Limited has published its first audited financial statements for the period 2010 but has not commenced operations up to date of this Prospectus. There have been no material adverse changes in the prospects of GAP Properties Limited since the date of its last published financial statements. Accordingly this Prospectus does not contain any further data in connection with the operating and financial review of the Issuer and Guarantors. The Group's plans are to acquire and subsequently develop and complete the Projects. It is estimated that the Manikata Project will cost in aggregate €7,857,000 (seven million eight hundred fifty seven thousand Euro) and the Żebbuġ Project will cost in aggregate €19,250,000 (nineteen million two hundred fifty thousand Euro).

1.7 Details of the Offer

The Offer by the Issuer consists of the issue of a First Tranche Preliminary Note and the Second Tranche Preliminary Note, as may be replaced by the Master Loan Note upon issuance of the Second Tranche Preliminary Note, of €15,500,000 (fifteen million five hundred thousand Euro) 7% (seven per cent) Secured Notes 2014-2016, to be issued to the Trustee pursuant to and under the terms and conditions of the First Tranche Preliminary Note and the Second Tranche Preliminary Note, as may be replaced by the Master Loan Note. Investors in Malta can participate in the Trust Property by virtue of the subscription to Participation Notes. The Participation Notes relating to the First Tranche Preliminary Note shall be available for subscription during the First Subscription Period and the Participation Notes relating to the Second Tranche Preliminary Notes shall be available for subscription during the Second Subscription Period. The Issuer has appointed Charts Investment Management Service Limited as Authorised Selling Agent for the purpose of this Offer. All applications for participation in the Offer shall be available from Charts Investment Management Service Limited as from 12 March 2012. Participation Notes in an amount of €4,000,000 (four million Euro) of the Offer Amount shall be issued to the ultimate beneficial shareholders of the Issuer as consideration for an assignment from the ultimate beneficial shareholders of the Issuer in favour of the Issuer of intercompany loan receivables due to the ultimate beneficial shareholders of the Issuer ("**Receivables**").

The subscription to the Participation Notes representing the First Tranche Preliminary Note shall take place during the First Subscription Period and shall be on a first-come-first-served basis. Such subscription shall be for an amount of €5,000,000 (five million Euro) to be granted by the Issuer as a loan to Manikata Holdings Limited, which shall make use of such loan amount as follows:

- (i) €4,000,000 (four million Euro) being the amount required by Manikata Holdings Limited to purchase and develop the Manikata Property; and
- (ii) €1,000,000 (one million Euro) for the purpose of financing the consideration due by Manikata Holdings Limited to the Issuer for the assignment of the Assigned Receivable 1 (as defined in Section 1.9 "Related Party Contracts").

The subscription to the Participation Notes representing the Second Tranche Preliminary Note shall take place during the Second Subscription Period and shall be on a first-come-first-served basis. Such subscription shall be for an amount of €10,500,000 (ten million five hundred thousand Euro) to be granted by the Issuer to GAP Properties Limited, which shall make use of such loan amount as follows:

- (i) €7,500,000 (seven million five hundred thousand Euro) being the amount required for the acquisition and development of the Żebbuġ Property; and
- (ii) €3,000,000 (three million Euro) for the purpose of financing the consideration due by GAP Properties Limited to the Issuer for the assignment of the Assigned Receivables 2 (as defined in Section 1.9 "Related Party Contracts").

The First and Second Tranche Subscription Periods shall close immediately upon attaining full subscription.

Interest on amounts outstanding under the Participation Notes shall accrue at a rate of 7% (seven per cent) *per annum*. Interest shall be payable annually in arrears on 30 March in each year between the years 2013 and 2016, both years included, provided that the Trustee receives a corresponding payment of interest outstanding under the First Tranche Preliminary Note and the Second Tranche Preliminary Note, as may be replaced by the Master Loan Note.

Interest on amounts outstanding under the First Tranche Preliminary Note, the Second Tranche Preliminary Note or the Master Loan Note, as the case may be, shall accrue at the rate of 7% (seven per cent) *per annum*. Interest shall be payable annually in arrears on 30 March in each year between the years 2013 and 2016, both years included. The first interest payment on 30 March 2013 shall be on a pro-rata basis and shall cover the period as follows:

- (i) Interest on the First Tranche Preliminary Note shall accrue from 22 March 2012 to 30 March 2013 (both days included);
- (ii) Interest on the Second Tranche Preliminary Note shall accrue from 15 June 2012 to 30 March 2013 (both days included).

When interest is payable for a period of less than one year, it shall be calculated on the basis of the actual number of days elapsed and a year of 365 (three hundred sixty five) days.

The First Tranche Preliminary Note, the Second Tranche Preliminary Note or the Master Loan Note, as the case may be, will be redeemed at their nominal value including accrued but unpaid interest on 30 March 2016 unless previously redeemed at the option of the Company upon an Early Redemption Date in accordance with the terms and conditions of issue (see Annex A1 for the full terms and conditions). Partial redemptions are allowed between 31 March 2014 and 29 March 2016 (both days included) as long as they are made in multiples of €250,000 (two hundred fifty thousand Euro) and in accordance with the term and conditions of the Offer.

Each Participation Note Holder may, even before any Early Redemption Date, apply to the Trustee to have its participation in the Trust Property or part thereof cancelled. The Trustee may accede to such request by a Participation Note Holder and cancel a Participation Note (whether in whole or in part) on any Early Redemption Date, but shall be under no obligation so to do.

A ratable cancellation of each Participation Note (whether in whole or in part) may be made by the Trustee on any Early Redemption Date where no Participation Note Holder has applied for a cancellation of its respective Participation Note in accordance with the terms and conditions of the Participation Note (see annex A2 for the full terms and conditions).

Where one or more Participation Note Holders have applied to the Trustee to have their participation in the Trust Property cancelled and where the Trustee has received a notice from the Company of its intention to effect a prepayment, the Trustee shall cancel the participations in accordance with the terms of the Trust Deed and the Participation Note.

The First Tranche Preliminary Note, the Second Tranche Preliminary Note and the Master Loan Note constitute the general, direct, unconditional and secured obligations of the Issuer, and will rank with priority and preference over all other present and future unsecured and unsubordinated obligations of the Issuer. In addition, the Guarantors shall jointly and severally between them guarantee the First Tranche Preliminary Note, the Second Tranche Preliminary Note and the Master Loan Note and for such purpose shall constitute general hypothecs over all their assets, present and future, as well as special hypothecs over the Hypothecated Properties to better secure their obligations and grant a right of preference to the Trustee for the benefit of Participation Note Holders in terms of the Trust Deed.

The Issuer will initially issue the First Tranche Preliminary Note followed by the issue of the Second Tranche Preliminary Note. Upon the issuance of the Second Tranche Preliminary Note, the Trustee shall substitute the First Tranche Preliminary Note and the Second Tranche Preliminary Note with the Master Loan Note. The Master Loan Note shall accordingly represent the amounts due by the Company to the Trustee up to a maximum principal amount of €15,500,000 (fifteen million five hundred thousand Euro). Investors wishing to participate in the Trust Property by acquiring Participation Notes will be able to do so by duly executing a Subscription Agreement. Upon execution of the Subscription Agreement, an investor will also be bound by and be deemed to have notice of, all the provisions of the Trust Deed and the terms and conditions of the First Tranche Preliminary Note, the Second Tranche Preliminary Note and the Master Loan Note applicable to him.

Participation Notes are non-negotiable and non-transferable certificates issued by the Trustee to a Registered Beneficiary acknowledging the interest of the Beneficiary named therein in the First Tranche Preliminary Note and the Second Tranche Preliminary Note and Master Loan Note, as the case may be, and the Trust property and evidences an entry in the Register of Beneficiaries held by the Trustee. The Participation Notes will be issued in registered form and will not be issued in bearer form.

Professional fees for managing and placing the issue including all other miscellaneous costs are estimated not to exceed €350,000 (three hundred fifty thousand Euro). These shall be at the charge of the Guarantors.

1.8 Reserve Account

All sales of units forming part of the Projects shall be made on the basis that units are released of all Security Interests encumbering the units being sold. For this purpose the Trustee shall be empowered to release individual units of the Hypothecated Properties from the Security Interest encumbering such unit/s upon receipt by it from the Company or from a prospective purchaser of a fixed amount of the purchase price. It is estimated that this fixed amount to be withheld by the Trustee will equate to *circa* 65% (sixty five per cent) of the contract value. For this purpose the Trustee and the Issuer have agreed that a fixed amount shall be set for each unit, and it is only upon receipt by the Trustee of such an amount out of the consideration payable for the contract value of a unit that the Trustee shall be bound to release a particular unit from the effects of any Security Interests encumbering the Hypothecated Properties. This is intended to ensure that the security created for the interest of Participation Note Holders is only reduced against a cash payment made by the Issuer in the Reserve Account to be held by the Trustee for the benefit of Participation Note Holders. The funds so received by the Trustee shall be held by it under trust in a segregated bank account with a credit institution in Malta for the benefit of the Participation Note Holders and shall be so held with a view to meeting the redemption of the Participation Notes on their date of maturity ("**Maturity Date**").

Provided further that any shortfall in the amount receivable by the Trustee pursuant to the foregoing shall be required to be made up, in whole or in part, out of the available sale proceeds from any subsequent sale or sales until such shortfall shall have been made up in its entirety.

In the absence of unforeseen circumstances and subject to there being no material adverse changes in circumstances the Directors are of the view that the percentages available for cash flows that will be credited to the Reserve Account will be sufficient to cover the redemption of the Participation Notes on Maturity Date. The Issuer expects to generate adequate cash flows to repay the Participation Notes on maturity from the sale of approximately 75% (seventy five per cent) of the units by end of 2015.

1.9 Additional Information

Share Capital

The authorised share capital of the Company is €50,000 (fifty thousand Euro) divided into 50,000 (fifty thousand) ordinary shares of €1 (one Euro) each. The issued share capital is €50,000 (fifty thousand Euro) divided into 50,000 (fifty thousand) ordinary shares of €1 (one Euro) each fully paid up.

Discounts & Commissions

There were no commissions, discounts, brokerages or other special terms granted during the 2 (two) years immediately preceding the publication of this document in connection with the issue or sale of any capital of the Company or any of its subsidiaries.

Directors' Interests

The following directors have an indirect interest in the share capital of the Issuer:

George Muscat indirectly, through GEOM Developments Limited owns 98% (ninety eight per cent) of the share capital of the Issuer.

Litigation

The Company has no litigation or claims of material importance pending or, to the best of the knowledge of the Directors, threatened against it.

Interest of Experts and Advisors

Save for the accountant's report on the projections relating to the Manikata and Żebbuġ Projects set out as Annex D and the architects' reports set out as Annex B1 and B2, this Prospectus does not contain any statement or report attributed to any person as an expert. The accountant's report and the architects' valuations have been included in the form and context in which they appear with the authorisation of Emanuel P. Fenech, FIA, ACIB, CPA, of 1, Tal-Providenza Mansions, Main Street, Balzan, Malta, EM Architect & Civil Engineer, of no. 12/25, Vincenti Buildings, Strait Street, Valletta, Malta and Edgar Caruana Montaldo, B.E.&A. (Hons.), A.&C.E. Architect and Civil Engineer, of 41A, Tal-Herba Street, Birkirkara, Malta respectively, who have given and have not withdrawn their consent to its inclusion herein. None of the foregoing experts have any beneficial interest in the Issuer. The Issuer confirms that the extract from the accountant's report and the architects' valuations have been accurately reproduced in this Prospectus 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.

Material Contracts

The Company was registered on 8 November 2011 and since its inception has not entered into any contracts of a material nature which are not in the ordinary course of its business, save as otherwise disclosed in this Prospectus.

Construction Contracts

The subsidiaries GAP Properties Limited and Manikata Holding Limited entered each into a construction contract dated 16 January 2012 with Carin Construction Limited, a limited liability company with Maltese company number C12194 in order to carry out the Projects. Please refer to section 4.2 (a) and (b) for further information.

Related party contracts

The Company intends to enter into two (2) separate assignment agreements as follows:

- (i) George Muscat (ID card number 312355M) intends to assign the amount of €1,000,000 (one million Euro) receivable from GEOM Developments Limited (C50805) (the “**Assigned Receivable 1**”) in favour of the Issuer in consideration of the issue of Participation Notes to George Muscat in an amount equal to the Assigned Receivable 1. The Issuer intends to then assign the Assigned Receivable 1 to Manikata Holdings Limited in consideration for the payment of an amount equal to the Assigned Receivable 1.
- (ii) George Muscat (ID card number 312355M), Paul Attard (ID card number 359775M) and Adrian Muscat (ID card number 166682M) intend to assign the amount of €3,000,000 (three million Euro) receivable from GEOM Developments Limited (C50805) (the “**Assigned Receivable 2**”) in favour of the Issuer in consideration of the issue of Participation Notes to George Muscat, Paul Attard and Adrian Muscat in an amount equal to the Assigned Receivable 2. The Issuer intends to then assign the Assigned Receivable 2 to GAP Properties Limited in consideration for the payment of an amount equal to the Assigned Receivable 2.

Prospectus and Articles of Association

Details relating to the Prospectus and Articles of Association of the Issuer and the Guarantors are set forth in Part V Additional Information. The Prospectus and Articles of Association of the Issuer (C54352) and the articles of association of the Guarantors are registered with the Registry of Companies and are available for inspection during the lifetime of this Prospectus at the registered office of the Issuer and at the Registry of Companies at the Malta Financial Services Authority.

PART IIA – RISK FACTORS

Holding of a Participation Note involves certain risks. 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 the Prospectus before deciding to acquire Participation Notes. Prospective Investors are warned that by investing in the Participation Notes they may be exposing themselves to significant risks that may have the consequence of losing a substantial part of all of their investment. The risk factors set out below are a summary of the risks associated with an investment in the Issuer and the Participation Notes – there may be other risks which are not mentioned in the Prospectus. Investors are therefore urged to consult their own financial or other professional advisers with respect to the suitability of investing in this instrument.

The Prospectus contains forward-looking statements which by their nature involve substantial risks and uncertainties, certain of which are beyond the control of the Company and Guarantors. No assurance can be given that future results or expectations covered by such forward-looking statements will be achieved.

Risks Relating to the Issuer and Guarantors

The Issuer is dependent on payments due by the Guarantors which may be affected by factors beyond the Issuer's control

The Issuer has no business operations or assets, and will be largely dependent on the receipt of loan repayments from the Guarantors. In this respect, therefore, the operating results of the Guarantors have a direct effect on the Issuer's financial position and as such the risks intrinsic in the business and operations of the Guarantors shall have a direct effect on the ability of the Issuer to meet its obligations in respect of the repayment of principal and interest under the said securities when due.

The Guarantors are subject to market and economic conditions generally

The Guarantors are subject to the general market and economic risks that may have a significant impact on the Projects and their timely completion within budget. These include factors such as the health of the local property market, inflation and fluctuations in interest rates, exchange rates and property prices. In the event that general economic conditions and property market conditions experience a downturn which is not contemplated in the Guarantors' planning during the construction and completion of the Projects this shall have an adverse impact on the financial condition of the Issuer and its ability to meet its obligations under the Master Loan Note.

The Guarantors are start-up operations

The Guarantors have no trading record or history of operations. They were set up specifically to undertake the Projects and are seeking to raise finance for the purpose of completing their respective Project. Although the directors and senior management have experience in the real estate development market, the Guarantors remain start-up operations with all the attendant risks that start-ups normally entail. These risks include, but are not limited to the lack of financial stability, risks of cost over-runs; and risks of delays in completion of the Projects. In the event that these risks were to materialise they could have a significant impact on the financial position of the Guarantors.

The property market is a very competitive market that can influence the sales of units in the Projects

The real estate market in Malta is very competitive in nature, this includes the increase in competition in the market segment in which the Guarantors intend to sell the proposed projects. An increase in supply and/or a reduction in demand in the property segments in which the Guarantors operate may cause sales of units forming part of the Projects to sell at prices which are lower than are being anticipated by the Guarantors or that sales of such units are in fact slower than is being anticipated. The occurrence of any of these events will have a significant adverse impact on the Guarantors' businesses and respective financial condition, including the Issuer's ability to repay the First Tranche Preliminary Note, the Second Tranche

Preliminary Note and Master Loan Note, as the case may be on maturity and servicing the interest payments on interest payment dates.

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

The Guarantors rely upon third-party service providers such as those with architects, building contractors and suppliers for the construction and completion of the Projects. They have engaged the services of third party contractors for the purpose of the development of the Projects including, excavation, construction and finishing of the developments in a timely manner and within agreed cost parameters. This gives rise to counter-party risks in those instances where such third parties do not perform in line with the Guarantors' expectations and in accordance with their contractual obligations. If these risks were to materialise, the resulting development cost over-runs or delays in completion could have an adverse impact on the Guarantors' businesses, and their respective financial condition, results of operations and prospects.

Material risks relating to real estate development may affect the economic performance and value of the properties under development

The Projects are still in their initial stages of development. There are a number of factors that commonly affect the real estate development industry, many of which are beyond the Guarantors' control, and which could adversely affect the economic performance and value of the Guarantors' real estate properties under development. Such factors include:

- changes in general economic conditions in Malta;
- general industry trends, including the cyclical nature of the real estate market;
- changes in local market conditions, such as an oversupply of similar properties, a reduction in demand for real estate or change of local preferences and tastes;
- delays or refusals in obtaining all planning, building, and other required permits and authorisations;
- shortages and/or price increases in raw materials or other construction inputs, such as, among others, cement, steel, energy and other utilities, leading to cost overruns;
- possible structural and environmental problems;
- acts of nature, such as earthquakes and floods, that may damage the properties or delay their development; and
- increased competition in the market segment in which the Guarantors are undertaking the real estate development may lead to an over-supply of commercial or residential properties in such markets, which could lead to a lowering of prices and a corresponding reduction in revenue of the Guarantors from the Projects.

Any of the factors described above could have a material adverse effect on the Guarantors' business, their respective financial condition and prospects, which may include an increase in projected costs and times for completion of the proposed developments.

Risks relating to the First Tranche Preliminary Note, the Second Tranche Preliminary Note and the Master Loan Note

A participation in the First Tranche Preliminary Note, the Second Tranche Preliminary Note and the Master Loan Note involves certain risks including those described below:

- (i) The First Tranche Preliminary Note, the Second Tranche Preliminary Note, the Master Loan Note and the Participation Notes shall NOT be traded on any regulated market or other trading facility.
- (ii) The First Tranche Preliminary Note, the Second Tranche Preliminary Note and the Master Loan Note, as the case may be, are subject to redemption.

The Issuer has not sought the credit rating of an independent rating agency and there has been no assessment by any independent rating agency of the First Tranche Preliminary Note, the Second Tranche Preliminary Note and Master Loan Note, as the case may be.

CAUTIONARY STATEMENT REGARDING FORWARD LOOKING STATEMENTS

This document includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements relate to matters that are not historical facts. They appear in a number of places throughout this Prospectus and include statements regarding the intentions, beliefs or current expectations of the Company, Guarantors and/or their respective Directors concerning, amongst other things, the Guarantors' strategies and business plans, results of operations, financial condition, liquidity and prospects of each of the Guarantors and the markets in which they operate. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance and should therefore not be construed as such. The actual results of operations, financial condition, liquidity, dividend policy and the strategic development of each of the Guarantors may differ materially from the forward-looking statements contained in this Prospectus. In addition, even if the results of operations, financial condition, liquidity and dividend policies of the Guarantors are consistent with the forward-looking statements contained in this Prospectus, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that may cause these differences include:

- (i) continued, sustained or worsening global economic conditions and in particular economic weakness in the areas in which the Guarantors operate;
- (ii) increased competition;
- (iii) increased regulation;
- (iv) failure to complete the Projects under development on time and within budget or at all;
- (v) over-supply of similar or competing accommodation.

Potential investors are advised to read this document in its entirety and, in particular, "Risk Factors" for a further discussion of the factors that could affect the Guarantors' future performance. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this document may not occur. All forward-looking statements contained in this document are made only as at the date hereof. The Company, Guarantors and respective Directors expressly disclaim any obligations to update or revise any forward-looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.

PART IIB – KEY INFORMATION

2.1 The Issuer

The Issuer is a public limited liability company, registered in Malta in terms of the Act on 8 November 2011 with number C54352, with its registered office at GAP Holdings Head Office, Ċensu Scerri Street, Tigné, Sliema, Malta, SLM3060, and with telephone number (+356) 23271000. The Company has an authorised share capital of €50,000 (fifty thousand Euro) and an issued and fully paid up share capital of €50,000 (fifty thousand Euro) divided into 50,000 (fifty thousand) ordinary shares of €1 (one Euro) each.

2.2 The Guarantors

Manikata Holdings Limited is a private limited liability company, registered in Malta in terms of the Act on 13 September 2011 with number C53818, with its registered office at GAP Holdings Head Office, Ċensu Scerri Street, Tigné, Sliema, Malta, SLM3060, and with telephone number (+356) 23271000. The company has an authorised share capital of €4,500 (four thousand five hundred Euro) and an issued and fully paid up share capital of €1,200 (one thousand two hundred Euro) divided into 1,200 (one thousand two hundred) ordinary shares of €1 (one Euro) each.

GAP Properties Limited is a private limited liability company, registered in Malta in terms of the Act on 14 October 2009 with number C47928, with its registered office at GAP Holdings Head Office, Ċensu Scerri Street, Tigné, Sliema, Malta, SLM3060, and with telephone number (+356) 23271000. The company has an authorised share capital of €1,400 (one thousand four hundred Euro) and an issued and fully paid up share capital of €1,400 (one thousand four hundred Euro) divided into 1,400 (one thousand four hundred) ordinary shares of €1 (one Euro) each.

2.3 Selected Financial Information

The Issuer was set up and established to act as a finance company.

