REGISTRATION DOCUMENT

This Registration Document is issued in accordance with the provisions of Chapter 4 of the Listing Rules issued by the Listing Authority and in accordance with the provisions of Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements as amended by Commission Delegated Regulation (EU) No. 486/2012 of 30 March 2012, Commission Delegated Regulation (EU) No. 862/2012 of 4 June 2012, Commission Delegated Regulation (EU) No. 759/2013 of 30 April 2013, Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014 and Commission Delegated Regulation (EU) No. 2016/301 of 30 November 2015.

dated 31 July 2018

by

EXALCO FINANCE P.L.C.

A PUBLIC LIMITED LIABILITY COMPANY REGISTERED IN MALTA
WITH COMPANY REGISTRATION NUMBER C 87384

with the joint and several Guarantee of

EXALCO PROPERTIES LIMITED

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

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

Sponsor, Manager & Registrar

RIZZO FARRUGIA
YOUR INVESTMENT CONSULTANTS

Legal Counsel

CAMILLERI PREZIOSI
ADVOCATES

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

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

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

Alexander Montanaro

Jean Marc Montanaro

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

IMPORTANT INFORMATION

THIS REGISTRATION DOCUMENT CONTAINS INFORMATION ON EXALCO FINANCE P.L.C. (THE **"ISSUER"**) AND EXALCO PROPERTIES LIMITED (THE **"GUARANTOR"**) IN ACCORDANCE WITH THE REQUIREMENTS OF THE LISTING RULES OF THE LISTING AUTHORITY, THE COMPANIES ACT (CAP. 386 OF THE LAWS OF MALTA) AND COMMISSION REGULATION (EC) NO. 809/2004 OF 29 APRIL 2004 IMPLEMENTING DIRECTIVE 2003/71/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL AS REGARDS INFORMATION CONTAINED IN PROSPECTUSES AS WELL AS THE FORMAT, INCORPORATION BY REFERENCE AND PUBLICATION OF SUCH PROSPECTUSES AND DISSEMINATION OF ADVERTISEMENTS AS AMENDED BY COMMISSION DELEGATED REGULATION (EU) NO. 486/2012 OF 30 MARCH 2012, COMMISSION DELEGATED REGULATION (EU) NO. 862/2012 OF 4 JUNE 2012, COMMISSION DELEGATED REGULATION (EU) NO. 759/2013 OF 30 APRIL 2013, COMMISSION DELEGATED REGULATION (EU) NO. 382/2014 OF 7 MARCH 2014 AND COMMISSION DELEGATED REGULATION (EU) NO. 2016/301 OF 30 NOVEMBER 2015.

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

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

THE PROSPECTUS DOES NOT CONSTITUTE, AND MAY NOT BE USED FOR PURPOSES OF, AN OFFER OR INVITATION TO SUBSCRIBE FOR SECURITIES: BY ANY PERSON IN ANY JURISDICTION IN WHICH SUCH OFFER OR INVITATION IS NOT AUTHORISED OR IN WHICH THE PERSON MAKING SUCH OFFER OR INVITATION IS NOT QUALIFIED TO DO SO; OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR INVITATION.

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

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

IN RELATION TO EACH MEMBER STATE OF THE EUROPEAN ECONOMIC AREA (OTHER THAN MALTA) WHICH HAS IMPLEMENTED DIRECTIVE 2003/71/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 4 NOVEMBER 2003 ON THE PROSPECTUS TO BE PUBLISHED WHEN SECURITIES ARE OFFERED TO THE PUBLIC OR ADMITTED TO TRADING OR WHICH, PENDING SUCH IMPLEMENTATION, APPLIES ARTICLE 3.2 OF SAID DIRECTIVE, THE SECURITIES CAN ONLY BE OFFERED TO "*QUALIFIED INVESTORS*" (AS DEFINED IN SAID DIRECTIVE) AS WELL AS IN ANY OTHER CIRCUMSTANCES WHICH DO NOT REQUIRE THE PUBLICATION BY THE ISSUER OF A PROSPECTUS PURSUANT TO ARTICLE 3 OF SAID DIRECTIVE.