Manikata Holdings Limited was registered and incorporated to acquire a plot of land measuring *circa* 4,880 square metres situated in Triq Mejjesa Manikata and to develop to a fully finished state 14 luxury semi-detached villas. GAP Properties Limited, was registered and incorporated to acquire a site measuring *circa* 6,878 square metres situated in N/S off Triq il-Mula, Żebbuġ Malta and to develop to a fully finished state 157 apartments, of which 24 are duplex units and 23 are penthouses, 4 maisonettes, 189 underlying garages/car spaces and 3 retail outlets. Also included is a plot of land measuring 1,072 square metres which will be subdivided into 8 plots and sold accordingly. As at the date of this Prospectus the Issuer and the Guarantors (Manikata Holdings Limited and GAP Properties Limited) have not conducted any business and have no trading record. There has not been any significant change in the financial or trading position of the Issuer and/or the Guarantors which has occurred since the date of GAP Properties Limited's last published audited financial statements. Set out below are highlights taken from the audited financial statements of Gap Properties Limited for the period 14 October 2009 to 31 December 2010:

Gap Properties Limited

Condensed Balance Sheet at 31 December 2010

	€
Non-current Assets	307
Assets	197,938

Total Assets	198,245
	=====
Equity	553
Liabilities	197,692

Total Equity and Liabilities	198,245
	=====

2.4 Capitalisation and Indebtedness

The following financial information sets out the capitalisation and indebtedness of the Issuer following the Offer and is based on the assumption that the Offer shall be fully subscribed:

	€'000
EQUITY	
Capital and reserves	50
INDEBTEDNESS	
7% Secured Notes 2014-2016	15,500

Total capitalisation	15,550
	=====
Gearing ratio (debt/total capital)	100%
	=====

2.5 Reasons for the Offer and Use of Proceeds

The aggregate proceeds from the First Tranche Preliminary Note, the Second Tranche Preliminary Note as may be replaced by the Master Loan Note upon the issuance of the Second Tranche Preliminary Note, shall be €15,500,000 (fifteen million five hundred thousand Euro). Participation Notes in an amount of €4,000,000 (four million Euro) of such proceeds shall be issued to the ultimate beneficial shareholders of the Issuer as consideration for an assignment of the Receivables (as defined in Section 4.11). The here mentioned intercompany loan has been used to part finance projects being undertaken by the parent company of the Issuer, GEOM Developments Limited (C50805) and by related parties.

Following the deduction of those expenses incurred in relation to the Offer (see Section 3.11 - "Offer Expenses" below), the proceeds of the First Tranche Preliminary Note, the Second Tranche Preliminary Note as may be replaced by the Master Loan Note upon the issuance of the Second Tranche Preliminary Note, will be granted by the Issuer to each of the Guarantors pursuant to two (2) loan agreements as follows:

- (i) The First Tranche Funds will be granted to Manikata Holdings Limited for the purpose of:
 - (a) acquiring and developing the Manikata Property. Manikata Holdings Limited shall delegate to the Trustee to pay such amounts out of the First Tranche Funds as are required to be paid by Manikata Holdings Limited in consideration for the transfer of the Manikata Property in favour of Manikata Holdings Limited;
 - (b) financing the consideration due by Manikata Holdings Limited to the Issuer for the assignment of the Assigned Receivable 1 (as defined in Sections 4.11 "Related Party Transactions" and 5.8 "Related Party Contracts").
- (ii) The Second Tranche Funds will be granted to GAP Properties Limited for the purpose of:
 - (a) acquiring and developing the Žebbuġ Property. GAP Properties Limited shall delegate to the Trustee to pay such amounts out of the Second Tranche Funds as are required to be paid by GAP Properties Limited in consideration for the transfer of the Žebbuġ Property in favour of GAP Properties Limited;
 - (b) financing the consideration due by GAP Properties Limited to the Issuer for the assignment of the Assigned Receivables 2 (as defined in Sections 4.11 "Related Party Transactions" and 5.8 "Related Party Contracts").

The Guarantors shall be seeking to start entering into preliminary agreements with prospective buyers as construction develops, which together with other credit arrangements entered into with contractors and suppliers, are calculated to allow both Guarantors to complete their respective Project.

PART III – THE MASTER LOAN NOTE & PARTICIPATION NOTES

This part of the Prospectus is being published in compliance with the requirements of paragraph 15 of Part A of the Second Schedule of the Act entitled *Details of the Offer*.

3.1 Details of the First Tranche Preliminary Loan Note, the Second Tranche Preliminary Loan Note and the Master Loan Note

The Issuer is making an offer to the public for participation in the Trust Property through the issuance of Participation Notes.

The First Tranche Preliminary Note and the Second Tranche Preliminary Note as may be replaced by the Master Loan Note upon issuance of the Second Tranche Preliminary Note, represent a principal amount of €15,500,000 (fifteen million five hundred thousand Euro) due by the Issuer to the Trustee under the terms of the First Tranche Preliminary Note, the Second Tranche Preliminary Note and the Master Loan Note, as the case may be. The First Tranche Preliminary Note, the Second Tranche Preliminary Note and the Master Loan Note, as the case may be, are redeemable on the Redemption Date. The Issuer reserves the right to redeem part or all of the First Tranche Preliminary Note, the Second Tranche Preliminary Note or the Master Loan Note, as the case may be, in whole or in part on an Early Redemption Date by announcing at least thirty (30) days prior to such Early Redemption Date. Early Redemptions may be made by the Issuer in multiples of €250,000 (two hundred fifty thousand Euro) together with any interest accrued up to the date fixed for redemption.

The First Tranche Preliminary Note, the Second Tranche Preliminary Note and the Master Loan Note and payments thereunder constitute the secured and unconditional payment obligations of the Company and are jointly and severally guaranteed by the Guarantors. In addition, the payment of the principal under the First Tranche Preliminary Note, the Second Tranche Preliminary Note or the Master Loan Note and interests thereon shall be secured by a general hypothec over all present and future assets of the Company and Guarantors, and special hypothecs over the Hypothecated Properties respectively owned by the Guarantors.

The Participation Notes constituted by means of the Trust Deed represent participations in the Trust Property corresponding to the amount stated in the Participation Notes. A Participation Note represents the proportionate entitlement of a Participation Note Holder to the rights over the Trust Property and in particular shall entitle the Participation Note Holder to receive the repayment of principal and interest on the First Tranche Preliminary Note, the Second Tranche Preliminary Note and the Master Loan Note, as the case may be. By executing the Subscription Agreement the Participation Note Holder acknowledges and accepts that all enforcement action against the Company and/or the Guarantors shall vest in the Trustee and the Participation Note Holder shall not have the right to make any claim against the Company and/or the Guarantors other than through the Trustee. By subscribing to the Participation Notes, the Participation Notes Holders irrevocably authorise the Trustee for and on their behalf to exercise such rights, powers and discretions as are specifically delegated to it by the terms of the Trust Deed, together with all such rights, powers and discretions as are incidental thereto, and to give a good discharge for any moneys payable under the First Tranche Preliminary Note, the Second Tranche Preliminary Note and/or the Master Loan Note, as the case may be.

The following is a description of the Offer:

3.2 The Offer

The Offer by the Issuer consists of the issue of a First Tranche Preliminary Note and the Second Tranche Preliminary Note, as may be replaced by the Master Loan Note upon issuance of the Second Tranche Preliminary Note, of €15,500,000 (fifteen million five hundred thousand Euro) 7% (seven per cent) Secured Notes 2014-2016, to be issued to the Trustee pursuant to and under the terms and conditions of the Master Loan Note. Investors in Malta can participate in the Trust Property by virtue of the subscription to Participation Notes. Participation Notes in an amount of €4,000,000 (four million Euro) of the Offer Amount shall be issued to the ultimate beneficial shareholders of the Issuer as consideration for an assignment of the Receivables (as defined in Section 4.11 "Related Party Transactions").

The Participation Notes relating to the First Tranche Preliminary Note shall be available for subscription during the First Subscription Period and the Participation Notes relating to the Second Tranche Preliminary Notes shall be available for subscription during the Second Subscription Period.

The subscription to the Participation Notes representing the First Tranche Preliminary Note shall take place during the First Subscription Period and shall be on a first-come-first-served basis. Such subscription shall be for an amount of €5,000,000 (five million Euro) to be granted by the Issuer as a loan to Manikata Holdings Limited, which shall make use of such loan amount as follows:

- (i) €4,000,000 (four million Euro) being the amount required by Manikata Holdings Limited to purchase and develop the Manikata Property; and
- (ii) €1,000,000 (one million Euro) for the purpose of financing the consideration due by Manikata Holdings Limited to the Issuer for the assignment of the Assigned Receivables 1 (as defined in Sections 4.11 "Related Party Transactions" and 5.8 "Related Party Contracts").

The subscription to the Participation Notes representing the Second Tranche Preliminary Note shall take place during the Second Subscription Period and shall be on a first-come-first-served basis. Such subscription shall be for an amount of €10,500,000 (ten million five hundred thousand Euro) to be granted by the Issuer to GAP Properties Limited, which shall make use of such loan amount as follows:

- (i) €7,500,000 (seven million five hundred thousand Euro) being the amount required for the acquisition and development of the Żebbuġ Property; and
- (ii) €3,000,000 (three million Euro) for the purpose of financing the consideration due by GAP Properties Limited to the Issuer for the assignment of the Assigned Receivables 2 (as defined in Sections 4.11 "Related Party Transactions" and 5.8 "Related Party Contracts").

The First and Second Tranche Subscription Periods shall close immediately upon attaining full subscription.

The validity of each of the First Tranche Preliminary Note and of the Second Tranche Preliminary Note is respectively conditional upon the full subscription of the Participation Notes representing each of the First Tranche Funds and the Second Tranche Funds respectively. The First Tranche Preliminary Note, the Second Tranche Note, as may be substituted by the Master Loan Note, and the Participation Notes are deemed to be valid as from the respective Subscription Date.

3.3 Interest

Interest on amounts outstanding under the First Tranche Preliminary Note, the Second Tranche Preliminary Note or the Master Loan Note, as the case may be, shall accrue at the rate of 7% (seven per cent) *per annum*. Interest shall be payable annually in arrears on 30 March in each year between the years 2013 and 2016, both years included.

Such distribution of Trust revenues shall be pro rata in view of the number of days, the Participation Note Holder has held the Participation Note and in view of the amount represented by all Participation Notes issued.

Interest on amounts outstanding under the First Tranche Preliminary Note, the Second Tranche Preliminary Note or the Master Loan Note shall accrue at the rate of 7% (seven per cent) *per annum*. Interest shall be payable annually in arrears on 30 March in each year between the years 2013 and 2016, both years included.

The first interest payment on 30 March 2013 shall be on a pro-rata basis and shall cover the period as follows:

- (i) Interest shall accrue on the First Tranche Preliminary Note, from 22 March 2012 to 30 March 2013 (both days included);
- (ii) Interest shall accrue on the Second Tranche Preliminary Note, from 15 June 2012 to 30 March 2013 (both days included).

When interest is payable for a period of less than a year, it shall be calculated on the basis of the actual number of days elapsed and a year of 365 (three hundred sixty five) days.

3.4 Maturity and Redemption

The First Tranche Preliminary Note, the Second Tranche Preliminary Note or Master Loan Note, as the case may be, will be redeemed at par on 30 March 2016 unless previously redeemed at the option of the Company upon an Early Redemption Date in accordance with the terms and conditions of issue (see Annex A1 for the full terms and conditions). Partial redemptions are allowed between 31 March 2014 and 29 March 2016 (both days included) as long as they are made in multiples of €250,000 (two hundred fifty thousand Euro) and in accordance with the term and conditions of the Offer.

Each Participation Note Holder may, even before any Early Redemption Date, apply to the Trustee to have its participation in the Trust Property or part thereof cancelled. The Trustee may accede to such request by a Participation Note Holder and cancel a Participation Note (whether in whole or in part) on any Early Redemption Date, but shall be under no obligation so to do.

A ratable cancellation of each Participation Note (whether in whole or in part) may be made by the Trustee on any Early Redemption Date where no Participation Note Holder has applied for a cancellation of its respective Participation Note in accordance with the terms and conditions of the Participation Note (see Annex A2 for the full terms and conditions).

Where one or more Participation Note Holders have applied to the Trustee to have their participation in the First Tranche Preliminary Note, the Second Tranche Preliminary Note and the Master Loan Note, as the case may be, cancelled and where the Trustee has received a notice from the Company of its intention to effect a prepayment, the Trustee shall cancel the participations in accordance with the terms of Trust Deed and the Participation Note.

3.5 Status and Security

The First Tranche Preliminary Note and the Second Tranche Preliminary Note as may be replaced by the Master Loan Note upon the issuance of the Second Tranche Preliminary Note, constitute the general, direct, unconditional and secured obligations of the Issuer, and will rank with priority and preference over all other present and future unsecured and unsubordinated obligations of the Issuer. In addition, the Guarantors shall jointly and severally between them guarantee the First Tranche Preliminary Note and the Second Tranche Preliminary Note as replaced by the Master Loan Note upon the issuance of the Second Tranche Preliminary Note and for such purpose shall constitute general hypothecs over all their assets, present and future, as well as special hypothecs over the Hypothecated Properties to better secure their obligations in favour of the Trustee for the benefit of Participation Note Holders in terms of the Trust Deed.

Pursuant to the Trust Agreement, each of the Guarantors and the Company agreed to jointly and severally between them guarantee the punctual performance by the Company of all its obligations under the First Tranche Preliminary Note and the Second Tranche Preliminary Note as replaced by the Master Loan Note upon the issuance of the Second Tranche Preliminary Note, including the repayment of principal and interest thereon ("**MLN Obligations**") by entering into the Suretyship Agreement upon the full subscription of the Participation Notes representing the First Tranche Preliminary Note. Each of the Guarantors, shall agree to support its joint and several guarantee under the Suretyship Agreement by:

- (i) virtue of a special hypothec granted by MHL in favour of the Trustee for the benefit of Participation Note Holders as Beneficiaries over the Manikata Hypothecated Property and securing the MLN Obligations, upon the subscription in full of the Participation Notes representing the First Tranche Preliminary Note;
- (ii) virtue of a special hypothec granted by GPL in favour of the Trustee for the benefit of Participation Note Holders as Beneficiaries over the Žebbuġ Hypothecated Property and securing the MLN Obligations, upon the subscription in full of the Participation Notes representing the Second Tranche Preliminary Note; and
- (iii) virtue of a general hypothec over all their assets, present and future, in favour of the Trustee for the benefit of Participation Note Holders as Beneficiaries under the and securing the MLN Obligations, upon the subscription in full of the Participation Notes representing the First Tranche Preliminary Note.

During the course of construction of the Projects, situations may arise whereby, the Issuer, contractors or suppliers may become entitled by law to register a special privilege over the Hypothecated Properties, thereby obtaining a priority in ranking over the Trustee. In this respect the Guarantors have entered and will be entering into a number of public deeds with their contractors and the Issuer whereby each contractor and the Issuer will, *inter alia* waive its right to register any special privileges over the Hypothecated Properties until such time that the Security Interests granted in favour of the Security Trustee and referred to in this Prospectus have been settled and repaid in full. This is intended to minimise the possibility that any real rights are created over the Hypothecated Properties that would have the effect of diminishing the value of the Security Interests registered in favour of the Trustee.

3.6 Use of Proceeds

The cash proceeds from the First Tranche Preliminary Note and the Second Tranche Preliminary Note as replaced by the Master Loan Note upon the issuance of the Second Tranche Preliminary Note shall be €15,500,000 (fifteen million five hundred thousand Euro). Participation Notes in an amount of €4,000,000 (four million Euro) of such proceeds shall be issued to the ultimate beneficial shareholders of the Issuer as consideration for an assignment of the Receivables (as defined in Section 4.11). The here mentioned intercompany loan has been used to part finance projects being undertaken by the parent company of the Issuer, GEOM Developments Limited (C50805) and by related parties.

Following the deduction of those expenses incurred in relation to the Offer (see Section 3.11 - "Offer Expenses" below), the proceeds of the First Tranche Preliminary Note and the Second Tranche Preliminary Note as replaced by the Master Loan Note upon the issuance of the Second Tranche Preliminary Note will be granted by the Issuer to each of the Guarantors pursuant to two (2) loan agreements as follows:

- (i) The First Tranche Funds will be granted to Manikata Holdings Limited for the purpose of:
 - (a) acquiring and developing the Manikata Property. Manikata Holdings Limited shall delegate to the Trustee to pay such amounts out of the First Tranche Funds as are required to be paid by Manikata Holdings Limited in consideration for the transfer of the Manikata Property in favour of Manikata Holdings Limited;
 - (b) financing the consideration due by Manikata Holdings Limited to the Issuer for the assignment of the Assigned Receivable 1 (as defined in Sections 4.11 "Related Party Transactions" and 5.8 "Related Party Contracts").
- (ii) The Second Tranche Funds will be granted to GAP Properties Limited for the purpose of:
 - (a) acquiring and developing the Žebbug Property. GAP Properties Limited shall delegate to the Trustee to pay such amounts out of the Second Tranche Funds as are required to be paid by GAP Properties Limited in consideration for the transfer of the Žebbug Property in favour of GAP Properties Limited;
 - (b) financing the consideration due by GAP Properties Limited to the Issuer for the assignment of the Assigned Receivable 2 (as defined in Sections 4.11 "Related Party Transactions" and 5.8 "Related Party Contracts").

The Guarantors shall be seeking to start entering into preliminary agreements with prospective buyers as construction develops, which together with other credit arrangements entered into with contractors and suppliers, are calculated to allow both companies to complete their respective Project.

3.7 Rights of Participation Note Holders

The Issuer will initially issue the First Tranche Preliminary Note followed by the issue of the Second Tranche Preliminary Note. Upon the issuance of the Second Tranche Preliminary Note, the Trustee shall substitute the First Tranche Preliminary Note and the Second Tranche Preliminary Note with the Master Loan Note.

Investors wishing to participate in the Trust Property will be able to do so by duly executing a Subscription Agreement in relation to the Participation Notes representing the First Tranche Preliminary Note or the Second Tranche Preliminary Note, as the case may be. Execution of the Subscription Agreement will entitle such investor:

- (i) to participate in the Trust Property with respect to the rights and benefits under the First Tranche Preliminary Note, the Second Tranche Preliminary Note and/or the Master Loan Note, as the case may be, and the Trust Deed in the proportion that the amount of that subscription constitutes in relation to the face value of the First Tranche Preliminary Note, the Second Tranche Preliminary Note and/or the Master Loan Note, as the case may be;
- (ii) to have his/her name entered in the Register of Beneficiaries by the Trustee as a Beneficiary in the Trust Property under the Trust Deed;
- (iii) to receive from the Trustee an acknowledgement of his interest in the Trust Property by the issue of a Participation Note;
- (iv) to all such rights and benefits set out in the Trust Deed.

Upon execution of the Subscription Agreement, an investor will also be bound by and be deemed to have notice of, all the provisions of the Trust Deed and the terms and conditions of the First Tranche Preliminary Note, the Second Tranche Preliminary Note and the Master Loan Note.

The Participation Note shall entitle the Participation Note Holders to rank *pari passu* according to the rights and interests held by each Participation Note Holder in the Trust Property.

3.8 Participation Notes

Participation Notes are non-negotiable and non-transferable certificates issued by the Trustee to a Registered Beneficiary acknowledging the interest of the Beneficiary named therein in the Trust property and evidences an entry in the Register of Beneficiaries held by the Trustee. The Participation Notes will be issued in registered form and will not be issued in bearer form.

3.9 The Trustee

The Company has entered into the Trust Deed as settlor, pursuant to which Equinox International Limited has been appointed as the Trustee to hold the Trust Property on trust for the Registered Beneficiaries *pari passu* according to the rights and interests held by each Beneficiary in the Trust Property as evidenced in the Register of Beneficiaries in accordance with the provisions of the Trust Deed.

The Trustee will be the legal owner of the Trust Property which consists of the covenants of the Company to pay the principal under the Participation Notes and interests thereon, the hypothecary rights and privileges under the deed of hypothec and all the rights and benefits emanating from the Trust Deed. The Security Interest will be vested in the Trustee for the benefit of Registered Beneficiaries in proportion to their participation. The Trustee recognises the interests of the Registered Beneficiaries and in effect holds the Trust Property in the interest of and acts for the benefit of the Registered Beneficiaries under the Trust Deed.

The Trustee's role therefore includes the status of the Trustee to enforce all the rights under the Participation Notes and the Trust Deed as well as to hold the Trust Property. As the legal owner of the First Tranche Preliminary Note, the Second Tranche Preliminary Note and the Master Loan Note, as the case may be, and all rights attaching thereto the Trustee will receive all payments of interest for distribution to the Registered Beneficiaries. The Trustee will also hold and have registered in its name but for the benefit of the Registered Beneficiaries the hypothecary rights and privileges securing the repayment of principal and interest on the First Tranche Preliminary Note, the Second Tranche Preliminary Note and/or the Master Loan Note.

3.10 Distribution and Allotment

The Issuer has appointed Charts Investment Management Service Limited as Authorised Selling Agent for the purposes of this Offer. All applications for participation in the Offer shall be available from Charts Investment Management Service Limited as from 12 March 2012.

The Participation Notes are expected to be issued ("**Expected Issue Date**") and mailed to the subscribers as follows:

First Tranche subscribers	23 March 2012
Second Tranche subscribers	18 June 2012

By not later than 20 June 2012, the Issuer shall announce the results of the offer through a press release in at least one local newspaper.

3.11 Offer Expenses

Professional fees for managing and placing the issue including all other miscellaneous costs are estimated not to exceed €350,000 (three hundred fifty thousand Euro). These shall be at the charge of the Guarantors.

PART IV – THE ISSUER AND THE GUARANTORS

This part of the Prospectus is being published in compliance with the requirements of paragraphs 10, 11, 12 and 13 of Part A of the Second Schedule of the Act.

4.1 Information about the Issuer

GAP Group Finance p.l.c.

The Issuer is a public limited liability company, registered in Malta in terms of the Act with company registration number C54352, having its registered office at GAP Holdings Head Office, Ċensu Scerri Street, Tigné, Sliema, and with telephone number (+356) 23271000. The Company has an authorised share capital of €50,000 (fifty thousand Euro) and an issued share capital of €50,000 (fifty thousand Euro) divided into ordinary shares of €1 (one Euro) each, fully paid up.

History and Business

The Company was set up and established to act as a finance company. The Company was registered on 8 November 2011 as a public liability company. As at the date of this Prospectus the Company has not, save for what is stated hereunder, conducted any business and has no trading record.

The Issuer shall enter into a loan agreement with Manikata Holdings Limited (the “**Loan Agreement 1**”) pursuant to which the Issuer will undertake to lend to the Guarantor €5,000,000 (five million Euro) out of the proceeds from the First Tranche Preliminary Note upon the full subscription of the Participation Notes representing the First Tranche Preliminary Note, under the terms and conditions set out therein. The principal amount of the loan under Loan Agreement 1 shall be equal to €5,000,000 (five million Euro) less expenses incurred in connection with the First Tranche Preliminary Note and shall bear interest at the rate of 7.2% (seven point two per cent) *per annum*, payable annually on 30 March of each year. The loan to be granted pursuant to the Loan Agreement 1 shall be repaid by the Guarantor on 29 March 2016.

The Issuer shall enter into a loan agreement with GAP Properties Limited (the “**Loan Agreement 2**”) pursuant to which the Issuer will undertake to lend to the Guarantor €10,500,000 (ten million five hundred thousand Euro) out of the proceeds from the Second Tranche Preliminary Note upon the full subscription of the Participation Notes representing the Second Tranche Preliminary Note, under the terms and conditions set out therein. The principal amount of the loan under Loan Agreement 2 shall be equal to €10,500,000 (ten million five hundred thousand Euro) less expenses incurred in connection with the Second Tranche Preliminary Note and shall bear interest at the rate of 7.1% (seven point one per cent) *per annum*, payable annually on 30 March of each year. The loan to be granted pursuant to the Loan Agreement 2 shall be repaid by the Guarantor on 29 March 2016.

4.2 Information about the Guarantors

A. MANIKATA HOLDINGS LIMITED

The Guarantor is a private limited liability company, registered in Malta in terms of the Act with company registration number C53818, having its registered office at GAP Holdings Head Office, Ċensu Scerri Street, Tigné, Sliema, and with telephone number (+356) 23271000. The Guarantor has an authorised share capital of €4,500 (four thousand five hundred Euro) and an issued share capital of €1,200 (one thousand two hundred Euro) divided into ordinary shares of €1 (one Euro) each, fully paid up.

History and Business

The Guarantor was set up and established to act as a property development company, initially for the Manikata Project. As at the date of this Prospectus the Guarantor has not, save for what is stated hereunder, conducted any business and has no trading record. On 14 December 2011, the Guarantor has entered into a preliminary agreement for the purchase of the site over which the Manikata Project shall be constructed and developed. Accordingly the Guarantor has no trading history.

The Project

The project consists of the acquisition of a site in Triq Mejjesa, Manikata measuring approximately 4,880 square metres and the construction and development on that site of 14 luxury semi-detached villas.

The villas, that shall occupy a total built up saleable area of *circa* 3,935 square metres, will consist of 14 semi-detached units having an average plot area of *circa* 280 square metres. The plan below indicates the planned layout of the semi-detached villas. The development of the Project is planned to span over 24 months from commencement of works, which is scheduled to start in March 2012.

Market situation

Competition in the real estate development business in Malta varies from location to location and from sector to sector. Manikata Holdings Limited was purposely set up to cater for a niche market; that of luxury villas in the north of the island having views of both rural landscapes and seascapes. The target buyers for this development are high end customers such as local business people and foreigners. Market research has shown that in Manikata, which is part of the village of Mellieħa, there are currently no comparable compound projects. Therefore Manikata Holding Limited's development should not face immediate direct competition from new high end residential developments in that area. However, Manikata Holdings Limited may face new competition from developers who may enter this property market segment in the coming years.

Location

The site, which has similar properties on either side, is located in a small village in the limits of Mellieħa in the north-western part of Malta. It oversees the farming areas in the valley between il-Ballut and il-Manikata. The Project is adjacent to the 'il-Majjistral Nature and History Park' and close to the sandy beach of Ghajn Tuffieħa. The directors believe that the level of finish that the Project will entail, and its location in the midst of nature, will offer a unique opportunity for owning residential property in this part of the island. Annex C1 contains a site plan of the location of the site in the context of Manikata.

Development

The development will consist of 14 luxury semi-detached villas which will be sold finished in a complete state, including all common areas and the formation of the road. All of the villas will be serviced with passenger lifts from garage level to top floor.

The finishes of each villa will include all the electrical, plumbing, telephone and air conditioning installation points, gypsum plastering and 2 coats of white paint, all floor tiles and bathrooms, including all sanitary ware and accessories, all external apertures (in double glazed aluminium) and the internal doors, and will also comprise a swimming pool at roof level.

All the internal finishes will be budgeted and a prospective client will be given the opportunity to alter and change the finishes in line with his or her demands within the budget or to have the alterations undertaken at a further cost.

It is planned that demolition and excavation works will take two months from commencement date which is planned for March 2012. Construction of units should commence in May 2012. It is expected that the whole project will be complete by December 2013.

Permits

Further to the application made by the previous owners bearing number PA/03623/08, MEPA has on 17 December 2010 issued a full development permit for the excavation of the Site and the development of the Project.

A number of risks associated with planning permission are set out on page 23 of this Prospectus.

Construction and Development

The overall construction and financing expenditure on the development of the Project is expected to be in the region of €7,857,000 (seven million eight hundred fifty seven thousand Euro) as detailed below:

	€'000
<i>Cost of Acquisition of Site</i>	3,053
<i>Construction Expenditure</i>	
Excavation	157
Construction	878
Finishing	2,274
Contingency	331
	3,640
	6,693
<i>Direct Labour Cost</i>	18
<i>Professional Fees</i>	120
	6,831
<i>Financing Costs</i>	
Loan interest	876
Offer costs	150
	1,026
Total Estimated Cost	7,857

The Directors are projecting that, save for any unforeseen circumstances, the excavation, construction and finishing of the Project will proceed for approximately 24 months from commencement and therefore project completion is expected in the first half of 2014.

As at the date of this Prospectus the Guarantor has already entered into a contract for construction with Carin Construction Limited of the Project for a value of approximately €850,000 (eight hundred fifty thousand Euro). Payment under the said contract will be settled by the Guarantor according to agreed fixed monthly payments of €25,000 (twenty five thousand Euro). In general such payment terms are subject to negotiation and agreement by the Guarantor and the contractors. The Guarantor and the contractors entered into public deeds which make provision for the contractual waiver by contractors of their right at law to register a special privilege for the value of their work over the Project in the event of non-payment by the Guarantor until such time that the hypothecs and privileges granted in favour of the Loan Security have been settled and repaid in full. Such public deeds waiving the right of contractors to register a special privilege will also be entered into in relation to the contracts required for finishing the Project. Such public deeds are intended to protect the security interests of the Trustee for the benefit of Participation Note Holders and to preserve their ranking over the assets of the Issuer and Guarantor. Contracts for the finishing of the Project will be entered into shortly.

The Directors are confident that the final contract values will be within the overall budgeted parameters. The Guarantor's projected costs have been reviewed by EM architects, civil and structural engineering consultants, of no. 12/25, Vincenti Buildings, Strait Street, Valletta, whose report is set out in Annex B of this Prospectus.

Certain risks and uncertainties associated with the Guarantor's business are set out on page 22 of this Prospectus. In particular investors should note the risks of delays and cost overruns, which could cause actual sales revenues and costs to differ from those projected and which are affected, amongst others, by factors attributable to counter-parties, general market conditions and competition which are beyond the Guarantor's control. The Directors consider, however, that the projected development

costs are reasonable and that, save in the case of unforeseen circumstances, potential cost overruns can be contained within the contingency allowance built into the Guarantor's estimates.

The Guarantor will carry insurance with respect to building works in accordance with normal standards in the construction industry and depending on available terms of cover from time to time.

Pricing and Sales Strategy

The Directors believe that these semi-detached villas ought to be an interesting proposition, particularly to Maltese residents wishing to upgrade from an apartment or maisonette, and/or to those who would like to reside in the countryside away from high density urban areas. Moreover, these villas may be appealing to foreigners seeking to retire in Malta. The plot areas for the villas range from 240 square metres to 310 square metres and prices range from €715,000 (seven hundred fifteen thousand Euro) to €800,000 (eight hundred thousand Euro).

Once construction works commence on the Project the Guarantor intends to start marketing the Project through a number of marketing agents in Malta as well as through its own internet site www.gap.com.mt and in the future, through Facebook under 'GAP Holdings'.

Sales Revenue

The following table illustrates the projected revenues generated from the sale of villas, net of sales commission. This estimate is based on the Guarantor receiving a 20% (twenty per cent) deposit of the actual sales price on the execution of a preliminary agreement with the remaining 80% (eighty per cent) of the purchase price being received on execution of the final deed of sale.

	2013	2014	Totals
	€	€	€
Preliminary Agreements	1,584,000	432,000	2,016,000
Final Contracts	576,000	7,488,000	8,064,000
Total	2,160,000	7,920,000	10,080,000

It is projected that in the first 18 months from the commencement date of the Project, which will be characterised by excavation and construction works the Guarantor would already initiate its marketing initiatives which should gradually lead to the conclusion of a number of preliminary agreements for the sale of units within the Project. It is projected that during this period deposits from preliminary agreements would generate revenues of *circa* €1,008,000 (one million and eight thousand Euro) calculated on the basis of a 20% (twenty per cent) deposit on each unit.

Sales revenue is expected to increase gradually over the course of construction of the Project with the higher levels of sales and to reach 2013 with more preliminary agreements being entered into and the first contracts transferring title to the units being executed. It is expected that sales revenues will gradually increase and all units would have been sold by 2014.

The above cash flow assumes that gross sales proceeds will be received in two stages as follows:

Stage	%
Execution of preliminary agreement	20
Execution of final deed and hand-over of finished unit	80

B. GAP PROPERTIES LIMITED

The Guarantor is a private limited liability company, registered in Malta in terms of the Act with company registration number C47928, having its registered office at GAP Holdings Head Office, Ċensu Scerri Street, Tigné, Sliema, and with telephone number (+356) 23271000. The Guarantor has an authorised share capital of €1,400 (one thousand four hundred Euro) and an issued share capital of €1,400 (one thousand four hundred Euro) divided into ordinary shares of €1 (one Euro) each, fully paid up.

History and Business

The Guarantor was set up and established to act as a property development company, initially for the Żebbuġ Project. As at the date of this Prospectus the Guarantor has not, save for what is stated hereunder, conducted any business and has no trading record. On 18 November 2009, the Guarantor entered into a preliminary agreement for the purchase of the site over which the Żebbuġ Project shall be constructed and developed. Accordingly the Guarantor has no trading history.

The Project

The project consists of the acquisition of a site in Żebbuġ measuring approximately 6,878 square metres and the construction and development on that site of 157 apartments, of which 24 are duplex units and 23 are penthouses, 4 maisonettes, 189 underlying garages/car spaces and 3 retail outlets. Also included are 8 plots measuring in aggregate 1,072 square metres.

The units, that shall occupy a total built up saleable area of *circa* 5,806 square metres spread over 16 construction blocks divided within four zones forming the Project, will vary in size and shall include one, two and three bedroom units. The plan included in Annex C indicates the planned layout of the zones and the blocks of units. The development of the Project is planned to span over 24 to 30 months from commencement of works, which is scheduled to start in June 2012.

Market situation

Competition in the real estate development business in Malta varies from location to location and from sector to sector. In particular, GAP Properties Limited's development faces competition from a number of new residential developments in that area built by various local developers. GAP Properties Limited may also face new competition from developers who have entered or may enter the property market. However, a market study has shown a demand for two bedroom apartments in this area. While the market trend shows that prospective buyers (first time buyers) prefer finished apartments, most of the competitor's apartments are three bedroom apartments for sale in shell form. Management believes that the high quality of GAP Properties Limited's development distinguish its offering from those of its competitors.

Location

The site, which is surrounded by property similar to the Project, is located just off the historic centre of the old Maltese Village of Żebbuġ. The directors believe that the level of finish and service that the Project will entail will offer a unique opportunity for owning residential property in this part of the island. Annex C2 contains a site plan of the location of the site in the context of Żebbuġ.

Development

The development will be divided into four distinct zones comprising 16 blocks of apartments; 23 one bedroom units, 127 two bedroom units, 7 three bedroom units and 3 retail outlets, and 1 block of 4 maisonettes. The whole development is planned to be delivered and sold finished in a complete state, including the garages and all common areas. Each block will be interconnected to the garages.

The Company has also planned eco-friendly measures for the development of the Project such as the inclusion of the right of owners to install a solar water heater per unit. The units will also be delivered and sold in a finished and complete state and will include all the electrical, plumbing, telephone and air conditioning installations points, gypsum plastering and 2 coats of white paint, all floor tiles and bathrooms, including all sanitary ware and accessories, all external apertures (in double glazed aluminium) and the internal doors.

All the internal finishes will be budgeted and a prospective client will be given the opportunity to alter and change the finishes in line with his or her demands within the budget or to have the alterations undertaken at a further cost.

The fifth zone will be divided into 8 parcels of land and will be sold as plots.

Permits

Further to the applications made by the Guarantor bearing numbers PA/01220/06, PA/00476/10, PA/01162/10 and PA/01161/10, MEPA has on 27 October 2011 issued a full development permit for the excavation of the Site and the development of the Project. No application has been submitted to MEPA for Zone Five and therefore no development permit has been issued.

A number of risks associated with planning permission are set out on page 23 of this Prospectus.

Construction and Development

The overall construction and financing expenditure on the development of the Project is expected to be in the region of €19,250,000 (nineteen million two hundred fifty thousand Euro) as detailed below:

	€'000
Cost of Acquisition of Site	5,887

Construction Expenditure	
Excavation	357
Construction	4,421
Finishing	4,732
Contingency	951

	10,461

	16,348
Direct Labour Cost	440
Professional Fees	236

	17,024

Financing Costs	
Loan interest	2,026
Offer costs	200

	2,226

Total Estimated Cost	19,250
	=====

The Directors are projecting that, save for any unforeseen circumstances, the excavation, construction and finishing of the Project will proceed for approximately 35 months from commencement and therefore project completion is expected in the first half of 2015.

As at the date of this Prospectus the Guarantor has already entered into a contract for construction of the Project with Carin Construction Limited of the Project for a value of approximately €4,000,000 (four million Euro). Payment under the said contracts will be settled by the Guarantor according to agreed fixed monthly payments of €40,000 (forty thousand Euro). In general such payment terms are subject to negotiation and agreement by the Guarantor and the contractors. The Guarantor and the contractors entered into public deeds which make provision for the contractual waiver by contractors of their right at law to register a special privilege for the value of their work over the Project in the event of non-payment by the Guarantor until

such time that the hypothecs and privileges granted in favour of the Loan Security have been settled and repaid in full. Such public deeds waiving the right of contractors to register a special privilege will also be entered into in relation to the contracts required for finishing the Project. Such public deeds are intended to protect the security interests of the Trustee for the benefit of Participation Note Holders and to preserve their ranking over the assets of the Issuer and Guarantor. Contracts for the finishing of the Project will be entered into shortly.

The Directors are confident that the final contract values will be within the overall budgeted parameters. The Company's projected costs have been reviewed by Edgar Caruana Montaldo, B.E.&A. (Hons.), A.&C.E. Architect and Civil Engineer, of 41A, Tal-Herba Street, Birkirkara, Malta, whose report is set out in Annex B2 of this Prospectus.

Certain risks and uncertainties associated with the Issuer's business are set out on page 22 of this Prospectus. In particular investors should note the risks of delays and cost overruns, which could cause actual sales revenues and costs to differ from those projected and which are affected, amongst others, by factors attributable to counter-parties, general market conditions and competition which are beyond the Issuer's control. The Directors consider, however, that the projected development costs are reasonable and that, save in the case of unforeseen circumstances, potential cost overruns can be contained within the contingency allowance built into the Company's estimates.

The Issuer will carry insurance with respect to building works in accordance with normal standards in the construction industry and depending on available terms of cover from time to time.

Pricing and Sales Strategy

The directors believe that these apartments and maisonettes ought to be an interesting proposition, particularly to first-time buyers wishing to live in this part of the island within a highly finished complex of units. In this respect the Company has established a very competitive pricing strategy for the apartments with prices ranging from €90,000 (ninety thousand Euro) for a one-bedroom unit and €150,000 (one hundred fifty thousand Euro) for a three bedroom apartment unit. Two-bedroom units are expected to sell at around €110,000 (one hundred ten thousand Euro). This brings the average price per unit to *circa* €120,000 (one hundred twenty thousand Euro).

Once construction works commence on the Project the Company intends to start marketing the Project through a number of marketing agents in Malta as well as through its own internet site www.gap.com.mt and in the future, through Facebook under 'GAP Holdings'.

Sales Revenue

The following table illustrates the projected revenues generated from the sale of units and the 8 plots, net of sales commission. This estimate is based on the Guarantor receiving a 10% (ten per cent) deposit of the actual sales price on the execution of a preliminary agreement with the remaining 90% (ninety per cent) of the purchase price being received on execution of the final deed of sale.

	2012	2013	2014	2015	2016	2017	Totals
	€	€	€	€	€	€	€
Preliminary Agreements	26,000	782,000	668,000	624,000	314,950		2,414,950
Contracts Phase 1		1,835,820	1,101,492	1,101,492	550,746		4,589,550
Contracts Phase 2			3,101,202	1,431,324	1,431,324		5,963,850
Contracts Phase 3				3,312,201	1,454,137	484,712	5,251,050
Contracts Phase 4				2,540,797	1,203,535	601,768	4,346,100
Contracts Phase 5		594,000	990,000				1,584,000
Total	26,000	3,211,820	5,860,694	9,009,814	4,954,692	1,086,480	24,149,500

It is projected that in the first 18 months from the commencement date of the Project, which will be characterised by excavation and construction works the Guarantor would already initiate its marketing initiatives which should gradually lead to the conclusion of a number of preliminary agreements for the sale of units within the Project. It is projected that during this period deposits from preliminary agreements would generate revenues of *circa* €680,000 (six hundred eighty thousand Euro) calculated on the basis of a 10% (ten per cent) deposit on each unit.

Sales revenue is expected to increase gradually over the course of construction of the Project with the higher levels of sales and to reach 2014 with more preliminary agreements being entered into and the first contracts transferring title to the units being executed. It is expected that sales revenues will gradually increase and most of the units would have been sold by 2015.

The above cash flow assumes that gross sales proceeds will be received in two stages as follows:

Stage	%
Execution of preliminary agreement	10
Execution of final deed and hand-over of finished unit	90

4.3 Reserve Account

All sales of units shall be made on the basis that units are released of all hypothecary rights and privileges encumbering the units being sold. For this purpose the Trustee shall be empowered to release individual units of the Hypothecated Properties from the Security Interest encumbering such unit/s upon receipt by it from the Company or from a prospective purchaser of a fixed amount of the purchase price. It is estimated that this fixed amount to be withheld by the Trustee will equate to *circa* 65% (sixty five per cent) of the contract value. For this purpose the Trustee and the Issuer have agreed that a fixed amount shall be set for each unit, and it is only upon receipt by the Trustee of such an amount that the Trustee shall be bound to release a particular unit from the effects of any Security Interests encumbering the Hypothecated Properties. This is intended to ensure that the security created for the interest of Note Holders is only reduced against a cash payment made by the Issuer in the Reserve Account to be held by the Trustee for the benefit of Note Holders. The funds so received by the Trustee shall be held by it under trust in a segregated bank account with a credit institution in Malta for the benefit of the Note Holders and shall be so held with a view to meeting the redemption of the Notes on their date of maturity ("**Maturity Date**").

Provided further that any shortfall in the amount receivable by the Trustee pursuant to the foregoing shall be required to be made up, in whole or in part, out of the available sale proceeds from any subsequent sale or sales until such shortfall shall have been made up in its entirety.

In accordance with the Trust Deed, the Trustee is authorised to release to the Issuer any funds held in and to the credit of the Reserve Account which are in excess of the aggregate value of Participation Notes outstanding, provided that there remain sufficient units, covered by the Security Interests, to be sold to cover the interest still to become payable on the Notes until the Redemption Date.

The Trustee shall hold such monies standing to the credit of the Reserve Account to ensure their preservation and the Manager may from time to time, but shall not be obliged to, invest such monies in such a manner and in such instruments as are herein provided, namely:

- (i) investment or re-investment in any EU Government debt securities or other debt securities issued or guaranteed by an OECD sovereign state and without any currency exchange risk, in either case for a term not exceeding the Maturity Date; or
- (ii) Pre-payment of the Participation Notes on the Early Redemption Dates; or
- (iii) Redemption of the Participation Notes.

In the absence of unforeseen circumstances and subject to there being no material adverse changes in circumstances the Directors are of the view that the percentages available for cash flows that will be credited to the Reserve Account will be sufficient to cover the redemption of the Participation Notes on Maturity Date. The Issuer expects to generate adequate cash flows to repay the Notes on maturity from the sale of approximately 75% (seventy five per cent) of the units by mid 2015.

4.4 Hypothecary Situation

The Hypothecated Properties are currently unencumbered and there are no charges registered over the Hypothecated Properties. The Hypothecated Properties are not currently owned by the Guarantors and will only be acquired by the Guarantors upon the full subscription of the Participation Notes representing the First Tranche Preliminary Note and the Second Tranche Preliminary Note respectively.

Pursuant to the Trust Deed, each of the Guarantors and the Company agreed to jointly and severally between them guarantee the punctual performance by the Company of the MLN Obligations by entering into the Suretyship Agreement upon the full subscription of the Participation Notes representing the First Tranche Preliminary Note. Each of the Guarantors shall agree to support its joint and several guarantee under the Suretyship Agreement by:

- i. virtue of a special hypothec granted by MHL in favour of the Trustee for the benefit of Participation Note Holders as Beneficiaries over the Manikata Hypothecated Property and securing the MLN Obligations, upon the subscription in full of the Participation Notes representing the First Tranche Preliminary Note;
- ii. virtue of a special hypothec granted by GPL in favour of the Trustee for the benefit of Participation Note Holders as Beneficiaries over the Żebbuġ Hypothecated Property and securing the MLN Obligations, upon the subscription in full of the Participation Notes representing the Second Tranche Preliminary Note; and
- iii. virtue of a general hypothec over all their assets, present and future, in favour of the Trustee for the benefit of Participation Note Holders as Beneficiaries under the Trust Agreement and securing the MLN Obligations, upon the subscription in full of the Participation Notes representing the First Tranche Preliminary Note.

The hypothecs will secure the claim of the Trustee, for the benefit and in the interest of Registered Beneficiaries, for the repayment of the principal and interest under the Participation Notes by a preferred claim over the Projects. In addition, the general hypothecs will also grant to the Trustee, as additional and further security for the repayment of the Participation Notes, a preferred and prior ranking claim over all the assets present and future of the Issuer and Guarantors.

Accordingly, following the issue of the First Tranche Preliminary Note, the Second Tranche Preliminary Note and the Master Loan Note, as the case may be, and application of the proceeds as set out above, the Trustee for the benefit of the beneficiaries will have the benefit of special hypothecs over the Hypothecated Properties for the full amount of €15,500,000 (fifteen million five hundred thousand Euro) and interests thereon in addition to the general hypothecs over all the assets, present and future of the Company and Guarantors for the full amount of €15,500,000 (fifteen million five hundred thousand Euro).

The funding of the whole Project is also dependant on the proceeds from the gradual sale of the units. In the event that the projected sale of the units is not attained or is delayed, the Guarantors may well not have sufficient funds to complete the Projects, or to complete the Projects within the time frames envisaged in this document, or to pay the contractors for works performed. Whilst in terms of law an unpaid contractor would be entitled to register a special privilege, the Guarantors undertake that all contractors engaged to perform works or services for the Projects shall be contractually bound to waive their right to inscribe the special privilege in their favour until such time that the hypothecs and privileges granted in favour of the Loan Security have been settled and repaid in full. Other than the contract of works, currently there is no other contract in place where a contractor has contractually waived its right to inscribe the special privilege otherwise competent to it according to the general law.