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

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

ALL THE ADVISERS TO THE ISSUER AND THE GUARANTOR UNDER THE HEADING *"ADVISERS TO THE ISSUER AND THE GUARANTOR"* IN SECTION 3.2 OF THIS REGISTRATION DOCUMENT HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER AND THE GUARANTOR IN RELATION TO THIS PUBLIC OFFER AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION TOWARDS ANY OTHER PERSON AND WILL ACCORDINGLY NOT BE RESPONSIBLE TO ANY INVESTOR OR ANY OTHER PERSON WHOMSOEVER IN RELATION TO THE TRANSACTIONS PROPOSED IN THE PROSPECTUS.

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

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

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DEFINITIONS

In this Registration 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);
Bond Issue	the issue of the Bonds;
Bondholder/s	a holder/s of the Bonds;
Bonds or **Secured Bonds**	the €15,000,000 secured bonds of a nominal value of €100 payable in full upon subscription, redeemable at their nominal value on the redemption date and bearing interest at the rate of 4% per annum, each as detailed in the Securities Note;
Collateral	the following security granted by the Guarantor in favour of the Security Trustee for the benefit of Bondholders: i. a first ranking special hypothec over the Security Property; and ii. a pledge over the proceeds from any insurance policy required under clause 5(1)(h) of the Security Trust Deed;
Directors or **Board**	the directors of the Issuer, as the case may be, whose names are set out in section 3.1.1 under the heading *"Directors of the Issuer"*;
Euro or **€**	the lawful currency of the Republic of Malta;
Exalco Group or **Group**	the group of companies of which Exalco Holdings is the parent company, which includes the Issuer and the Guarantor;
Exalco Holdings	Exalco Holdings Limited, a private limited liability company registered in Malta with company number C 86836 having its registered office at Cornerstone Business Centre, Level 4, 16th September Square, Mosta, MST 1180, Malta;
Guarantee	the joint and several suretyship of the Guarantor undertaking to guarantee the due and punctual performance of the Issuer's payment obligations under the Bond Issue, subject to the terms and conditions contained in the Security Trust Deed and as the same is held on trust for the benefit of the Bondholders by the Security Trustee. A copy of the Guarantee including a description of the nature, scope and terms of the Guarantee is appended to the Securities Note as Annex II thereof;
Guarantor	Exalco Properties Limited, a private limited liability company registered in Malta with company number C 11273 having its registered office at Cornerstone Business Centre, Level 4, 16th September Square, Mosta, MST 1180, Malta;
Issuer or **Company**	Exalco Finance p.l.c., a public limited liability company registered in Malta with company number C 87384 having its registered office at Cornerstone Business Centre, Level 4, 16th September Square, Mosta, MST 1180, Malta;
Listing Authority	the Board of Governors of the MFSA, appointed as Listing Authority for the purposes of the Malta Financial Services Authority Act (Cap. 330 of the laws of Malta), which Listing Authority is established in terms of the Financial Markets Act (Cap. 345 of the laws of Malta);
Listing Rules	the listing rules of the Listing Authority;
Malta Stock Exchange or **MSE**	Malta Stock Exchange p.l.c., as originally constituted in terms of the Financial Markets Act (Cap. 345 of the laws of Malta) with company registration number C 42525 and having its registered office at Garrison Chapel, Castille Place, Valletta, VLT 1063, Malta;