4.5 Directors and Senior Management

As at the date of this Prospectus, the Board of Directors of the Issuer is comprised of the following four members (each, a "Director") listed below.

Mr Paul Attard acts as Company Secretary.

The business address of each of the Directors and the Company Secretary is GAP Holdings Head Office, Ċensu Scerri Street, Tigné, Sliema, Malta, SLM3060, with telephone number (+356) 23 27 10 00.

The management expertise and experience of each of the Directors is set out below:

George Muscat, started his property development and construction business in the late seventies. While originally focusing on single building units, predominantly residential and car-parking units, in more recent years Mr. Muscat embarked on larger and more ambitious projects including the construction of up-market multiple residential units. George Muscat is also a shareholder and director of various other companies in the construction, property development and real estate business including GAP Holdings which has undertaken various property developments since 2001. George Muscat is also a director and the ultimate beneficial holder of 33% (thirty three per cent) of the equity share capital of Bay Street Holdings Limited which owns, manages and operates the Bay Street Tourist Complex and of Bay Street Company Limited which owns and operates the Bay Street Hotel, located within the Bay Street Tourist Complex, through its subsidiary, Bay Street Hotel Complex Limited. Mr. Muscat is a founder and director of GAP Developments plc and in 2007 commenced development of Fort Cambridge, a project consisting of approximately 340 apartments.

Paul Attard, is a founder and director of GAP Holdings. Having previously worked as a property consultant with a number of leading estate agencies in Malta, Paul Attard has been responsible, since the incorporation of GAP Holdings in 2001, for driving and overseeing its sales and marketing initiatives. Mr. Attard is a director of GAP Developments plc responsible for sales and marketing.

Adrian Muscat, began his career as a property consultant before moving on to project management. As a founder and director of GAP Holdings, Adrian Muscat has led the project team responsible for on-site management of the projects undertaken by GAP Holdings since 2001. Mr. Muscat is a director of GAP Developments plc responsible for site supervision.

Francis X. Gouder began his career at Barclays Bank DCO (later Mid Med Bank and HSBC Bank Malta plc). For a short period, he was seconded to Lohombus. At HSBC Bank Malta plc, Mr. Gouder was responsible for the efficient running of all HSBC branches forming part of the southern Malta. In May 2009 Mr. Gouder joined Banif Bank Malta plc as consultant to the Executive Committee and Head of Executive Banking. Francis X. Gouder is also a non-executive director of Bay Street Finance plc.

As at the date of this Prospectus, the Board of Directors of Manikata Holdings Limited is comprised of George Muscat (management expertise and experience of George Muscat is set out above). Mr Paul Attard acts as Company Secretary. The business address of each of the Directors and the Company Secretary is GAP Holdings Head Office, Ċensu Scerri Street, Tigné, Sliema, Malta, SLM3060, and with telephone number (+356) 23271000.

As at the date of this Prospectus, the Board of Directors of GAP Properties Limited is comprised of George Muscat, Paul Attard and Adrian Muscat (management expertise and experience of George Muscat, Paul Attard and Adrian Muscat is set out above). Mr Paul Attard acts as Company Secretary. The business address of each of the Directors and the Company Secretary is GAP Holdings Head Office, Ċensu Scerri Street, Tigné, Sliema, Malta, SLM3060, and with telephone number (+356) 23271000.

4.6 Directors' Service Contracts and Remuneration

The Board determines the remuneration of both executive and non-executive directors. None of the Directors of the Issuer have a service contract with the Issuer.

In accordance with the Issuer's Articles of Association, the total emoluments payable to all Directors, whether as fees and/or salaries by virtue of holding employment with the Issuer, is subject to shareholder approval at general meeting.

The Directors will not be receiving any emoluments for the financial period ending 31 December 2011.

All Directors may be removed by the shareholder appointing them or by an ordinary resolution of the shareholders in general meeting. The Directors currently in office are expected to remain in office at least until the next Annual General Meeting.

4.7 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.

4.8 Board Practices

The Issuer supports the Corporate Governance Guidelines for Public Interest Companies (the “Code”) and during the period since incorporation to the date of the Prospectus, the Issuer has fully complied with the requirements of the Code.

AUDIT COMMITTEE

The Issuer has set up an Audit Committee to assist the Board amongst others in monitoring and reviewing the Group’s financial reporting and performance, financial policies and internal procedures and control mechanisms. In addition, the Audit Committee also has the role and function of scrutinising and evaluating any proposed transaction to be entered into by the Issuer and a related party, to ensure that the execution of any such transaction is at arm’s length and on a commercial basis and ultimately in the best interests of the Issuer.

The Audit Committee will be meeting at least once every three months. Meetings may also be convened at the request of the external auditors. The Issuer’s external auditor is invited to attend Audit Committee meetings.

As at the date of this Prospectus, the audit committee is composed of Francis X. Gouder as chairman, who is competent in accounting matters, and Paul Attard and Adrian Muscat as members.

4.9 Employees

As at the date of this Prospectus the Issuer has no employees. The Issuer is therefore reliant on the resources which are made available to it by the operating companies, the Guarantors, including the services of its senior management, whose names and responsibilities are set out hereunder:

George Muscat	Chairman
Chris Gauci	Sales and Marketing Executive
Emanuel Cortis	Site Supervision
Edward Camilleri Bonici	Financial Controller
Raymond Grixti	Project Manager

4.10 Share Ownership

The shares in the Issuer are owned by GEOM Developments Limited (C50805), Paul Attard and Adrian Muscat. GEOM Developments Limited, which is ultimately owned by George Muscat, is a property development company and is principally engaged in the construction and development of 2 projects: 57 apartments in Qawra and 29 apartments in Gharghur.

As pointed out in Section 4.8 above, the Audit Committee has the role and function of scrutinising and evaluating any proposed transaction to be entered into by the Issuer and a related party, to ensure that the execution of any such transaction is at arm’s length and on a commercial basis and ultimately in the best interests of the Issuer.

In addition, pursuant to Art.94 (2) of the Memorandum and Articles of Association of the Issuer, a director shall not vote at a meeting of directors in respect of any contract or engagement in which he has a personal material interest, either directly or indirectly.

4.11 Related Party Transactions

The Company intends to enter into two separate assignment agreements as follows:

- (i) George Muscat (ID card number 312355M) intends to assign the amount of €1,000,000 (one million Euro) receivable from GEOM Developments Limited (C50805) (the “Assigned Receivable 1”) in favour of the issuer in consideration of the issue of Participation Notes to George Muscat in an amount equal to the Assigned Receivable 1. The Company intends to then assign the Assigned Receivable 1 to Manikata Holdings Limited in consideration for the payment of an amount equal to the Assigned Receivable 1.

- (ii) George Muscat (ID card number 312355M), Paul Attard (ID card number 359775M) and Adrian Muscat (ID card number 166682M) intend to assign the amount of €3,000,000 (three million Euro) receivable from GEOM Developments Limited (C50805) (the “Assigned Receivable 2”) in favour of the issuer in consideration of the issue of Participation Notes to George Muscat, Paul Attard and Adrian Muscat in an amount equal to the Assigned Receivable 2. The Company intends to then assign the Assigned Receivable 2 to GAP Properties Limited in consideration for the payment of an amount equal to the Assigned Receivable 2.

4.12 Interests of Experts and Advisors

Save for the accountant’s report on the projections relating to the Manikata and Żebbuġ Projects set out as Annex D and the architects’ reports set out as Annex B, this Prospectus does not contain any statement or report attributed to any person as an expert. The accountant’s report and the architects’ valuations have been included in the form and context in which they appear with the authorisation of Emanuel P. Fenech, FIA, ACIB, CPA, of 1, Tal-Providenza Mansions, Main Street, Balzan, Malta and EM Architects & Civil Engineers, of no. 12/25, Vincenti Buildings, Strait Street, Valletta, Malta and Edgar Caruana Montaldo, B.E.&A. (Hons.), A.&C.E. Architect and Civil Engineer, of 41A, Tal-Ħerba Street, Birkirkara, Malta respectively who have given and have not withdrawn their consent to its inclusion herein. None of the foregoing experts have any beneficial interest in the Issuer. The Issuer confirms that the extract from the accountant’s report and the architects’ valuations have been accurately reproduced in this Prospectus 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.

4.13 Financial Information

The Company was established on 8 November 2011 and has no trading record. No financial statements for the Company have been published. The Issuer shall prepare and maintain accounts in accordance with the standards required under the Act.

GAP Properties Limited and Manikata Holdings Limited were registered and established on 14 October 2009 and 13 September 2011 respectively, and have not traded since then except for entering into preliminary agreements for the Żebbuġ and Manikata Properties. GAP Properties Limited has published its first audited financial statements for the period 2010, a copy of which is available for inspection at the registered office of the Issuer.

PART V – ADDITIONAL INFORMATION

This part of the Prospectus is being published in compliance with the requirements of paragraph 16 of Part A of the Second Schedule of the Act.

5.1 Incorporation

GAP Group Finance plc, whose registered office is GAP Holdings Head Office, Ċensu Scerri Street, Tigné, Sliema SLM 3060, Malta, was registered and incorporated on 8 November 2011 as a public limited company with company registration number C54352. By virtue of a resolution dated 16 February 2012 the Issuer approved the Offer.

5.2 Share Capital

The authorised share capital of the Company is €50,000 (fifty thousand Euro) divided into 50,000 (fifty thousand) ordinary shares of €1 (one Euro) each.

The issued share capital is €50,000 (fifty thousand Euro) divided into 50,000 (fifty thousand) ordinary shares of €1 (one Euro) each fully paid up and subscribed as follows:

<i>Name and Address</i>	<i>Number of Shares</i>
GEOM Developments Limited (C50805)	49,000
Paul Attard	500
Adrian Muscat	500

The authorised share capital of the Company may be increased by an ordinary resolution of the shareholders in a general meeting. In terms of the Company's Prospectus and articles of association none of the capital shall be issued in such a way as would effectively alter the control of the Company or nature of the business, without the prior approval of the Company in a general meeting.

The shares of the Company are not listed on the Malta Stock Exchange. Application has not been filed for the shares of the Company to be quoted on the official list or the Alternative Companies List of the Malta Stock Exchange. The Directors of the Issuer have no intention of submitting an application for the admissibility of the Issuer's Shares to listing and subsequent trading on the Malta Stock Exchange.

The Company was registered on 8 November 2011. Accordingly there is no capital of the Company, save for the capital issued on original subscription, which has been issued during the two (2) years immediately preceding the publication of this Prospectus nor is it expected that the Company issues during the next financial year any shares, whether fully or partly paid up, in consideration for cash or otherwise.

There is no capital of the Company, which is currently under option, nor is there any agreement by virtue of which any part of the capital of the Company is to be put under option.

5.3 Future Issues

Within the next twenty four (24) months, the Issuer shall not issue any other financial instruments or debt securities, creating or acknowledging indebtedness.

5.4 Memorandum and Articles of Association

The following are highlights of the Issuer's Memorandum and Articles of Association:

The objects for which the company has been established and which are included in Clause 3 of the Memorandum *inter alia* include to carry on the business of a finance and investment company in connection with the ownership, development, operation and financing of companies within the Group for the purpose of lending or advancing money or otherwise give credit to any such company with or without security. The company may also borrow or raise money through bonds, debentures, commercial papers, or other instruments creating or acknowledging indebtedness and to offer the same to the public. The repayment of such money and any interest payable thereon may be secured by the Company by the hypothecation or the creation of any other charge upon the whole or part of the movable and immovable property of the Company or any Group company.

APPOINTMENT OF DIRECTORS

The Directors are appointed by the shareholders in terms of the Company's Articles of Association.

POWERS OF DIRECTORS

The Directors are vested with the management of the Company and their powers of management and administration emanate directly from the Memorandum and Articles of Association and the law. The Directors are empowered to act on behalf of the Company and in this respect have the authority to enter into contracts, sue and be sued in representation of the Company. In terms of the Memorandum and Articles of Association they may do all such things as are not by the Memorandum and Articles of Association reserved for the Company in general meeting.

Directors may not vote on any proposal, issue, arrangement or contract in which they have a personal material interest.

The maximum limit of aggregate emoluments of the Directors is in terms of the Memorandum and Articles of Association, to be established by the shareholders in general meeting. Within that limit the Directors shall have the power to vote remuneration to themselves or any number of their body. Any increases in the maximum limit of Directors' aggregate emoluments have to be approved by the general meeting. The Directors may also vote pensions, gratuities or allowances on retirement to any director who has held any other salaried office with the Company or to his widow or dependents. However, any such proposal shall have to be approved by the shareholders in general meeting.

In terms of Memorandum and Articles of Association, the Board of Directors may exercise all the powers of the Company to borrow money and give security thereof, subject to the limit established in the Articles of Association and the overriding authority of the shareholders in general meeting to change, amend, restrict and or otherwise modify such limit and the Directors' borrowing powers.

There are no provisions in the Memorandum and Articles of Association regulating the retirement or non-retirement of Directors over an age limit.

COMMISSIONS

There were no commissions, discounts, brokerages or other special terms granted during the two (2) years immediately preceding the publication of this document in connection with the issue or sale of any capital of the Company or any of its subsidiaries.

SUMMARY OF MHL'S OBJECTS AS CONTAINED IN CLAUSE 4 OF ITS MEMORANDUM AND ARTICLES OF ASSOCIATION

In terms of its memorandum and articles of association, the main trading activity of MHL is to purchase, sell, exchange, improve, mortgage, charge, rent, let on lease, hire, surrender, license, accept surrenders of, and otherwise acquire and/or deal with any freehold, leasehold or other immovable property, chattels and effects, erect, pull down, repair, alter, develop, sell or otherwise deal in any immovable property. By virtue of its memorandum, MHL is also empowered to borrow or raise money in such manner as the company thinks fit and to stand as surety for third parties by means of hypothecs or otherwise to secure loans/overdrafts and other banking facilities in favour of third parties.

SUMMARY OF GPL'S OBJECTS AS CONTAINED IN CLAUSE 4 OF ITS MEMORANDUM AND ARTICLES OF ASSOCIATION

In terms of its memorandum and articles of association, the main trading activity of GPL is to purchase, sell, exchange, improve, mortgage, charge, rent, let on lease, hire, surrender, license, accept surrenders of, and otherwise acquire and/or deal with any freehold, leasehold or other immovable property, chattels and effects, erect, pull down, repair, alter, develop, sell or otherwise deal in any immovable property. By virtue of its memorandum, GPL is also empowered to borrow or raise money in such manner as the company thinks fit and to stand as surety for third parties by means of hypothecs or otherwise to secure loans/overdrafts and other banking facilities in favour of third parties.

5.5 Directors' Interests

Directors' interests in the share capital of the Issuer:

<i>Name and Address</i>	<i>As at 30 November 2011</i>
George Muscat	98%
Paul Attard	1%
Adrian Muscat	1%

George Muscat has a 100% (hundred per cent) beneficial interest in GEOM Developments Limited (C50805), which owns 98% (ninety eight per cent) of the issued capital of the Issuer. Reference is made to Sections 4.10 and 5.2 in relation to the shareholding of GEOM Developments Limited in the Issuer.

George Muscat undertakes, save in the event of death or an intervening court order, not to dispose of the interest he holds in the securities of the Issuer through GEOM Developments Limited for at least two (2) years from the date on which the Notes are issued.

Save for the matters disclosed herein and in Sections 4.10 'Share Ownership' and 4.11 'Related Party Transactions', there are no known potential conflicts of interests between any duties of the Directors of the Issuer and Guarantors and their private interests and/or other duties.

5.6 Litigation

The Company and the Guarantors have no litigation or claims of material importance pending or, to the best of the knowledge of the Directors, threatened against it.

5.7 Taxation

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 Participation Note, 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 Participation Note Holders in so far as taxation in Malta is concerned. This information does not constitute legal or tax advice and does not purport to be exhaustive.

The information below is based on an interpretation of tax law and practice relative to the applicable legislation, as known to the Issuer at the date of the Prospectus, in respect of a subject on which no official guidelines exist. Prospective 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 prospective investors. The precise implications for investors will depend, among other things, on their particular circumstances and on the classification of the Participation Notes from a Maltese tax perspective, and professional advice in this respect should be sought accordingly.

INTEREST

Since interest is payable in respect of a Note which is the subject of a public issue, unless the Issuer and/or the Trustee is otherwise instructed by a Participation Note Holder or if the Participation Note Holder 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% (fifteen per cent) of the gross amount of the interest, pursuant to article 33 of the Income Tax Act. Participation Note Holders 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.

This withholding tax is considered as a final tax and a Maltese resident individual Participation Note holder need not declare the interest so received in his income tax return. No person shall be charged to further tax in respect of such income. However, tax withheld shall in no case be available to any person for a credit against that person's tax liability or for a refund as the case may be.

In the case of a valid election made by an eligible Participation Note Holder 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 standard rates applicable to that person at that time. Additionally, in this latter case, the Trustee 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 is a non-resident of Malta. Any such election made by a resident Participation Note holder at the time of subscription may be subsequently changed by giving notice in writing to the Trustee. 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, Participation Note Holders 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 and/or the Trustee in terms of law.

EUROPEAN UNION SAVINGS DIRECTIVE

Non-residents of Malta should note that payment of interest to individuals and certain residual entities residing in another EU Member State is reported on an annual basis to the Malta Commissioner of Inland Revenue who will in turn exchange the information with the competent tax authority of the Member State where the recipient of interest is resident. This exchange of information takes place in terms of the EU Savings Directive 2003/48/EC.

REDEMPTION OF THE PARTICIPATION NOTES

No capital gains should arise upon redemption of the Participation Notes. No duty under the Duty on Documents Act (Chapter 364 of the laws of Malta) should arise upon redemption of the Participation Notes.

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 PARTICIPATION NOTES AS WELL AS INTEREST PAYMENTS MADE BY THE AUTHORISED FINANCIAL INTERMEDIARY. THE ABOVE IS A SUMMARY OF THE ANTICIPATED TAX TREATMENT APPLICABLE TO THE PARTICIPATION NOTES AND TO PARTICIPATION NOTE HOLDERS. THIS INFORMATION, WHICH DOES NOT CONSTITUTE LEGAL OR TAX ADVICE, REFERS ONLY TO NOTE HOLDERS WHO DO NOT DEAL IN SECURITIES IN THE COURSE OF THEIR NORMAL TRADING ACTIVITY.

5.8 Material Contracts

The Company was established on the 8 November 2011 and since its inception has not entered into any contracts of a material nature which are not in the ordinary course of its business.

Construction Contracts

The subsidiaries GAP Properties Limited and Manikata Holding Limited entered each into a construction contract dated 16 January 2012 with Carin Construction Limited, a limited liability company with Maltese company number C12194 in order to carry out the Projects. Please refer to Section 4.2A and B for further information.

Related party contracts

The Company intends to enter into two separate assignment agreements as follows:

- (i) George Muscat (ID card number 312355M) intends to assign the amount of €1,000,000 (one million Euro) receivable from GEOM Developments Limited (C50805) (the "**Assigned Receivable 1**") in favour of the issuer in consideration of the issue of Participation Notes to George Muscat in an amount equal to the Assigned Receivable 1. The Company intends to then assign the Assigned Receivable 1 to Manikata Holdings Limited in consideration for the payment of an amount equal to the Assigned Receivable 1.
- (ii) George Muscat (ID card number 312355M), Paul Attard (ID card number 359775M) and Adrian Muscat (ID card number 166682M) intend to assign the amount of €3,000,000 (three million Euro) receivable from GEOM Developments Limited (C50805) (the "**Assigned Receivable 2**") in favour of the issuer in consideration of the issue of Participation Notes to George Muscat, Paul Attard and Adrian Muscat in an amount equal to the Assigned Receivable 2. The Company intends to then assign the Assigned Receivable 2 to GAP Properties Limited in consideration for the payment of an amount equal to the Assigned Receivable 2.

5.9 Loan Capital & Borrowings

Before the issue of the Master Loan Note the Company had no loan capital and borrowings.

5.10 Documents on Display

Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturday, Sundays and public holidays excluded) at the offices of the Issuer at GAP Holdings Head Office, Ċensu Scerri Street, Tigné, Sliema, Malta, SLM3060 until the lapse of 14 days from the date of this Prospectus:

- (i) the Memorandum and Articles of Association of the Issuer;
- (ii) the Accountant's Reports;
- (iii) the property valuation reports;
- (iv) the audited financial statements for the financial year 2010 of GAP Properties Limited; and
- (v) this Prospectus.

ANNEX A1 TERMS AND CONDITIONS OF THE MASTER LOAN NOTE

TERMS AND CONDITIONS OF THE FIRST TRANCHE PRELIMINARY NOTE, THE SECOND TRANCHE PRELIMINARY NOTE AND THE MASTER LOAN NOTE, TO THE EXTENT THAT THE LATTER SUBSTITUTES THE FIRST TRANCHE PRELIMINARY NOTE AND THE SECOND TRANCHE PRELIMINARY NOTE IN TERMS OF THE TRUST DEED AND THE PROSPECTUS

GENERAL TERMS AND CONDITIONS APPLICABLE TO THE €15,500,000 (FIFTEEN MILLION FIVE HUNDRED THOUSAND EURO) 7% (SEVEN PER CENT) SECURED FIRST TRANCHE PRELIMINARY NOTE, SECOND TRANCHE PRELIMINARY NOTE AND THE MASTER LOAN NOTE, TO THE EXTENT THAT THE LATTER SUBSTITUTES THE FIRST TRANCHE PRELIMINARY NOTE AND THE SECOND TRANCHE PRELIMINARY NOTE IN TERMS OF THE TRUST DEED AND THE PROSPECTUS (COLLECTIVELY HEREINAFTER REFERRED TO AS "MASTER AND PRELIMINARY NOTES") REDEEMABLE ON 30 MARCH 2016 BY GAP GROUP FINANCE PLC (THE "ISSUER" OR THE "COMPANY").

THE ISSUE OF THE MASTER AND PRELIMINARY NOTES IS BEING MADE SUBJECT TO THE PROVISIONS OF THE TRUST DEED DATED 12 MARCH 2012 (HEREINAFTER REFERRED TO AS THE "TRUST DEED") AND OF THESE TERMS AND CONDITIONS. A MASTER OR PRELIMINARY NOTE HOLDER AS WELL AS ANY PERSON HAVING AN INTEREST UNDER THE MASTER OR PRELIMINARY NOTES IS DEEMED TO HAVE INVESTED ONLY AFTER HAVING RECEIVED, READ AND UNDERSTOOD THE CONTENTS OF THIS DOCUMENT AND THEREFORE ONLY AFTER HAVING FULL KNOWLEDGE OF THE INFORMATION CONTAINED IN THIS DOCUMENT AND IS ACCORDINGLY DEEMED TO HAVE ACCEPTED ALL THE TERMS AND CONDITIONS SET OUT IN THIS DOCUMENT AND THE TRUST DEED.