Memorandum and Articles of Association	the memorandum and articles of association of the Issuer in force at the time of publication of the Prospectus. The terms **"Memorandum"**, **"Articles"** and **"Articles of Association"** shall be construed accordingly;
MFSA	the Malta Financial Services Authority, established in terms of the Malta Financial Services Authority Act (Cap. 330 of the laws of Malta);
Planning Authority	means the Planning Authority established in terms of the Development Planning Act (Cap. 552 of the laws of Malta);
Prospectus	collectively, the Registration Document, the Securities Note and the Summary Note;
Registration Document	this document in its entirety;
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 a prospectus and dissemination of advertisements, as amended by: Commission Delegated Regulation (EU) No. 486/2012 of 30 March 2012 amending Regulation (EC) No. 809/2004 as regards the format and the content of the prospectus, the base prospectus, the summary and the final terms and as regards the disclosure requirements; Commission Delegated Regulation (EU) No. 862/2012 of 4 June 2012 amending Regulation (EC) No. 809/2004 as regards information on the consent to use of the prospectus, information on underlying indexes and the requirement for a report prepared by independent accountants or auditors; Commission Delegated Regulation (EU) No. 759/2013 of 30 April 2013 amending Regulation (EC) No. 809/2004 as regards the disclosure requirements for convertible and exchangeable debt securities; Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014 amending Regulation (EC) No. 809/2004 as regards to regulatory technical standards for publication of supplements to the prospectus; and Commission Delegated Regulation (EU) No. 2016/301 of 30 November 2015 amending Regulation (EC) No. 809/2004 as regards to regulatory technical standards for publication of the prospectus and dissemination of advertisements;
Securities Note	the securities note issued by the Issuer dated 31 July 2018, forming part of the Prospectus;
Security Property	the following immovable property owned by the Guarantor: i. 'Marina Business Centre', Triq l-Abate Rigord, Ta' Xbiex, Malta; and ii. 'Mayfair Business Centre', Triq Santu Wistin, Paceville, St Julian's, Malta;
Security Trustee or **Trustee**	Alter Domus Trustee Services (Malta) Limited, a private limited liability company registered and existing under the laws of Malta with company registration number C 63887 and having its registered office at Vision Exchange Building, Triq Territorials, Mriehel, Birkirkara BKR3000, Malta, duly authorised to act as a trustee or co-trustee in terms of Article 43(3) of the Trusts and Trustees Act (Cap. 331 of the laws of Malta);
Security Trust Deed	means the security trust deed entered into between the Security Trustee, the Issuer and the Guarantor on 27 July 2018;
Summary Note	the summary note issued by the Issuer dated 31 July 2018, forming part of the Prospectus; and
Transparency Directive	Directive 2004/109/EC of the European Parliament and of the Council on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market, as amended.

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RISK FACTORS

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 THIS PROSPECTUS, BEFORE MAKING ANY INVESTMENT DECISION WITH RESPECT TO THE ISSUER. THE SEQUENCE IN WHICH THE RISKS BELOW ARE LISTED IS NOT INTENDED TO BE INDICATIVE OF ANY ORDER OF PRIORITY OR OF THE EXTENT OF THEIR CONSEQUENCES. SOME OF THESE RISKS ARE SUBJECT TO CONTINGENCIES WHICH MAY OR MAY NOT OCCUR AND NEITHER THE ISSUER, NOR THE GUARANTOR, IS IN A POSITION TO EXPRESS ANY VIEWS ON THE LIKELIHOOD OF ANY SUCH CONTINGENCIES OCCURRING.

IF ANY OF THE RISKS DESCRIBED HEREUNDER WERE TO MATERIALISE, THEY COULD HAVE A SERIOUS EFFECT ON THE ISSUER'S AND/OR THE GUARANTOR'S FINANCIAL CONDITION AND OPERATIONAL PERFORMANCE AND ON THE ABILITY OF THE ISSUER TO FULFIL ITS OBLIGATIONS UNDER THE BONDS AND/OR ON THE ABILITY OF THE GUARANTOR TO FULFIL ITS OBLIGATIONS UNDER THE GUARANTEE. THE RISKS AND UNCERTAINTIES DISCUSSED BELOW ARE THOSE IDENTIFIED AS SUCH BY THE DIRECTORS OF THE ISSUER AS AT THE DATE OF THIS PROSPECTUS, BUT THESE RISKS AND UNCERTAINTIES MAY NOT BE THE ONLY ONES THAT THE ISSUER AND/OR THE GUARANTOR FACE. ADDITIONAL RISKS AND UNCERTAINTIES, INCLUDING THOSE WHICH THE ISSUER'S DIRECTORS ARE NOT CURRENTLY AWARE OF, MAY HAVE A SERIOUS EFFECT ON THE ISSUER'S AND/OR THE GUARANTOR'S FINANCIAL CONDITION AND OPERATIONAL PERFORMANCE AND ON THE ABILITY OF THE ISSUER TO FULFIL ITS OBLIGATIONS UNDER THE BONDS AND/OR ON THE ABILITY OF THE GUARANTOR TO FULFIL ITS OBLIGATIONS UNDER THE GUARANTEE. IN ADDITION, PROSPECTIVE INVESTORS OUGHT TO BE AWARE THAT RISK MAY BE AMPLIFIED DUE TO A COMBINATION OF RISK FACTORS.