ALL TERMS USED HEREIN SHALL UNLESS THE CONTEXT OTHERWISE REQUIRES OR UNLESS OTHERWISE DEFINED HAVE THE SAME MEANINGS ATTRIBUTED TO THEM IN THE PROSPECTUS AND THE TRUST DEED.

1. *General*

- (a) The issuance of the Master and Preliminary Notes has been duly authorised by a resolution of the Board of Directors of the Issuer of 12 March 2012 by virtue of the power contained in the Memorandum of Association.
- (b) The Master and Preliminary Notes shall be issued to the Trustee, on trust for the benefit of the Registered Beneficiaries, which together with the Security Interests to be constituted in favour of the Trustee shall constitute the Trust Property.
- (c) The Master and Preliminary Notes shall constitute the Issuer as the true and lawful debtor of the Offer Amount in favour of the Trustee on behalf of the Beneficiaries.
- (d) Unless previously purchased and cancelled, the First Tranche Preliminary Note and the Second Tranche Preliminary Note (in case these are not substituted by the Master Loan Note) or the Master Loan Note shall be redeemable at their nominal value including accrued but unpaid interest on the Redemption Date, subject to the Issuer's option to redeem all or any part of the First Tranche Preliminary Note, the Second Tranche Preliminary Note or the Master Loan Note, as the case may be, at any time between 31 March 2014 and 29 March 2016 (both days included) in whole or in part, on giving not less than 30 days prior notice to the Trustee. In making an early redemption as aforesaid, the Issuer reserves the right to adopt such redemption policy as it may consider appropriate at its sole discretion.

2. *Form, Denomination and Title*

- (a) The Master and Preliminary Notes shall be issued in fully certificated and registered form, without coupons. The Master and Preliminary Notes shall be issued to the Trustee for the Offer Amount and the Trustee shall be entered in the register of Master and Preliminary Note Holders as the holder of the First Tranche Preliminary Note, Second Tranche Preliminary Note or the Master Loan Note, as the case may be. The Trustee shall hold the First Tranche Preliminary Note, the Second Tranche Preliminary Note or the Master Loan Note, as the case may be, on trust for the benefit of the

Registered Beneficiaries, which together with the Security Interests to be constituted by the Issuer in favour of the Trustee shall constitute the Trust Property.

3. Interest

- (a) Interest on amounts outstanding under the First Tranche Preliminary Note, the Second Tranche Preliminary Note or the Master Loan Note, as the case may be, shall accrue at the rate of 7% (seven per cent) *per annum*. Interest shall be payable annually in arrears on 30 March in each year between the years 2013 and 2016 (both years included). The first interest payment on 30 March 2013 shall be on a pro-rata basis and shall cover the period as follows:
 - (i) Interest on the First Tranche Preliminary Note Holder shall be payable as from the Subscription Date;
 - (ii) Interest on the Second Tranche Preliminary Note Holder shall be payable as from the Subscription Date.

Thereafter, interest shall be payable annually in arrears on 30 March in each year between the years 2013 and 2016 (both years included), (each such day, an "Interest Payment Date"), 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 first interest payment shall be effected on 30 March 2013.

- (b) The First Tranche Preliminary Note, the Second Tranche Preliminary Note or the Master Loan Note, as the case may be, shall cease to bear interest from and including the Redemption Date unless, upon due presentation, payment of the principal in respect of the First Tranche Preliminary Note, the Second Tranche Preliminary Note or Master Loan Note, as the case may be, is improperly withheld or refused, or unless the Issuer defaults in respect of payment, in any of which event interest shall continue to accrue at the greater of the rate specified above or at the rate of 2% (two per cent) *per annum* above the European Central Bank's refinancing rate in the case of the EUR Bonds;
- (c) For the avoidance of doubt, when interest is payable for a period of less than one year, it shall be calculated on the basis of the actual number of days elapsed and a year of 365 (three hundred sixty five) days.

4. Status of the Notes and Negative Pledge

- (a) The First Tranche Preliminary Note, the Second Tranche Preliminary Note and the Master Loan Note, as the case may be, constitute the general, direct, unconditional and secured obligations of the Issuer, and will rank with priority and preference over all other present and future unsecured and unsubordinated obligations of the Issuer. The First Tranche Preliminary Note, the Second Tranche Preliminary Note and the Master Loan Note are not transferrable. In addition, the Guarantors have jointly and severally between them guaranteed the First Tranche Preliminary Note, the Second Tranche Preliminary Note and the Master Loan Note. The Issuer and Guarantors have constituted general hypothecs over all their assets, present and future. The Guarantors have also constituted special hypothecs over the Hypothecated Properties to better secure their obligations and grant a right of preference to the Trustee for the benefit of Participation Note Holders in terms of the Trust Deed.
- (b) The Issuer and Guarantors undertake that any future indebtedness they may create with their respective shareholders, or any of them, shall at all times be under terms and conditions that the maturity for repayment of such debt shall fall after the Redemption Date and that any such indebtedness shall be subordinated to the rights of the First Tranche Preliminary Note, the Second Tranche Preliminary Note or the Master Loan Note Holder, as the case may be.

5. Payments

- (a) Payment of the principal amount as well as payment of interest on the First Tranche Preliminary Note, the Second Tranche Preliminary Note and the Master Loan Note shall be made in Euro to the person in whose name such First Tranche Preliminary Note, Second Tranche Preliminary Note or Master Loan Note is registered as at the close of business fifteen (15) days prior to the date set for redemption or fifteen (15) days prior to the relevant Interest Payment Date (as the case may be) against surrender of the First Tranche Preliminary Note, Second Tranche Preliminary Note or Master Loan Note at the registered office of the Issuer or at such other place in Malta as may be notified by the Issuer. Such payment shall be effected by direct credit or transfer to a Euro account (or any other account to which Euro may be

credited or transferred) specified by the First Tranche Preliminary Note Holder, Second Tranche Preliminary Note or the Master Loan Note Holder, as the case may be. The Issuer shall not be responsible for any loss or delay in transmission. Such payment shall be effected within seven (7) days of the date set for redemption or the Interest Payment Date (as the case may be).

- (b) All payments with respect to the First Tranche Preliminary Note, the Second Tranche Preliminary Note or the Master Loan Note are subject in all cases to any pledge (duly constituted) of the First Tranche Preliminary Note, the Second Tranche Preliminary Note or the Master Loan Note and to any applicable fiscal or other laws and regulations. In particular, but without limitation, all payments by the Issuer in respect of the First Tranche Preliminary Note, the Second Tranche Preliminary Note or the Master Loan Note shall be made gross of any amount to be deducted or withheld for or on account of any present or future taxes, duties, assessments or other government charges of whatsoever nature imposed or levied by or on behalf of the Government of Malta or authority thereof or therein having power to tax.
- (c) No commissions or expenses shall be charged to the First Tranche Preliminary Note Holder, the Second Tranche Preliminary Note or the Master Loan Note Holder in respect of such payments.
- (d) For the purposes of paragraphs (a), (b) and (c) hereof, the term Redemption Date shall be deemed to include an Early Redemption Date where such may have been set from time to time by the Issuer in respect of all or any of the First Tranche Preliminary Note, the Second Tranche Preliminary Note or the Master Loan Note, provided that in making an early redemption as aforesaid, the Issuer reserves the right to redeem the First Tranche Preliminary Note, the Second Tranche Preliminary Note or the Master Loan Note in whole or in part, at the discretion of the Issuer.

6. Redemption

- (a) Unless previously redeemed, purchased and cancelled, the First Tranche Preliminary Note, the Second Tranche Preliminary Note or the Master Note, as the case may be, shall be redeemed at their nominal value (together with interest accrued and which has remained unpaid to the date set for redemption) on the Redemption Date, provided that the Issuer reserves the right to redeem all or any of the First Tranche Preliminary Note, the Second Tranche Preliminary Note or the Master Loan Note on any day between 31 March 2014 and 29 March 2016, on giving not less than thirty (30) days prior notice to the First Tranche Preliminary Note Holder, the Second Tranche Preliminary Note Holder or the Master Loan Note Holder.
- (b) The Issuer may at any time re-purchase the First Tranche Preliminary Note, the Second Tranche Preliminary Note or Master Loan Note, as the case may be from the Trustee by giving the Trustee at least thirty (30) days prior written notice of its intention to effect such redemption specifying the date when such redemption shall be effected. Such redemption may be made in whole or in part, provided that any partial redemption of the First Tranche Preliminary Note, the Second Tranche Preliminary Note or Master Loan Note shall be made in multiples of €250,000 (two hundred fifty thousand Euro).
- (c) The Redemption of First Tranche Preliminary Note, Second Tranche Preliminary Note or Master Loan Note shall take place by payment of all principal and interest accrued until the date of redemption. The notice of redemption shall be effective only on actual receipt by the Trustee, shall be irrevocable and shall oblige the Company to make and the Trustee to accept such redemption on the date specified in the notice.
- (d) All First Tranche Preliminary Note, Second Tranche Preliminary Note or Master Loan Note redeemed shall be cancelled forthwith and may not be re-issued or re-sold.

7. Covenants by the Issuer and the Guarantors

- (1) The Company and Guarantors hereby covenant in favour of the Trustee for the benefit of Registered Beneficiaries, that at all times during which any of the First Tranche Preliminary Note, the Second Tranche Preliminary Note or Master Loan Note shall remain outstanding:

- (a) They shall, until the First Tranche Preliminary Note, Second Tranche Preliminary Note or Master Loan Note have been redeemed, pay to the Trustee for the benefit of the Participation Note Holders interest at the rate of 7% (seven per cent) *per annum* on each Interest Payment Date and the principal amount of the First Tranche Preliminary Note, Second Tranche Preliminary Note or Master Loan Note, as the case may be, on the Redemption Date;
- (b) The Guarantors shall maintain and keep in proper order, repair and condition such parts of the Hypothecated Properties as are of a repairable nature and the Trustee shall have power in the event of any such part of the Hypothecated Properties being or becoming out of proper order, repair or condition to call upon the Issuer and Guarantors to effect such repairs within a reasonable time as may be specified in the notice. If the Issuer and/or Guarantors fail to undertake the repairs requested by the Trustee in the notice after the lapse of the time granted to it by the Trustee in the notice, the Trustee may, but shall not be bound to do so, call a meeting of Registered Beneficiaries for the purpose of determining what action, if any, should be taken in the circumstances. provided that if requested to do so in writing by not less than 75% (seventy-five percent) in value of the Registered Beneficiaries, and provided the Trustee is indemnified by the Registered Beneficiaries to its satisfaction, the Trustee shall have the power to engage itself such persons as may be necessary to repair or to put and maintain the same in proper order, repair and condition. Any expenses incurred by the Trustee and its costs and charges therein shall be a debt due from the Issuer and Guarantors payable on demand;
- (c) The Guarantors shall insure and keep insured to the satisfaction of the Trustee, and to the full replacement value thereof, all such parts of the Hypothecated Properties as are of an insurable nature against loss or damage by fire, explosion, lightning, storm, tempest, flood, (where appropriate) aircraft and things dropped therefrom and such other risks as in accordance with sound commercial practice are normally insured against by companies carrying on a similar business with one or more insurance companies licensed to transact insurance business in Malta or such other insurance company agreed to between the Company and the Trustee. The Guarantors will procure that the interest of the Trustee as hypothecary creditor is duly noted on the policies of insurance and will produce the policies of such insurance to the Trustee if required, and duly pay or cause to be paid the *premia* and other sums of money payable in respect of such insurance, and if required produce to the Trustee the receipt for the same within fifteen (15) days of the same becoming due. All monies received by virtue of any such insurance shall so far as they are in respect of part of the Hypothecated Properties be deemed part of the Hypothecated Properties and shall be paid to the Trustee and shall be applied in making good the loss or damage in respect of which the monies were received or in such other manner as the Trustee shall approve;
- (d) The Guarantors shall duly and punctually pay, perform and observe all rents, rates, taxes, stamp duties, covenants and other obligations whatsoever which ought properly to be paid or to be observed or to be performed by the Guarantors in respect of any part of the Hypothecated Properties;
- (e) The Issuer and Guarantors shall permit the Trustee or any person or persons authorised by it, at any time and from time to time during the usual times of business so long as any First Tranche Preliminary Note, Second Tranche Preliminary Note or Master Loan Note shall remain outstanding and secured by the Security Interests, to inspect and examine any part of the Hypothecated Properties and will afford the Trustee and its agent access to the Hypothecated Properties and render them such assistance as may be required for any of the purposes aforesaid; provided that the aforementioned inspection may only be made by the Trustee after having notified the Issuer in writing of its intention and provided further that the aforementioned inspection is made during reasonable business hours;
- (f) The Issuer and Guarantors shall keep proper books of account which shall at all reasonable times be open to inspection by the Trustee or any person appointed by the Trustee for that purpose, and will furnish to the Trustee or any such agent all such information relating to the business or affairs of the Issuer and Guarantors as they shall require, and shall deliver to the Trustee at least five (5) days before the annual general meeting of the Issuer each year a copy of the balance sheet and profit and loss account of the Issuer and Guarantors

certified by the auditors of the Issuer and Guarantors respectively and copies of the auditors' and directors' reports thereon, together with copies of any other documents required by law to be attached thereto;

- (g) The Issuer and Guarantors shall carry on and conduct their business in a proper and efficient manner;
- (h) The Issuer and Guarantors shall permit the Trustee to hold the Land Registry Certificates showing title to the Hypothecated Properties, if applicable;
- (i) The Issuer and Guarantors shall forthwith on receipt of the same deliver to the Trustee all orders, directions, notices and any other thing whatsoever affecting or likely to adversely affect the Hypothecated Properties;
- (j) The Issuer and Guarantors shall comply with the requirements of the Development Planning Act (Cap. 356 of the Laws of Malta) and all regulations made thereunder or permits issued by the Malta Environment and Planning Authority, so far as such requirements relate to the Hypothecated Properties or any part thereof, and will promptly produce to the Trustee any notice, order, direction, requisition, permission or other document served on it in connection with such law which affects or is likely to affect the Hypothecated Properties or any part thereof;
- (k) The Issuer and Guarantors shall not hypothecate the Hypothecated Properties further, nor transfer ownership and/or any other real right over the Hypothecated Properties under any title whatsoever without the Trustee's consent. For the avoidance of doubt, a transfer of control of the Issuer and/or Guarantors shall be deemed to constitute a transfer of the Hypothecated Properties under this paragraph. For the purposes of this paragraph a transfer of control shall include, but without prejudice to the generality of the foregoing shall not be limited to, (i) the transfer of voting shares in the Issuer and/or Guarantors which amounts to a transfer of 50% (fifty per cent) plus 1 share of the total shareholding having voting rights in the Issuer; (ii) the transfer in any manner of the ability to appoint a majority of the directors of the Issuer and/or Guarantors; and (iii) the transfer to any person of the ability to determine the financial and operational decision making power of the Issuer and/or Guarantors.

8. Representations and Warranties

- (1) The Issuer and Guarantors represent and warrant to the Trustee and each Participation Note Holder, and each of the Trustee and Participation Note Holder rely on such representations and warranties, that:
 - (a) They are duly registered and validly existing under the laws of Malta and have the power to carry on their business as it is now being conducted and to hold their properties and other assets under valid legal title;
 - (b) They have the power to execute, deliver, and perform their obligations under this document and the Trust Deed; and that all necessary corporate, shareholder and other action has been duly taken to authorise the execution, delivery and performance of the same, and no limitation on the powers of the Issuer and/or Guarantors to borrow or guarantee shall be exceeded as a result of this Deed;
 - (c) This document and the Trust Deed constitute valid and legally binding obligations of the Issuer and Guarantors;
 - (d) The execution and performance of their obligations under and in compliance with the provisions of this document and the Trust Deed by the Issuer and Guarantors shall not:
 - (i) contravene any existing applicable law, statute, rule or regulation or any judgement, decree or permit to which the Issuer and Guarantors are subject;
 - (ii) conflict with or result in any breach of any terms of or constitute a default under any bond or other instrument to which the Issuer and Guarantors are a party, or are subject, or by which they or any of their property is bound;

- (iii) contravene any provision of the Issuer's and Guarantors' Memorandum or Articles of Association;
 - (e) No litigation, arbitration or administrative proceeding is taking place, pending or, to the knowledge of the officers of the Issuer and Guarantors, threatened against the Issuer and Guarantors which could have a material adverse effect on their respective business, assets or financial condition of the Issuer and Guarantor;
 - (f) This Prospectus contains all material information with respect to the Issuer and Guarantors and that all information contained therein is in every material respect true and accurate and not misleading and that there are no other facts in relation to the Issuer and Guarantors, their business and financial position, the omission of which would in the context of issue of the First Tranche Preliminary Note, Second Tranche Preliminary Note and Master Loan Note make any statement in the Prospectus misleading or inaccurate in any material respect.
- (2) The Issuer and Guarantors further represent and warrant to the Trustee and each Participation Note Holder that relies on such representations and warranties that:
- (a) Every consent, authorisation, approval or registration with, or declaration to governmental or public bodies or authorities or courts, required by the Issuer and Guarantors in connection with the Projects, the execution, validity, enforceability of the Trust Deed or the performance of their obligations under the Trust Deed have been obtained or made and are in full force and effect and there has been no default in the observance of any of the conditions or restrictions, if any, imposed in, or in connection with, any of the same;
 - (b) No default mentioned in this document or the Trust Deed has occurred and is continuing.

9. Functions and Powers of Trustee

- (1) The Trustee may, but shall not be bound, unless requested to do so in writing by not less than 75% (seventy-five percent) value of the Registered Beneficiaries, to enforce or take any step to enforce the covenants in clause 7 hereof, and (subject to any such request as aforesaid) may waive on such terms and conditions as it shall deem expedient any of the covenants and provisions hereinabove contained and on the part of the Issuer to be performed and observed.
- (2) The Trustee shall only be bound to monitor financial information relating to the Issuer and Guarantors, on behalf of the Registered Beneficiaries, as may be forwarded to the Trustee by the Issuer and Guarantors on an annual basis.
- (3) Without prejudice to the powers and reliefs conferred on trustees by the applicable law and by the Trust Deed, the Trustee shall have the following powers:
 - (a) To employ and pay at the reasonable cost of the Issuer and Guarantors in discharge of their duties any servant or agent to do anything or transact any business to be done or transacted under the Trust Deed or this document, without being under any liability for any default of such servant or agent; provided that prior to employing any servant or agent as aforementioned, notice in writing of the estimated costs to be incurred is to be given to the Issuer and Guarantors;
 - (b) To rely on the advice, opinion, direction, report, statement, certificate, or other information furnished by of any lawyer, broker, surveyor, valuer or accountant or other professional person without incurring any liability for so relying notwithstanding that such professional person may have been employed by the Issuer and/or Guarantors or may otherwise not be disinterested and without incurring liability for any error in the transmission of any such advice or by reason of the same not being authentic;
 - (c) To delegate any of its discretions under this Prospectus to any officer or servant of the Trustee believed by it to be competent and responsible and to delegate any of its powers and duties under this Prospectus to such

persons (including any such officer or servant as aforesaid) as it shall think fit, and to confer power to sub-delegate, without incurring any liability for the default of any person to whom such discretions powers or duties are delegated or sub-delegated;

- (d) To deposit any Land Registry Certificates or other documents of title relating to the Hypothecated Properties with any banker or firm of lawyers or accountants or in any safe or other place where securities are commonly kept without being further responsible for their safe keeping;
- (e) To accept such title as the Issuer and Guarantors have to the Hypothecated Properties without being liable for accepting a defective title.

And generally the Trustee shall not be liable for any error of judgement committed in good faith unless it shall be proved that it was negligent in ascertaining the pertinent facts and the Trustee its officers servants and agents shall be entitled to be indemnified out of the Hypothecated Properties so far as may be lawful in respect of all liabilities incurred in the execution of the trusts under the Trust Deed.

(4) In addition the Trustee shall also undertake the following functions:

- (a) The Trustee shall appear on all promise of sale agreements of units as well as on contracts of sale and purchase of units forming part of the Hypothecated Properties for the purpose of collecting all proceeds from the sale of the said units;
- (b) All proceeds from deposits on account of the full sale price and the full sale price of units are to be retained by the Trustee at the disposal of the Issuer and/or Guarantors. The Trustee shall only allow draw-downs by the Issuer and/or Guarantors of amounts so held, less any amounts required for the creation of an adequate redemption reserve fund, for use in the construction and completion of the Hypothecated Properties and any other related assets against appropriate certification by the Architects of the project or the Issuer's and/or Guarantors' auditors;
- (c) The Trustee shall apply any funds held by it pursuant to these provisions to an account (the Reserve Account) to be held with Mediterranean Bank p.l.c. and which shall bear interest in favour of the Issuer at least equivalent to the then current rate to be paid by the Government of Malta on three (3) month Treasury Bills plus a margin 0.25% (zero point two five per cent) *per annum*;
- (d) Upon full redemption of the First Tranche Preliminary Note, the Second Tranche Preliminary Note or the Master Loan Note, as the case may be, the Trustee shall pay any excess funds held by it to the Issuer after having ascertained that all expenses relative to the issue and redemption of the First Tranche Preliminary Note, the Second Tranche Preliminary Note, the Master Loan Note or the Participation Notes have been paid;
- (e) When the value of the hypothec on the basis of the sale price of the said hypothec together with any cash held by the Trustee is lower than the amount of the outstanding First Tranche Preliminary Note, Second Tranche Preliminary Note or the Master Loan Note, as the case may be, and one year's interest thereon, the Trustee shall have the right to cease to allow any further disbursements from the available cash.

10. Events of Default

The Trustee may at its discretion, and shall upon the request in writing of not less than 75% (seventy-five per cent) in value of the Registered Beneficiaries, by notice in writing to the Issuer and Guarantors declare the First Tranche Preliminary Note, the Second Tranche Preliminary Note or the Master Loan Note, as the case may be, to have become immediately payable (unless provided otherwise in the foregoing provisions) on the occurrence of any of the following events ("Events of Default"):

- (a) the Issuer and/or Guarantors shall fail to pay any interest on any First Tranche Preliminary Note, Second Tranche Preliminary Note or Master Loan Note, as the case may be, when due and such failure shall continue for sixty (60) days

after written notice thereof shall have been given to the Issuer by the First Tranche Preliminary Note Holder, the Second Tranche Preliminary Note Holder or the Master Loan Note Holder;

- (b) the Issuer and/or Guarantors shall fail duly to perform or shall otherwise be in breach of any other material obligation contained in these Terms and Conditions and such failure shall continue for sixty (60) days after written notice thereof shall have been given to the Issuer by the First Tranche Preliminary Note Holder, Second Tranche Preliminary Note Holder or the Master Loan Note Holder;
- (c) if the Issuer and/or Guarantors, having announced the redemption of the First Tranche Preliminary Note, the Second Tranche Preliminary Note or the Master Loan Note, as the case may be, whether in whole or in part, defaults for thirty (30) days in the payment of any principal monies owing in respect of such Early Redemption;
- (d) if a Court order or other judicial process is levied or enforced upon or sued out against any material part of the properties of the Issuer and/or the Guarantors and is not paid out, withdrawn or discharged within one month;
- (e) if the Issuer and/or Guarantors stop payment of their debts or cease or threaten to cease to carry on their business;
- (f) if the Issuer and/or Guarantors are unable to pay its debts within the meaning of section 214(5) of the Act, or any statutory modification or re-enactment thereof;
- (g) if a receiver is appointed of the whole or any part of the properties of the Issuer and/or the Guarantors and such appointment is certified by the Trustee to be prejudicial in its opinion to the Registered Beneficiaries;
- (h) if an order is made or an effective resolution is passed for winding up of the Issuer and/or the Guarantors, except for the purpose of a reconstruction, amalgamation or division on the terms of which have been approved in writing by the Trustee;
- (i) if the Issuer and/or the Guarantors substantially change the object or nature of business as currently carried on;
- (j) if the Issuer and/or the Guarantors commit a breach of any of the covenants or provisions herein contained and on their part to be observed and performed and the said breach still subsists for thirty (30) days after having been notified by the Trustee (other than any covenant for the payment of interests or principal monies owing in respect of the First Tranche Preliminary Note, the Second Tranche Preliminary Note or Master Loan Note, as the case may be);
- (k) if the security constituted by any hypothec or charge upon the whole or any part of the undertaking or assets of the Issuer and/or the Guarantors shall become enforceable and steps are taken to enforce the same and the taking of such steps shall be certified in writing by the Trustee to be in its reasonable opinion prejudicial to the Registered Beneficiaries;
- (l) if any representation or warranty made, or deemed to be made, or repeated by, or in respect of the Issuer and/or the Guarantors is or proves to have been incorrect in any material respect;
- (m) if any material indebtedness of the Issuer and/or the Guarantors is not paid when properly due, or becomes properly due and payable, or any creditor of the Issuer and/or the Guarantors become entitled to declare any such material indebtedness properly due and payable prior to the date when it would otherwise have become properly due or any guarantee or indemnity of the Issuer and/or the Guarantors in respect of indebtedness is not honoured when properly due and the said indebtedness, guarantee or indemnity is called upon. Provided that for the purposes of this provision, material indebtedness shall mean an amount exceeding €500,000 (five hundred thousand Euro);
- (n) if any consent, authorisation, licence or approval of or registration with or declaration to governmental or public bodies or authorities or courts required by the Issuer and/or the Guarantors in connection with or pursuant to the Projects or the execution delivery validity enforceability or admissibility in evidence hereof or the performance by the Issuer and/or the Guarantors of their obligations hereunder, is substantially modified 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;

- (o) if it becomes unlawful at any time for the Issuer and/or the Guarantors to perform all or any of their obligations hereunder;
- (p) if the Issuer and/or the Guarantors repudiates or does or causes or permits to be done any act or thing evidencing an intention to repudiate the First Tranche Preliminary Note, the Second Tranche Preliminary Note or Master Loan Note, as the case may be, and/or the Trust Deed;
- (q) all, or in the sole opinion of the Trustee, a material part of the undertakings, assets, rights, or revenues of or shares or other ownership interests in the Company and/or either of the Guarantors are seized, nationalised, expropriated or compulsorily acquired by or under the authority of any government.

Upon any such declaration being made as aforesaid the First Tranche Preliminary Note, the Second Tranche Preliminary Note or the Master Loan Note, as the case may be, and all principal monies and interest accrued shall be deemed to have become immediately due payable at the time of the event which shall have happened as aforesaid.

11. Registration, Replacement, Transfer and Exchange

- (a) A register of the First Tranche Preliminary Note, the Second Tranche Preliminary Note or the Master Loan Note, as the case may be, shall be maintained by the Issuer at its registered office or at such other place in Malta as the directors of the Issuer may determine, wherein there will be entered the names and addresses of the First Tranche Preliminary Note Holder, the Second Tranche Preliminary Note Holder or the Master Loan Note Holder and particulars of the Notes held by them respectively and a copy of such register will at all reasonable times during business hours be open to inspection by First Tranche Preliminary Note Holder, the Second Tranche Preliminary Note Holder or the Master Loan Note Holder at the registered office of the Issuer.
- (b) Any person becoming entitled to the First Tranche Preliminary Note, the Second Tranche Preliminary Note or the Master Loan Note (as the case may be) in consequence of bankruptcy or winding-up of a holder thereof may, upon such evidence being produced as may from time to time properly be required by the Issuer, request in writing the redemption and cancellation of such First Tranche Preliminary Note, the Second Tranche Preliminary Loan Note or the Master Loan Note followed by the issuance of a First Tranche Preliminary Note, the Second Tranche Preliminary Loan Note or the Master Loan Note of the same amount and may elect either to be registered himself as holder of the First Tranche Preliminary Note, the Second Tranche Preliminary Loan Note or the Master Loan Note (as the case may be) or to have some person nominated by him registered as the holder thereof.
- (c) In the event that any First Tranche Preliminary Note, Second Tranche Preliminary Note or Master Loan Note, as the case may be, represented by certificate shall be worn out, defaced, destroyed or lost, it may be replaced on such evidence being produced and such indemnity (if any) being given as the Issuer may at its discretion require and in accordance with the First Tranche Preliminary Note, the Second Tranche Preliminary Note register or the Master Loan Note register respectively, and in the case of wearing out, or defacement, or change of address of the Master Loan Note Holder, on delivery of the old certificate, and in the case of destruction or loss, on the execution of such indemnity as is considered necessary, and in any case upon the payment of €50 (fifty Euro). In case of destruction or loss, the person to whom such replacement certificate is given shall also bear and pay to the Issuer all expenses incidental to the investigation by the Issuer of the evidence of such destruction or loss and to such indemnity.

12. Further Issues

The Issuer and/or the Guarantors shall not as long as any of the First Tranche Preliminary Note, the Second Tranche Preliminary Note or the Master Loan Note, as the case may be, are still outstanding, without the consent of the respective First Tranche Preliminary Note Holder, Second Tranche Preliminary Note Holder or the Master Loan Note Holder, create and issue further bonds, notes, debentures or any other debt securities, unless such instruments so issued shall be subordinated in terms of ranking, priority and preference to the Note. Within the next twenty four (24) months, the Issuer shall not issue any other financial instruments or debt securities, creating or acknowledging indebtedness.

13. Security

In warranty of the proper observance by the Issuer and the Guarantors of all the covenants and obligations undertaken by them in the Trust Deed and the First Tranche Preliminary Note, the Second Tranche Preliminary Note or the Master Loan Note, as the case may be (including these terms and conditions), and in particular in warranty of their obligation to repay the principal amount of the First Tranche Preliminary Note, the Second Tranche Preliminary Note or the Master Loan Note, as the case may be, and all interests thereon, and all other monies intended to be secured, the Issuer and the Guarantors have constituted in favour of the Trustee, on trust for the Registered Holders, general hypothecs over all their assets present and future; special hypothecs for €15,500,000 (fifteen million five hundred thousand Euro) over the Hypothecated Properties, as described in detail in the Trust Deed.

14. Governing Law and Jurisdiction

- (a) The First Tranche Preliminary Note, the Second Tranche Preliminary Note, the Master Loan Note, the Trust Deed and all contractual arrangements arising therefrom are governed by and shall be construed in accordance with Maltese law, *inter alia* the Act, the Regulation and the Trusts and Trustees Act.
- (b) Any legal action, suit, action or proceeding against the Issuer arising out of or in connection with a First Tranche Preliminary Note, the Second Tranche Preliminary Note or a Master Loan Note shall be brought exclusively before the Maltese Courts and the First Tranche Preliminary Note Holder, the Second Tranche Preliminary Note or the Master Note Holders shall be deemed to acknowledge that they are submitting to the exclusive jurisdiction of the Maltese Courts as aforesaid.

15. Notices

Notices will be mailed to the First Tranche Preliminary Note Holder, the Second Tranche Preliminary Note Holder or the Master Note Holder, as the case may be, 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 First Tranche Preliminary Note Holder, Second Tranche Preliminary Note Holder or Master Note Holder at his registered address and posted.

ANNEX A2 TERMS AND CONDITIONS OF THE PARTICIPATION NOTE

TERMS AND CONDITIONS OF THE PARTICIPATION NOTE IN TERMS OF THE TRUST DEED AND THE PROSPECTUS

GENERAL TERMS AND CONDITIONS APPLICABLE TO THE €15,500,000 (FIFTEEN MILLION FIVE HUNDRED THOUSAN EURO) 7% (SEVEN PER CENT) SECURED PARTICIPATION NOTE, IN TERMS OF THE TRUST DEED AND THE PROSPECTUS REDEEMABLE ON 30 MARCH 2016 BY THE TRUSTEE.

THE ISSUE OF THE PARTICIPATION NOTES IS BEING MADE SUBJECT TO THE PROVISIONS OF THE TRUST DEED DATED 12 MARCH 2012 (HEREINAFTER REFERRED TO AS THE "TRUST DEED") AND OF THESE TERMS AND CONDITIONS. A PARTICIPATION NOTE HOLDER AS WELL AS ANY PERSON HAVING AN INTEREST UNDER THE PARTICIPATION NOTES IS DEEMED TO HAVE INVESTED ONLY AFTER HAVING RECEIVED, READ AND UNDERSTOOD THE CONTENTS OF THIS DOCUMENT AND THEREFORE ONLY AFTER HAVING FULL KNOWLEDGE OF THE INFORMATION CONTAINED IN THIS DOCUMENT AND IS ACCORDINGLY DEEMED TO HAVE ACCEPTED ALL THE TERMS AND CONDITIONS SET OUT IN THIS DOCUMENT AND THE TRUST DEED.

ALL TERMS USED HEREIN SHALL UNLESS THE CONTEXT OTHERWISE REQUIRES OR UNLESS OTHERWISE DEFINED HAVE THE SAME MEANINGS ATTRIBUTED TO THEM IN THE PROSPECTUS AND THE TRUST DEED. THE FIRST TRANCHE PRELIMINARY NOTE, THE SECOND TRANCHE PRELIMINARY NOTE AND THE MASTER LOAN NOTE, TO THE EXTENT THAT THE LATTER SUBSTITUTES THE FIRST TRANCHE PRELIMINARY NOTE AND THE SECOND TRANCHE PRELIMINARY NOTE IN TERMS OF THE TRUST DEED AND THE PROSPECTUS ARE COLLECTIVELY HEREINAFTER REFERRED TO AS "MASTER AND PRELIMINARY NOTES".

1. *General*

- (a) The Master and Preliminary Loan Notes shall constitute the Issuer as the true and lawful debtor of the Offer Amount in favour of the Trustee on behalf of the Beneficiaries. The Participation Notes constitute the beneficial interest of the Participation Note Holders in the Trust Property.
- (b) The Participation Notes shall bear interest at a rate of 7% (seven per cent) *per annum* in accordance with the terms and conditions as set out in this document.
- (c) The Participation Notes shall be redeemable at their nominal value including accrued but unpaid interest on the Redemption Date, and shall be redeemable in whole or in part at the discretion of the Trustee. Upon an early redemption of the First Tranche Preliminary Note, the Second Tranche Preliminary Note or the Master Loan Note (as the case may be), the Participation Notes of all Participation Note Holders shall be redeemed in whole or in part according and up to the amount received by the Trustee from the redemption of the First Tranche Preliminary Note the Second Tranche Preliminary Note, or the Master Loan Note.
- (d) The Participation Notes are not transferable.

2. *Form, Denomination and Title*

- (a) The Participation Notes shall be issued in fully certificated and registered form, without coupons. Participation Notes shall be issued under the signature of a duly authorised signatory of the Trustee.
- (b) The Trustee shall maintain a Register of Beneficiaries which shall identify the Registered Beneficiaries from time to time. An entry in the Register shall be conclusive evidence of the beneficial interest of the person or persons named therein in the Trust Property. The Register of Beneficiaries shall contain the following information:
 - Name of the Beneficiary;
 - Address of the Beneficiary;
 - Identity Card number (in the case of an individual);

- Company Registration Number (in the case of a company);
- The value expressed in Euro (€) of the beneficial interest of the Registered Beneficiary in the Trust Property; and
- Date of entry into the Register.

Every Registered Beneficiary shall be entitled to be entered in the Register of Beneficiaries as a beneficiary under the Trust and shall be entitled to receive from the Trustee a Participation Note acknowledging the Registered Beneficiaries' beneficial interest in the Trust Property and evidencing the appropriate entry in the Register of Beneficiaries.

- (c) Any such Participation Note issued by the Trustee in favour of a single or joint Registered Beneficiary shall be for an amount not below €30,000 (thirty thousand Euro) and in multiples of €10,000 (ten thousand Euro) each.
- (d) Joint Registered Beneficiaries shall be entitled to only one entry in the Register of Beneficiaries and accordingly to only one Participation Note, such Participation Note shall be issued and delivered to that joint Registered Beneficiary whose name first appears in the Register of Beneficiaries and the Trustee shall not be bound to register more than three (3) persons as the joint Registered Beneficiaries.

3. Interest

- (a) Interest on amounts outstanding under the Participation Note shall accrue at the rate of 7% (seven per cent) *per annum*.
- (b) Interest shall be payable annually in arrears on 30 March in each year between the years 2013 and 2016. The first interest payment on 30 March 2013 shall be on a pro-rata basis and shall cover the period as follows:
 - (i) Interest shall be payable to the Holder of the Participation Note representing the First Tranche Preliminary Note as from the Subscription Date relating to the Participation Notes representing the First Tranche Preliminary;
 - (ii) Interest shall be payable to the Holder of the Participation Note representing the Second Tranche Preliminary Note as from the Subscription Date relating to the Participation Notes representing the Second Tranche Preliminary.

Thereafter, interest shall be payable annually in arrears on 30 March in each year between the years 2013 and 2016 (each such day, an "Interest Payment Date"), 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 first interest payment shall be effected on 30 March 2013.

- (c) The Participation Notes shall cease to bear interest from and including the Redemption Date.
- (d) For the avoidance of doubt, when interest is payable for a period of less than one year, it shall be calculated on the basis of the actual number of days elapsed and a year of 365 (three hundred sixty five) days.

4. Payments

- (a) Payment of the principal amount (with interest accrued and unpaid to the Redemption Date) as well as payment of interest on the Participation Notes shall be made in Euro to the person in whose name such Participation Note is registered as at the close of business fifteen (15) days prior to the date set for redemption or fifteen (15) days prior to the relevant Interest Payment Date (as the case may be) against surrender of the Participation Note at the registered office of the Trustee or at such other place in Malta as may be notified by the Trustee. Such payment shall be effected by direct credit or transfer to a Euro account (or any other account to which Euro may be credited or transferred) specified by the Participation Note Holder. The Trustee shall not be responsible for any loss or delay in transmission. The Trustee shall effect payments of principal or interest within three (3) business days from the date of actual receipt of payment thereof from the Issuer or Guarantors, as the case may be.
- (b) All payments with respect to the Participation Notes are subject in all cases to any pledge (duly constituted) of the Participation Notes and to any applicable fiscal or other laws and regulations. In particular, but without limitation, all payments by the Trustee in respect of the Participation Note shall be made gross of any amount to be deducted or

withheld for or on account of any present or future taxes, duties, assessments or other government charges of whatsoever nature imposed or levied by or on behalf of the Government of Malta or authority thereof or therein having power to tax.

- (c) No commissions or expenses shall be charged to the Participation Note Holder in respect of such payments.
- (d) The Trustee shall only be under an obligation to effect payments of principal or interest to the Participation Note Holders if it has effectively received such payments from the Issuer. No liability shall attach to the Trustee if it fails to effect such payments to Participation Note Holders when such failure is due to the non-payment thereof by the Issuer.

5. Redemption

- (a) Unless previously redeemed and cancelled, the Participation Notes shall be redeemed at their nominal value (together with interest accrued to the date set for redemption) on the Redemption Date.
- (b) Each Registered Beneficiary may, even before the Redemption Date, apply to the Trustee to have its Participation Notes or any part thereof cancelled, provided that in the case of a request for cancellation the cancellation request shall be for a minimum face value of €10,000 (ten thousand Euro) and multiples of €10,000 (ten thousand Euro) thereafter. The Trustee may, but shall be under no obligation to, accede to such request, to be made in writing, by a Registered Beneficiary. In the event that the Trustee accedes to the Registered Beneficiary's request it shall cancel the entry of such Registered Beneficiary in the Register of Beneficiaries and the Participation Note of the Registered Beneficiary concerned in whole or in part, as the case may be, for the nominal value of the Participation Note or that part thereof which is being cancelled. In such event (i) the Trustee shall pay to the Registered Beneficiary concerned the nominal value of that Registered Beneficiary's Participation Notes and accrued and unpaid interest thereon; and (ii) the Trustee shall be deemed to have a beneficial interest in the Trust Property for the value corresponding to the cancellation.
- (c) The Trustee may also receive requests from persons willing to have a beneficial interest in the Trust Property. The Trustee may, from its own beneficial interest in the First Tranche Preliminary Note, the Second Tranche Preliminary Note or the Master Loan Note, as the case may be, if any, accede to such request, but shall be under no obligation to do so. In the event that the Trustee accedes to such request it shall register the beneficial interest of such person in the Trust Property in the Register of Beneficiaries and issue a Participation Note in terms of the provisions of these terms and conditions, against payment by the applicant of the value of his Participation Note.
- (d) In the event that the Issuer redeems the First Tranche Preliminary Note, the Second Tranche Preliminary Note or the Master Loan Note (as the case may be) in whole or in part, the Trustee shall redeem an equivalent amount of Participation Notes, such amount shall be split between the Participation Note Holders according to their participation in percent in the whole amount of Participation Note.
- (e) Upon an early redemption, the Participation Notes shall be cancelled in whole or in part. The Participation Note Holder shall hand over the Participation Note, and in case of a redemption in part receive a new Participation Note stating the new amount of the Participation Note.
- (f) The Trustee may, at its discretion, charge a fee to Registered Beneficiaries for each cancellation and subsequent entry made in the Register of Beneficiaries, which fee shall not exceed €60 (sixty Euro) per cancellation or subsequent entry.

6. Covenants by the Company and the Guarantors

- (1) The Company and Guarantors hereby covenant in favour of the Trustee for the benefit of Registered Beneficiaries, that at all times during which any of the First Tranche Preliminary Notes, the Second Tranche Preliminary Note or Master Loan Note (as the case may be) shall remain outstanding:
 - (a) They shall, until the First Tranche Preliminary Note, the Second Tranche Preliminary Note or Master Loan Note (as the case may be) have been redeemed, pay to the Trustee for the benefit of the Participation Note Holders interest at the rate of 7% (seven per cent) *per annum* on each Interest Payment Date and the principal amount

of the First Tranche Preliminary Note, the Second Tranche Preliminary Note or Master Loan Notes, as the case may be on the Redemption Date;

- (b) The Guarantors shall maintain and keep in proper order repair and condition such parts of the Hypothecated Properties as are of a repairable nature and the Trustee shall have power in the event of any such part of the Hypothecated Properties being or becoming out of proper order repair or condition to call upon the Company and Guarantors to effect such repairs within a reasonable time as may be specified in the notice. If the Company and/or Guarantors fail to undertake the repairs requested by the Trustee in the notice after the lapse of the time granted to it by the Trustee in the notice, the Trustee may, but shall not be bound to do so, call a meeting of Registered Beneficiaries for the purpose of determining what action, if any, should be taken in the circumstances. Provided that if requested to do so in writing by not less than 75% (seventy-five percent) in value of the Registered Beneficiaries, the Trustee shall, provided it is indemnified by the Registered Beneficiaries to the satisfaction of the Trustee, have the power itself to engage such persons as may be necessary to repair or to put and maintain the same in proper order repair and condition and any expenses incurred by the Trustee and its costs and charges therein shall be a debt due from the Company and Guarantors payable on demand;
- (c) The Guarantors shall insure and keep insured to the satisfaction of the Trustee and to the full replacement value thereof all such parts of the Hypothecated Properties as are of an insurable nature against loss or damage by fire, explosion, lightning, storm, tempest, flood (where appropriate) aircraft and things dropped therefrom and such other risks as in accordance with sound commercial practice are normally insured against by companies carrying on a similar business with one or more insurance companies licensed to transact insurance business in Malta or such other insurance company agreed to between the Company and the Trustee and will procure that the interest of the Trustee as hypothecary creditor is duly noted on the policies of insurance and will produce the policies of such insurance to the Trustee if required and duly pay or cause to be paid the *premia* and other sums of money payable in respect of such insurance and if required produce to the Trustee the receipt for the same within fifteen days of the same becoming due. All monies received by virtue of any such insurance shall so far as they are in respect of part of the Hypothecated Properties be deemed part of the Hypothecated Properties and shall be paid to the Trustee and shall be applied in making good the loss or damage in respect of which the monies were received or in such other manner as the Trustee shall approve;
- (d) The Guarantors shall duly and punctually pay, perform and observe all rents, rates, taxes, stamp duties, covenants and other obligations whatsoever which ought properly to be paid or to be observed or performed by the Guarantors in respect of any part of the Hypothecated Properties;
- (e) The Company and Guarantors shall permit the Trustee or any person or persons authorised by it at any time and from time to time during the usual times of business so long as any First Tranche Preliminary Note, the Second Tranche Preliminary Note or Master Loan Note (as the case may be) shall remain outstanding and secured by the Security Interests to inspect and examine any part of the Hypothecated Properties and will afford the Trustee and its agent access to the Hypothecated Properties and render them such assistance as may be required for any of the purposes aforesaid; Provided that the aforementioned inspection may only be made by the Trustee after having notified the Issuer in writing of its intention and provided further that the aforementioned inspection is made during reasonable business hours;
- (f) The Company and Guarantors shall keep proper books of account which shall at all reasonable times be open to inspection by the Trustee or any person appointed by the Trustee for that purpose and will furnish to the Trustee or any such agent all such information relating to the business or affairs of the Issuer and Guarantors as they shall require and shall deliver to the Trustee at least five (5) days before the annual general meeting of the Company each year a copy of the balance sheet and profit and loss account of the Issuer and Guarantors certified by the auditors of the Company and Guarantors respectively and copies of the auditors' and directors' reports thereon together with copies of any other documents required by law to be attached thereto;
- (g) The Company and Guarantors shall carry on and conduct their business in a proper and efficient manner;

- (h) The Company and Guarantors shall permit the Trustee to hold the Land Registry Certificates showing title to the Hypothecated Properties, if applicable;
- (i) The Company and Guarantors shall forthwith on receipt of the same deliver to the Trustee all orders, directions, notices and any other thing whatsoever affecting or likely to adversely affect the Hypothecated Properties;
- (j) The Company and Guarantors shall comply with the requirements of the Development Planning Act (Cap. 356 of the Laws of Malta) and all regulations made thereunder or permits issued by the Malta Environment and Planning Authority so far as such requirements relate to the Hypothecated Properties or any part thereof and will promptly produce to the Trustee any notice order direction requisition permission or other document served on it in connection with such law which affects or is likely to affect the Hypothecated Properties or any part thereof;
- (k) The Company and Guarantors shall not hypothecate the Hypothecated Properties further nor transfer ownership and/or any other real right over the Hypothecated Properties under any title whatsoever without the Trustee's consent. For the avoidance of doubt, a transfer of control of the Company and/or Guarantors shall be deemed to constitute a transfer of the Hypothecated Properties under this paragraph. For the purposes of this paragraph a transfer of control shall include, but without prejudice to the generality of the foregoing shall not be limited to, (i) the transfer of voting shares in the Company and/or Guarantors which amounts to a transfer of 50% (fifty per cent) plus 1 share of the total shareholding having voting rights in the Company; (ii) the transfer in any manner of the ability to appoint a majority of the directors of the Company and/or Guarantors; and (iii) the transfer to any person of the ability to determine the financial and operational decision making power of the Company and/or Guarantors.