NEITHER THIS PROSPECTUS NOR ANY OTHER INFORMATION CONTAINED HEREIN OR SUPPLIED IN CONNECTION WITH THE BONDS ISSUED BY THE ISSUER: (I) IS INTENDED TO PROVIDE THE BASIS OF ANY CREDIT OR OTHER EVALUATION, OR (II) SHOULD BE CONSIDERED AS A RECOMMENDATION BY THE ISSUER OR THE SPONSOR OR ANY AUTHORISED FINANCIAL INTERMEDIARIES THAT ANY RECIPIENT OF THIS PROSPECTUS OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION THEREWITH, SHOULD PURCHASE ANY BONDS ISSUED BY THE ISSUER. PROSPECTIVE INVESTORS SHOULD MAKE THEIR OWN INDEPENDENT EVALUATION OF ALL RISK FACTORS AND SHOULD CONSIDER ALL OTHER SECTIONS IN THIS DOCUMENT.

2.1 FORWARD-LOOKING STATEMENTS

The Prospectus and the documents incorporated herein by reference or annexed thereto contain forward-looking statements that include, among others, statements concerning the Issuer's and the Guarantor's strategies and plans relating to the attainment of its objectives, capital requirements and other statements of expectations, beliefs, future plans and strategies, anticipated developments and other matters that are not historical facts and which may involve predictions of future circumstances. Investors can generally identify forward-looking statements by the use of terminology such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "believe", or similar phrases. These forward-looking statements are inherently subject to a number of risks, uncertainties and assumptions. Important factors that could cause actual results to differ materially from the expectations of the Issuer's and the Guarantor's directors include those risks identified under the heading "*Risk Factors*" and elsewhere in the Prospectus.

If any of the risks described were to materialise, they could have a serious effect on the Issuer's and/or the Guarantor's financial results, prospects and the ability of the Issuer to fulfil its obligations under the Bonds and/or of the Guarantor to honour its obligations under the Guarantee. Accordingly, the Issuer and the Guarantor caution prospective investors that these forward-looking statements are subject to risks and uncertainties that could cause actual events or results to differ from those expressed or implied by such statements, and that such statements do not bind the Issuer and the Guarantor with respect to future results. Furthermore, no assurance is given that the future results or expectations will be achieved.

All forward-looking statements contained in this document are made only as at the date hereof. The Issuer, the Guarantor and their 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.

2.2 RISKS RELATING TO THE ISSUER AND ITS BUSINESS

2.2.1 ISSUER'S DEPENDENCE ON THE GUARANTOR AND ITS BUSINESS

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

As a majority of its assets will consist of receivables due in respect of loans to the Guarantor, the Issuer is largely dependent, including for the purpose of servicing interest payments on the Bonds and the repayment of the principal on the maturity date, on receipt of interest and capital repayments from the Guarantor. The interest and capital repayments to be effected by the Guarantor in favour of the Issuer are subject to certain risks. More specifically, the ability of the Guarantor to effect loan repayments will depend on its respective cash flows and earnings, which may be restricted or affected by changes in applicable laws and regulations, by the terms of agreements to which they are or may become party (including the indenture governing existing indebtedness), or by other factors beyond the control of the Issuer. The occurrence of any such factors could in turn negatively affect the ability of the Issuer to meet its obligations in respect of the repayment of principal and interest under the Bonds punctually when due.

2.3 RISKS RELATING TO THE GUARANTOR AND ITS BUSINESS

2.3.1 DEPENDENCE ON THE MALTESE AND INTERNATIONAL MARKETS AND EXPOSURE TO GENERAL ECONOMIC CONDITIONS

The business of the Guarantor is subject to rapidly evolving consumer demands, tastes, preferences and trends. Consequently, the success of the Guarantor's business operations is dependent upon the priority and preference of prospective tenants, whether local or foreign, and its ability to swiftly anticipate, identify and capitalise upon these priorities and preferences. If the Guarantor is unable to do so, the Guarantor could experience a reduction in its revenue, which reduction could in turn have a material adverse effect on the Guarantor's, and in turn, the Issuer's, financial condition, operational results and prospects.