7. Representations and Warranties of the Company and the Guarantors

- (1) The Company and Guarantors represent and warrant to the Trustee and each Participation Note Holder, and each of the Trustee and Participation Note Holder rely on such representations and warranties, that:
 - (a) they are duly registered and validly existing under the laws of Malta and have the power to carry on their business as it is now being conducted and to hold their properties and other assets under valid legal title;
 - (b) they have the power to execute, deliver, and perform their obligations under the Preliminary and Master Loan Notes and the Trust Deed; and that all necessary corporate, shareholder and other action has been duly taken to authorise the execution, delivery and performance of the same and no limitation on the powers of the Company and/or Guarantors to borrow or guarantee shall be exceeded as a result of this Deed;
 - (c) The Preliminary and Master Loan Notes and the Trust Deed constitute valid and legally binding obligations of the Company and Guarantors;
 - (d) The execution and performance of their obligations under, and in compliance with the provisions of the Preliminary and Master Loan Notes and the Trust Deed by the Company and Guarantors shall not:
 - (i) contravene any existing applicable law, statute, rule or regulation or any judgement, decree or permit to which the Company and/or Guarantors are subject;
 - (ii) conflict with, or result in any breach of any terms of, or constitute a default under any bond or other instrument to which the Company and/or Guarantors are a party or are subject or by which they or any of their property is bound;
 - (iii) contravene any provision of the Company's and Guarantors' Memorandum or Articles of Association.
 - (e) No litigation, arbitration or administrative proceeding is taking place, pending or, to the knowledge of the officers of the Company and Guarantors, threatened against the Company and Guarantors which could have a

material adverse effect on their respective business, assets or financial condition of the Company and Guarantors;

- (f) The Prospectus contains all material information with respect to the Company and Guarantors and that all information contained therein is in every material respect true and accurate and not misleading and that there are no other facts in relation to the Company and Guarantors, their business and financial position, the omission of which would in the context of issue of the First Tranche Preliminary Note, the Second Tranche Preliminary Note and Master Loan Note (as the case may be) make any statement in the Prospectus misleading or inaccurate in any material respect.
- (2) The Company and Guarantors further represent and warrant to the Trustee and each Participation Note Holder that relies on such representations and warranties that:
 - (a) Every consent, authorisation, approval or registration with or declaration to, governmental or public bodies or authorities or courts, required by the Company and Guarantors in connection with the Projects, the execution, validity, enforceability of the Trust Deed or the performance of their obligations under the Trust Deed have been obtained or made and are in full force and effect and there has been no default in the observance of any of the conditions or restrictions, if any, imposed in, or in connection with, any of the same;
 - (b) No default mentioned in this document or the Trust Deed has occurred and is continuing.

8. Functions and Powers of Trustee

- (1) The Trustee may, but shall not be bound, unless requested to do so in writing by not less than 75% (seventy-five percent) in value of the Registered Beneficiaries to enforce or take any step to enforce the covenants in clause 6 hereof contained, and (subject to any such request as aforesaid) may waive on such terms and conditions as it shall deem expedient any of the covenants and provisions hereinabove contained and on the part of the Company to be performed and observed.
- (2) The Trustee shall only be bound to monitor financial information relating to the Company and Guarantors, on behalf of the Registered Beneficiaries, as may be forwarded to the Trustee by the Company and Guarantors on an annual basis.
- (3) Without prejudice to the powers and reliefs conferred on trustees by the applicable law and by the Trust Deed, the Trustee shall have the following powers:
 - (a) To employ and pay at the reasonable cost of the Company and Guarantors in discharge of their duties any servant or agent to do anything or transact any business to be done or transacted under the Trust Deed or this document, without being under any liability for any default of such servant or agent; Provided that prior to employing any servant or agent as aforementioned, notice in writing of the estimated costs to be incurred is to be given to the Company and Guarantors;
 - (b) To rely on the advice of any lawyer, broker, surveyor, valuer or accountant or other professional person without incurring any liability for so relying notwithstanding that such professional person may have been employed by the Company and/or Guarantors or may otherwise not be disinterested and without incurring liability for any error in the transmission of any such advice or by reason of the same not being authentic;
 - (c) To delegate any of its discretions under the Prospectus to any officer or servant of the Trustee believed by it to be competent and responsible and to delegate any of its powers and duties under the Prospectus to such persons (including any such officer or servant as aforesaid) as it shall think fit, and to confer power to sub-delegate, without incurring any liability for the default of any person to whom such discretions powers or duties are delegated or sub-delegated;

- (d) To deposit any Land Registry Certificates or other documents of title relating to the Hypothecated Properties with any banker or firm of lawyers or accountants or in any safe or other place where securities are commonly kept without being further responsible for their safe keeping;
- (e) To accept such title as the Company and Guarantors have to the Hypothecated Properties without being liable for accepting a defective title.

And generally the Trustee shall not be liable for any error of judgement committed in good faith unless it shall be proved that it was negligent in ascertaining the pertinent facts and the Trustee its officers servants and agents shall be entitled to be indemnified out of the Hypothecated Properties so far as may be lawful in respect of all liabilities incurred in the execution of the trusts under the Trust Deed.

(4) In addition the Trustee shall also undertake the following functions:

- (a) The Trustee shall appear on all promise of sale agreements of units as well as on contracts of sale and purchase of units forming part of the Hypothecated Properties for the purpose of collecting all proceeds from the sale of the said units;
- (b) All proceeds from deposits on account of the full sale price and the full sale price of units are to be retained by the Trustee at the disposal of the Company and/or Guarantors. The Trustee shall only allow draw-downs by the Company and/or Guarantors of amounts so held, less any amounts required for the creation of an adequate redemption reserve fund, for use in the construction and completion of the Hypothecated Properties and any other related assets against appropriate certification by the Architects of the project or the Company's and/or Guarantors' auditors;
- (c) The Trustee shall apply any funds held by it pursuant to these provisions to an account (the Reserve Account) to be held with Mediterranean Bank p.l.c. and which shall bear interest in favour of the Issuer at least equivalent to the then current rate to be paid by the Government of Malta on three (3) month Treasury Bills plus a margin 0.25% (zero point two five per cent) per annum;
- (d) Upon full redemption of the First Tranche Preliminary Loan Note, the Second Tranche Preliminary Note or the Master Loan Notes, as the case may be, the Trustee shall pay any excess funds held by it to the Company after having ascertained that all expenses relative to the issue and redemption of the First Tranche Preliminary Loan Note, the Second Tranche Preliminary Note, the Master Loan Notes (as the case may be) and the Participation Notes have been paid;
- (e) When the value of the hypothec on the basis of the sale price of the said hypothec together with any cash held by the Trustee is lower than the amount of the outstanding First Tranche Preliminary Loan Note, the Second Tranche Preliminary Note or the Master Loan Notes, as the case may be, and one year's interest thereon, the Trustee shall have the right to cease to allow any further disbursements from the available cash.

9. Events of Default under the First Tranche Preliminary Note, the Second Tranche Preliminary Note or the Master Loan Note

The Trustee may at its discretion and shall upon the request in writing of not less than 75% (seventy-five per cent) in value of the Registered Beneficiaries by notice in writing to the Company and Guarantors declare the First Tranche Preliminary Loan Note, the Second Tranche Preliminary Note or the Master Loan Note, as the case may be, to have become immediately payable (unless provided otherwise in the foregoing provisions) on the occurrence of any of the following events ("**Events of Default**"):

- (a) the Company and/or Guarantors shall fail to pay any interest on any First Tranche Preliminary Note, the Second Tranche Preliminary Note or Master Loan Note, as the case may be, when due and such failure shall continue for sixty (60) days after written notice thereof shall have been given to the Company by the First Tranche Preliminary Note Holder, the Second Tranche Preliminary Note or the Master Loan Note Holder, as the case may be;

- (b) the Company and/or Guarantors shall fail duly to perform or shall otherwise be in breach of any other material obligation contained in these Terms and Conditions and such failure shall continue for sixty (60) days after written notice thereof shall have been given to the Issuer by the First Tranche Preliminary Note Holder, the Second Tranche Preliminary Note or the Master Loan Note Holder, as the case may be;
- (c) if the Company and/or Guarantors, having announced the redemption of the First Tranche Preliminary Note, the Second Tranche Preliminary Note or the Master Loan Note, as the case may be, whether in whole or in part, defaults for thirty (30) days in the payment of any principal monies owing in respect of such Early Redemption;
- (d) if a Court order or other judicial process is levied or enforced upon or sued out against any material part of the properties of the Company and/or the Guarantors and is not paid out, withdrawn or discharged within one month;
- (e) if the Company and/or Guarantors stop payment of their debts or cease or threaten to cease to carry on their business;
- (f) if the Company and/or any one of the Guarantors are unable to pay their debts within the meaning of section 214(5) of the Act, or any statutory modification or re-enactment thereof;
- (g) if a receiver is appointed of the whole or any part of the properties of the Company and/or the Guarantors and such appointment is certified by the Trustee to be prejudicial in its opinion to the Registered Beneficiaries;
- (h) if an order is made or an effective resolution is passed for winding up of the Company and/or the Guarantors, except for the purpose of a reconstruction, amalgamation or division on the terms of which have been approved in writing by the Trustee;
- (i) if the Company and/or the Guarantors substantially change the object or nature of business as currently carried on;
- (j) if the Company and/or the Guarantors commit a breach of any of the covenants or provisions herein contained and on their part to be observed and performed and the said breach still subsists for thirty (30) days after having been notified by the Trustee (other than any covenant for the payment of interests or principal monies owing in respect of the First Tranche Preliminary Note, the Second Tranche Preliminary Note or Master Loan Note, as the case may be);
- (k) if the security constituted by any hypothec or charge upon the whole or any part of the undertaking or assets of the Company and/or the Guarantors shall become enforceable and steps are taken to enforce the same and the taking of such steps shall be certified in writing by the Trustee to be in its reasonable opinion prejudicial to the Registered Beneficiaries;
- (l) if any representation or warranty made or deemed to be made or repeated by or in respect of the Company and/or the Guarantors is or proves to have been incorrect in any material respect;
- (m) if any material indebtedness of the Company and/or the Guarantors is not paid when properly due or becomes properly due and payable or any creditor of the Company and/or the Guarantors become entitled to declare any such material indebtedness properly due and payable prior to the date when it would otherwise have become properly due or any guarantee or indemnity of the Company and/or the Guarantors in respect of indebtedness is not honoured when properly due and the said indebtedness, guarantee or indemnity is called upon. Provided that for the purposes of this provision, material indebtedness shall mean an amount exceeding €500,000 (five hundred thousand Euro);
- (n) if any consent, authorisation, licence or approval of or registration with or declaration to governmental or public bodies or authorities or courts required by the Company and/or the Guarantors in connection with or pursuant

to the Projects or the execution delivery validity enforceability or admissibility in evidence hereof or the performance by the Company and/or the Guarantors of their obligations hereunder, is substantially modified 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;

- (o) if it becomes unlawful at any time for the Company and/or the Guarantors to perform all or any of their obligations hereunder;
- (p) if the Company and/or the Guarantors repudiates or does or causes or permits to be done any act or thing evidencing an intention to repudiate the First Tranche Preliminary Note, the Second Tranche Preliminary Note or Master Loan Note, as the case may be, and/or the Trust Deed.

Upon any such declaration being made as aforesaid the First Tranche Preliminary Note, the Second Tranche Preliminary Note or Master Loan Note, as the case may be, and all principal monies and interest accrued shall be deemed to have become immediately due payable at the time of the event which shall have happened as aforesaid.

Any payment made by the Company of the First Tranche Preliminary Note, the Second Tranche Preliminary Note or the Master Loan Note (as the case may be) to the Trustee pursuant to an Event of Default shall trigger an early redemption of the Participation Notes under clause 5.

10. Registration and Replacement of the Participation Notes

- (a) A register of the Participation Notes shall be maintained by the Trustee at its registered office or at such other place in Malta as the Trustee may determine, wherein there will be entered the names and addresses of the Participation Note Holders and particulars of the Participation Notes held by them respectively and a copy of such register will at all reasonable times during business hours be open to inspection by Participation Note Holders at the registered office of the Trustee.
- (b) Any person becoming entitled to a Participation Note in consequence of bankruptcy or winding-up of a Participation Note Holder may, upon such evidence being produced as may from time to time properly be required by the Trustee, request in writing the redemption and cancellation of such Participation Note followed by the issuance of a new Participation Note of the same amount and may elect either to be registered himself as Participation Note Holder or to have some person nominated by him registered as Participation Note Holder.

All redemptions are subject to any pledge (duly constituted) of the Participation Notes and to any applicable laws and regulations.

- (c) In the event that any Participation Note represented by certificate shall be worn out, defaced, destroyed or lost, it may be replaced on such evidence being produced and such indemnity (if any) being given as the Trustee may at its discretion require and in accordance with the Participation Note register, and in the case of wearing out, or defacement, or change of address of the Participation Note Holder, on delivery of the old certificate, and in the case of destruction or loss, on the execution of such indemnity as is considered necessary, and in any case upon the payment of €50 (fifty Euro). In case of destruction or loss, the person to whom such replacement certificate is given shall also bear and pay to the Trustee all expenses incidental to the investigation by the Trustee of the evidence of such destruction or loss and to such indemnity.

11. Meetings of Participation Holders

For all intents and purposes meetings of Registered Beneficiaries of the Trust shall be held in accordance with the provisions of the Trust Deed.

12. Participation Notes held jointly

In respect of a Participation Note held jointly by several persons (including but not limited to husband and wife), the joint Participation Note Holders shall nominate one of their number as their representative and his/her name will be entered in the

register with such designation. Such person shall, for all intents and purposes, be deemed to be the registered holder of the Participation Note so held. In the absence of such nomination and until such nomination is made, the person first named on the register in respect of such Participation Note shall, for all intents and purposes, be deemed to be the registered holder of the Participation Note so held.

13. Participation Notes held Subject to Usufruct

In the respect of a Participation Note 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 Trustee, to be the holder of the Participation Note so held and shall have the right to receive interest on the Participation Note, but shall not, during the continuance of the Participation Note, have the right to dispose of the Participation Note so held without the consent of the bare owner.

14. Governing Law and Jurisdiction

- (a) The Participation Notes, the Trust Deed and all contractual arrangements arising therefrom are governed by and shall be construed in accordance with Maltese law, *inter alia* the Act, the Regulation and the Trusts and Trustees Act.
- (b) Any legal action, suit, action or proceeding against the Issuer arising out of or in connection with a Participation Note shall be brought exclusively before the Maltese Courts and the Participation Note Holders shall be deemed to acknowledge that they are submitting to the exclusive jurisdiction of the Maltese Courts as aforesaid.

15. Notices

Notices will be mailed to Participation Note Holders 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 Participation Note Holders at his registered address and posted.

ANNEX B1 ARCHITECTS' VALUATION MANIKATA



Dr. EDWIN MINTOFF
ARCHITECT & CIVIL ENGINEER

B.E. & A.(Hons.), Ph.D.(Newcastle), A.&C.E.

12 / 25, Vincenti Bldgs., Strait Street, Valletta VLT 08, Malta.

Tel: (00356) 21 237401 Fax: (00356) 21 230766 Mobile: 9949 8029 E-mail: info@edwinminto.com

V.A.T. Registration No.: 1108-0503

Owner: Manikata Holdings Limited
Valuation of Property: Villa Development at Triq Mejjiesa, Manikata
Date of Valuation: 26th October 2011
Tenure / Possession: Land with Existing Villa

Introduction

In accordance with your instructions, we have carried out the necessary workings and inspections and carefully considered the above site in order to provide you with our opinion as to the open market value.

Basis of Valuation

It is understood that the purpose of the Valuation Report is in connection with the proposed Note Issue, and that a copy of this report will be included in the Prospectus Memorandum.

The Valuation has been carried out by the undersigned, as an external valuer in terms of, and with regards given to, the UK Royal Institution of Chartered Surveyors (RICS) Appraisal and Valuation Manual. The valuation was based on direct knowledge of the site, and its potential, as well as on such inspections and investigations as are, in the professional judgment of the undersigned, appropriate and possible in the circumstances. The valuation relies on information provided by the Directors, and their professional advisors, as far as concerns tenure, privileges, charges and other related matters. In view of the fact that the built property on the Site, is scheduled for demolition and redevelopment, it was not necessary to give regard to the state of repair and condition of such property. The Valuation is nevertheless based on the assumption that no harmful or hazardous materials have been used in the construction of the existing property, or have since been incorporated, and that there is no contamination in or from the ground.

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.

Location and Description

The property currently consists of a full detached villa with private garden and an adjacent unbuilt plot of land for a total area of circa 4880sqm. The property has a façade of circa 62m along Triq Mejjiesa and is roughly rectangular in plan with a depth of approximately 75m. The land slopes up from the road at a mild gradient rising up to 9m above Triq Mejjiesa at the back of the site. The property enjoys unobstructed country views along the entire façade and depth of the site.

The site is located within a Residential Villa Development area, as designated by the North West Local Plan. The adjacent properties all consist of fully detached and semi-detached developments and the area is considered to be very upmarket..

Repair and Condition

At the time of the valuation exercise the site was still just the land with the existing villa.

Planning History

There were two planning applications on the site. These are as follows:

PA No.	Date Applied	Description	Decision
03623/08	21 st July 2008	To demolish existing villas and construct semi detached villas.	Granted on 14 th September 2010
01779/07	15 th March 2007	To demolish existing villa and construct 12 in number semi-detached villas.	Granted on 22 nd January 2008

General Considerations

- We have made no allowance for the balance of outstanding loans or other charges which may exist, either in respect to capital or interest thereon.
- No allowances have been made in our valuation for any expenses of purchase or realization.
- We would specifically draw your attention to the fact that valuations stated within this report are exclusive of any VAT liability which may be incurred in development or disposal.
- Unless otherwise stated, we have assumed that the freehold properties are capable of unrestricted transfer to third party purchasers.
- Our valuation reflects only that goodwill which is transferable. It excludes goodwill which attaches to personal reputations and qualities.

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

Valuation Conclusions

After having considered the above mentioned assumption including MEPA policies, Local plan issues and sanitary regulations and that the site is freehold and taking into account the potential use of the said property, we consider that the total value of the freehold interest in the proposed property with vacant possession as at 26th October 2011 to be Three Million Six Hundred Forty Five Thousand Euros (€3,645,000).

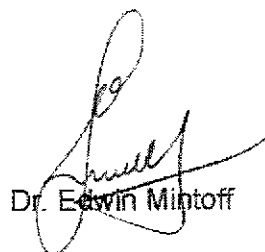
Note should be taken to the fact that the valuation was based on an analysis of the selling price of several sites in the area and a projection as to the demand for properties of the same characteristics in the vicinity.

Project Cost Estimates

I have reviewed the projected costs for civil works, finishes and services, as proposed according to the latest MEPA permit drawings amounting to approximately Three Million Six Hundred and Forty Thousand Euro (€3,640,000), and I am satisfied that these costs correspond to our best estimate, at this stage, for these costs.

It is understood that these costs exclude ancillary costs, such as MEPA fees, costs for technical studies required in connection with this phase of the project, professional fees and project management fees, which are shown separately elsewhere in your documents

The cost estimate has been prepared on the basis of the detailed permit drawings, based on a detailed Bill of Quantities. Cost estimates are also based on current work, and applicable rates, and therefore no account has been taken of the potential impact of inflation over the project life. It is also assumed that no unusually onerous conditions are uncovered when the site is excavated and the foundations constructed.



Dr. Edwin Minto

ANNEX B2 ARCHITECTS' VALUATION ŽEBBUĠ

EDGAR CARUANA MONTALDO B.E.&A.(Hons.), A.&C.E.

Architect and Civil Engineer

41A, Tal-Herba Street, Birkirkara, BKR 2322

Tel. 21448330 /99490881. Fax. 21448328.

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Our Ref: 012/06

27th January, 2012

The Directors
GAP Properties Limited.
Censu Scerri Street,
Tigne'
Sliema SLM 3060

**VALUATION REPORT OF SITE AT
TA' HAL-MULA, ZEBBUG MALTA WITH PERMITS FOR CONSTRUCTION OF
RESIDENTIAL DEVELOPMENTS INCLUDING LOCAL SHOPS AND
UNDERLYING GARAGES, PHASED IN 4 SEPARATE PHASES WITH
NECESSARY VALID BUILDING PERMITS.**

VALUATION IS FOR THE PURPOSES OF A PROPOSED NOTE ISSUE

In accordance with your instructions, the undersigned has carried out a Valuation of the site for the proposed above-mentioned residential development that is being detailed herewith within this report.

It is understood that the purpose of the Valuation Report is in connection with the proposed Note Issue, and that a copy of this report will be included in the Prospectus.

The Valuation has been carried out by the undersigned, as an external valuer in terms of, and with regard given to the UK Royal Institution of Chartered Surveyors (RICS) Appraisal and Valuation Manual. The Valuation was based on direct knowledge of the site, and its potential, as well as on such inspections and investigations as are, in the professional judgment of the undersigned, appropriate and possible in the circumstances. The valuation relies on information provided by the Directors, and their professional advisors, as far as concern tenure, privileges, charges and other related matters. The Valuation is nevertheless based on the assumption that no harmful or hazardous materials lie on site and that there is no contamination in or from the ground.

The undersigned has relied on the floor areas that appear in the Deed of Emphyteutis, and has not undertaken detailed measurement of the properties. All measurements and areas quoted are thus taken as approximate.

The site for the proposed Project is located at Ta' Hal-Mula, Zebbug, to the South bound by Triq L-Indipendenza leading to Triq is-Siggiewi and from the North by Triq Hal-Mula. The site is divided into four parts that have been designed in four separate phases namely Phase 1, Phase 2, Phase 3 and Phase 4. The four parts of the site have

a total site area of circa 6878 sq.m. (six thousand, eight hundred and seventy-eight square metres) and a total developable site area of circa 5903 sq.m. (five thousand, nine hundred and three square metres) that is subdivided as per phases as follows;

Phase 1	circa 1142 sq.m. (circa one thousand, one-hundred and forty-two square metres)
Phase 2	circa 1621 sq.m. (circa one thousand, six-hundred and twenty-one square metres)
Phase 3	circa 1260 sq.m. (circa one thousand, two-hundred and sixty square metres)
Phase 4	circa 1880 sq.m. (circa one thousand, eight-hundred and eighty square metres)

The previously existing buildings on site consisted only of abandoned rooms and rubble walls that were dilapidated and which have been demolished so that the excavation works could commence.

The approved Project substantially respects the guidance offered by the Development Brief and the proposed scheme layout includes for terraced house development with a height limitation of 3 floors plus semi-basement excluding penthouse. Although the local plan indicates that the area height limitation excludes penthouse, penthouses were permitted as per following development permit applications.

Phase 1 - PA 1220/06

Construction of garages (42 in number), overlying apartments (35 in number) and 5 penthouses. Works to include sanctioning of excavation works already carried out

Phase 2 - PA 0476/10

Construction of basement garages (49 in no.) two class 4 local shops, 41 dwelling units and 8 penthouses. Works to include sanctioning of excavation works already carried out

Phase 3 - PA 1162/10

To construct 49 garages and 35 apartments and 5 penthouses. Works to include sanctioning of excavation works already carried out

Phase 4 - PA 1161/10

To construct basement garages (49 in number) and overlying class 4 shop, apartments (27 in number) and 5 penthouses. Works to include sanctioning of excavation works already carried out

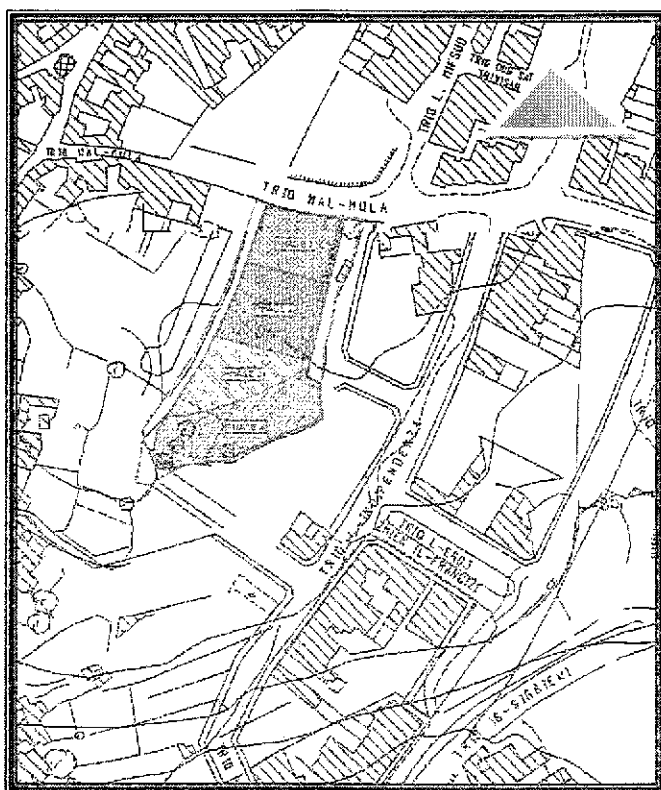
The above-mentioned development permit applications have all been approved by MEPA. Therefore the site in question has all necessary permits in hand for the construction of a total of 138 maisonettes / apartments, 23 penthouses, a total of 189 garages and three class 4 local shops.

Therefore the proposed development profile includes a total of 161 dwellings, 189 garages and 2 local shops.

On this basis, the open market value of the Site as follows ;
A Total site area of circa 6878 sq.m. (six thousand, eight hundred and seventy-eight square metres) of which a total of circa 5903 sq.m. (five thousand, nine hundred and three square metres) is an approved developable site area. This land has been further more sub-divided into four separate phases as previously described which are being shown in the reference plan below. The property is freehold.

Therefore after taking into consideration the location, layout, and size of the above-mentioned property, together with other information supplied by my client which could have had a bearing on my assessment, I am in a position to estimate the current market value of the site in question having MEPA permits as previously stated at a total of € 5,894,000.00 (Five Million Eight Hundred and Ninety-Four Thousand Euro)

- | | |
|---------|---|
| Phase 1 | circa 1142 sq.m. (circa one thousand, one-hundred and forty-two square metres) |
| Phase 2 | circa 1621 sq.m. (circa one thousand, six-hundred and twenty-one square metres) |
| Phase 3 | circa 1260 sq.m. (circa one thousand, two-hundred and sixty square metres) |
| Phase 4 | circa 1880 sq.m. (circa one thousand, eight-hundred and eighty square metres) |

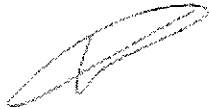


Plan not to scale

Project Cost Estimates

I have reviewed the projected costs for all civil works, finishing and services, as proposed for Phases 1,2,3 and 4 of the above-mentioned development and am in a position to agree with the workings as set in the prospectus that was forwarded to me. It is understood that these costs include all ancillary costs that are to be involved in the construction and finishing of the proposed development.

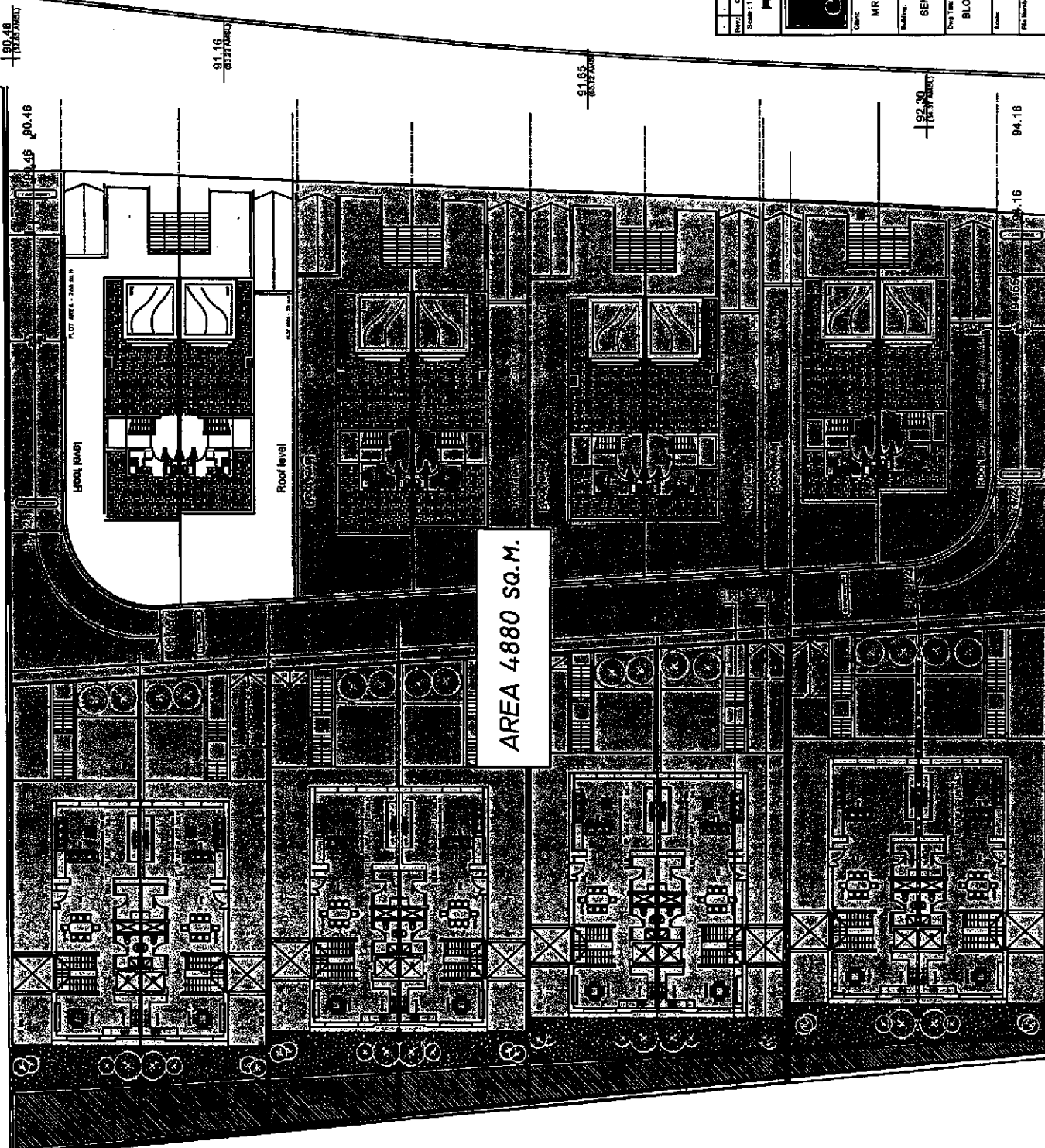
The cost estimate has been prepared on the basis of historical data of similar contemporary projects and is based on the superficial areas that have been approved at Full Development Permit. Cost estimates are also based on current work, and applicable rates, and therefore no account has been taken of the potential impact of inflation over the project life. It is also assumed that no unusually onerous conditions are uncovered when the site is excavated and the foundations constructed. In any event, it is our opinion that the 10% contingency figure included in such costs should be sufficient to meet any unforeseen costs.



.....
Edgar Caruana Montaldo
B.E.&A.(Hons.), A.&C.E

ANNEX C SITE PLANS

	Page
Manikata Project Site Plan	80
Żebbuġ Project Site Plan	81



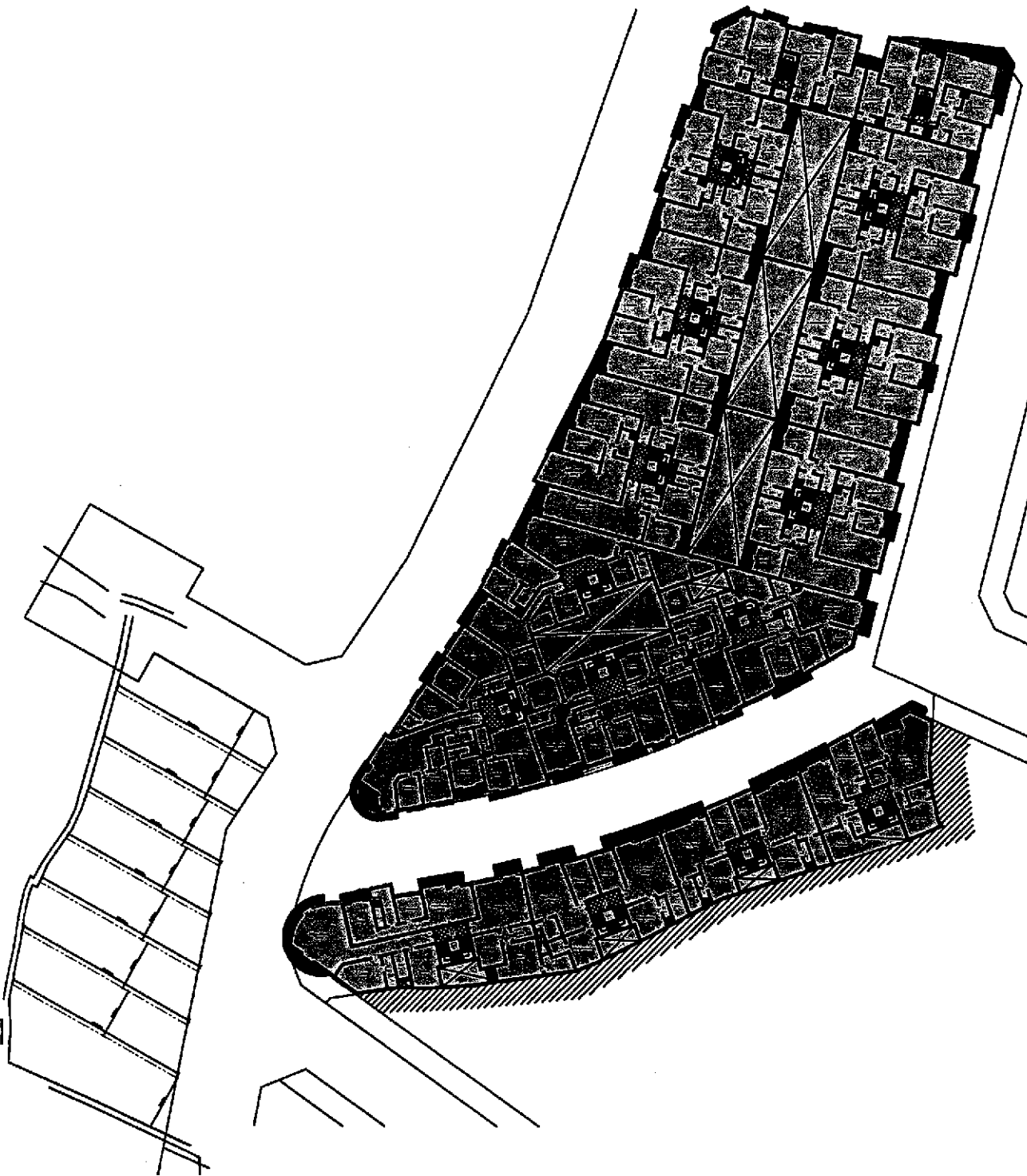
AREA 4880 SQ.M.

Scale	1:250	Date	JUNE 09
File Number	08182	Drawing No.	001
Drawn By	P.A.		
Client	MR. HARRY CALLEJA		
Building	SEMI DETACHED VILLAS		
Drawn By	BLOCK PLAN		
Scale	1:250		
Date	JUNE 09		
File Number	08182		
Drawing No.	001		
Drawn By	P.A.		

MR. HARRY CALLEJA
1225 Santa Rosa
Valencia
Venezuela
Tel: 0212 220 0000
Fax: 0212 220 0000
Email: h.calleja@valencia.ve

cm

Scale 1:250



CONSTRUCTION OF MANCINIETTES, APARTMENTS, PORTHOUSES AND UNDERLYING GARAGES AT ZENING	
Owner MR. GEORGE MUSCAT	
Drawing Title PROPOSED FIRST FLOOR	
Date NOV '08	Scale 1:300 = 1:200
Drawn by A. TRAPANI	Checked by E.C.M.
1	05/

ANNEX D ACCOUNTANT'S REPORT

Issuer

Gap Group Finance p.l.c.

Trustee

Equinox International Limited

Manager & Placement Agent

Charts Investment Management Service Limited

Legal Counsel to the Note Issue

Dr. Chris Cilia

Reporting Accountant

Emanuel P. Fenech

EMANUEL P. FENECH F.I.A., A.C.I.B., C.P.A
CERTIFIED PUBLIC ACCOUNTANT

1, Tal-Providenza Mansions
Main Street,
Balzan,
MALTA
TEL: (356) 21470473
MOB: (356) 99265894
FAX: (356) 21492644

Date: 12th March 2012

Gap Group Finance p.l.c
GAP Holdings Head Office,
Ġensu Scerri Street,
Tigné,
Sliema SLM3060,
Malta

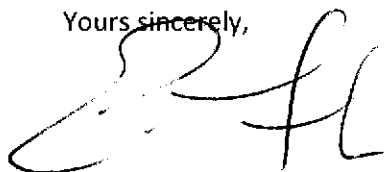
RE: Accountant's Report

Dear Sirs,

I write to you with reference to the Prospectus to be issued by GAP Group Finance p.l.c., a public limited liability company registered under the laws of Malta with company registration number C54352, for the issue of EUR 15,500,000 7% Secured Notes 2014-2016 (the "**Prospectus**"). An accountant's report has been issued by the undersigned in relation to this note issue. I also understand that you wish to disclose the said report within the Prospectus, a copy of which is hereby enclosed (the "**Report**").

I hereby confirm that: (i) I have consented to a copy of the Report being provided to the party to whom this letter is addressed as set out above and being disclosed to the member of the public in receipt of the Prospectus, (ii) the Report is hereby addressed to and for the benefit of the party to whom this letter is addressed as set out above and such party may act in reliance on the contents thereof subject to the terms and conditions set out in the disclaimer included with the Report, as at the date it was issued and (iii) I consent to the Report being included in the Prospectus, in the form and content in which it is included.

Yours sincerely,



Emanuel P. Fenech

EMANUEL P. FENECH F.I.A., A.C.I.B., C.P.A
CERTIFIED PUBLIC ACCOUNTANT

I, Tal-Providenza
Mansions
Main Street,
Balzan,
MALTA
TEL: (356) 21470473
MOB: (356) 99265894
FAX: (356) 21492644

The Directors
Gap Group Finance p.l.c.
Censu Scerri Street
Tigne
Sliema
Malta

12th March 2012

Dear Sirs,

Accountant's report on the projected financial statements of Gap Group Finance p.l.c.

I have reviewed the accounting policies and calculations for the projected financial statements of Gap Group Finance p.l.c. and its subsidiaries (the "Company") for the years ended 31 December 2012 to 31 December 2016.

Directors' Responsibility

It is the directors' responsibility to prepare the projected financial statements, together with the material assumptions on which they are based, in accordance with the requirements of the Listing Rules issued by the Listing Authority of the Malta Financial Services Authority and EU Regulation EC809/2004.

Accountant's Responsibility

It is my responsibility to form an opinion as to whether the projected financial statements, so far as the accounting policies and calculations are concerned, have been properly compiled on the basis adopted by the Directors of the Company.

Since the projected financial statements and the assumptions on which they are based relate to the future, they may be affected by unforeseen events. The variation between forecast and actual results may be material. We are not required to express, nor do we express any opinion on the possibility of achievement of the results set out in the prospective financial statements or on the underlying assumptions.

Basis of opinion

I planned and performed my work so as to obtain all the information and explanations which I considered necessary in order to provide me with reasonable assurance that the projected financial statements, so far as the accounting policies and calculations are concerned, have been properly compiled on the basis stated. The company does not intend to apply for the Participation Note to be admitted to listing on a regulated market or other trading platform. However, in accordance with the directors' request I conducted my work in accordance with the requirements of the Malta Financial Services Authority Listing Rule 5.40.2 and EU Regulations EC809/2004 rule 9.2 in respect of the accountant's report.

Opinion

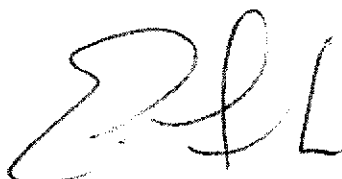
In my opinion the projected financial statements, so far as the accounting policies and calculations are concerned, have been properly compiled on the basis stated and have been prepared on a basis consistent with the accounting policies normally adopted by the Company.

This opinion is solely intended to be relied upon by you for the purposes of the Prospectus to be dated 12th March 2012. Readers are cautioned that the projected financial statements may not be appropriate for purposes other than described above. I accept no responsibility and I accept no liability to any other person in respect of, arising out of, or in connection with, my work.

Actual results are likely to be different from the forecast since anticipated events frequently do not occur as expected and the variation may be material.

Emphasis of matter

Without qualifying my opinion, I draw attention to the fact that 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 company in accordance with International Financial Reporting Standards as adopted by the EU.

A handwritten signature in black ink, appearing to read 'E. P. Fenech', with a stylized flourish at the end.

Emanuel P. Fenech
Certified Public Accountant

EDGAR CARUANA MONTALDO B.E.&A.(Hons.), A.&C.E.

Architect and Civil Engineer

41A, Tal-Herba Street, Birkirkara, BKR 2322

Tel. 21448330 /99490881. Fax. 21448328.

E-mail address edgarcm@onvol.net

GAP Holdings Head Office,
Ċensu Scerri Street,
Tigné,
Sliema SLM 3060,
Malta

12th March 2012

RE: Valuation Report

Dear Sir,

I write to you with reference to the Prospectus to be issued by GAP Group Finance p.l.c., a public limited liability company registered under the laws of Malta with company registration number C54352, for the issue of EUR 15,500,000 7% Secured Notes 2014-2016 (the “**Prospectus**”). A valuation report has been issued by the undersigned in relation to a site at Ta’Hal-Mula, Zebbug Malta. I also understand that you wish to disclose the said report within the Prospectus, a copy of which is hereby enclosed (the “**Report**”).

I hereby confirm that: (i) I have consented to a copy of the Report being provided to the party to whom this letter is addressed as set out above and being disclosed to the member of the public in receipt of the Prospectus, (ii) the Report is hereby addressed to and for the benefit of the party to whom this letter is addressed as set out above and such party may act in reliance on the contents thereof subject to the terms and conditions set out in the disclaimer included with the Report, as at the date it was issued and (iii) I consent to the Report being included in the Prospectus, in the form and content in which it is included.

Yours sincerely,



Edgar Caruana Montaldo
B.E. & A. (Hons.) A. & C.E.

Date: 12th March 2012.

GAP Holdings Head Office,
Ċensu Scerri Street,
Tigné,
Sliema SLM3060,
Malta

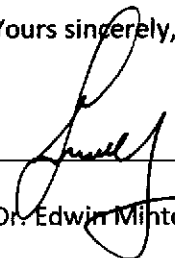
Dear Sir,

Re: Valuation Report

I write to you with reference to the above mentioned site and to the Prospectus to be issued by GAP Group Finance p.l.c., a public limited liability company registered under the laws of Malta with company registration number C54352, for the issue of EUR 15,500,000 7% Secured Notes 2014-2016 (the "**Prospectus**"). A valuation report has been issued by the undersigned in relation to a site that is covered with a valid building permit for the construction of two tiers of semi detached villa units, a total of 14 units, 8 of which have direct access from the main public road while the rest have access from a private road. Given the topographic formation of the site and the location, both tiers of villas have unobstructed country and distant seaviews. I also understand that you wish to disclose the said report within the Prospectus, a copy of which is hereby enclosed (the "**Report**").

I hereby confirm that: (i) I have consented to a copy of the Report being provided to the party to whom this letter is addressed as set out above and being disclosed to the member of the public in receipt of the Prospectus, (ii) the Report is hereby addressed to and for the benefit of the party to whom this letter is addressed as set out above and such party may act in reliance on the contents thereof subject to the terms and conditions set out in the disclaimer included with the Report, as at the date it was issued and (iii) I consent to the Report being included in the Prospectus, in the form and content in which it is included.

Yours sincerely,



Dr. Edwin Mintoff