Furthermore, the Guarantor and its operations are highly susceptible to the economic trends that may from time to time be felt in Malta and internationally over and above fluctuations in consumer demands. These include, but are not limited to, financial market volatility, inflation, the property market, interest rates, exchange rates, direct and indirect taxation, wage rates, utility costs, government spending and budget priorities and other general market, economic and social factors. Any future expansion of the Guarantor's operations into other markets would further increase its susceptibility to adverse economic developments and trends affecting such other markets.

2.3.2 LEGAL AND REGULATORY COMPLIANCE

The Guarantor is subject to a variety of laws and regulations, including taxation, environmental and health and safety regulations. The Guarantor is at risk in relation to changes in the laws and regulations and the timing and effects of changes in the laws and regulations to which it is subject, including changes in the interpretation thereof which cannot be predicted. No assurance can be given as to the impact of any possible judicial decision or change in law or regulation or administrative practice after the date of this Prospectus upon the business and operations of the Guarantor.

In addition, the Guarantor's activities are subject to licensing and regulation by governmental authorities, particularly the Planning Authority and Health & Safety Authority. Difficulties in obtaining development permits for future projects, or difficulties in continued fulfilment of existing permit or license conditions, could adversely affect the Guarantor's business and results of its operations, and there can be no assurance that the Guarantor will be able to acquire, maintain and renew all necessary licences, certificates, approvals and permits for its present and future operations.

2.3.3 THE GUARANTOR'S FINANCING STRATEGY

The Guarantor may not be able to secure sufficient financing for its future operations. No assurance can be given that sufficient financing will be available on commercially reasonable terms or within timeframes required by the Guarantor. Failure to obtain, or delays in obtaining, the capital required to complete current or future developments and investments on commercially reasonable terms, including increases in borrowing costs or decreases in loan availability, may limit the Guarantor's growth and materially and adversely affect its business, financial condition, results of operations and prospects.

In addition, the Guarantor may be exposed to a variety of financial risks associated with the unpredictability inherent in financial markets, including market risk (such as the risk associated with fluctuations in interest rates and fair values of investments), credit risk (the risk of loss by the Guarantor due to its debtors not respecting their commitments), foreign exchange rate risk, and interest rate risk (such as the risk of potential changes in the value of financial assets and liabilities in response to changes in the level of market interest rates and their impact on cash flows).

2.3.4 KEY SENIOR PERSONNEL AND MANAGEMENT HAVE BEEN AND REMAIN MATERIAL TO THE GUARANTOR'S GROWTH

The growth of the Guarantor and its business is partially attributable to the efforts and abilities of the members of its executive management team and other key personnel, specifically Mr Alexander Montanaro, Mr Jean Marc Montanaro and Mr Michael Montanaro. If one or more of the members of this team were unable or unwilling to continue in their present position, the Guarantor might not be able to replace them within the short term, which could have a material adverse effect on the Guarantor's business, financial condition and results of operations. Although no single person is solely instrumental in fulfilling the Guarantor's business objectives, there is no guarantee that these objectives will be achieved to the degree expected following the loss of key personnel.

2.3.5 LIQUIDITY RISK

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

2.3.6 OPERATING EXPENSES

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

2.3.7 DEPENDENCE ON TENANTS FULFILLING THEIR OBLIGATIONS

The revenue generated from the Guarantor's property investment activities is dependent in the main part on tenants fulfilling their obligations under their respective lease agreements. There can be no assurance that the tenants will not fail to perform their obligations, whether due to insolvency, lack of liquidity, market or economic downturns, operational failure or other reasons which are beyond the Guarantor's control, which failure may have a material adverse effect on the financial condition of the Guarantor, and in turn of the Issuer, the results of operations and their prospects.

In addition, the Guarantor is susceptible to the risk that tenants may terminate, or elect not to renew, their respective lease agreements. Failure to maintain a good relationship with existing tenants, or to renew lease agreements, or enter into new lease agreements, on similar or more favourable terms, could have a material adverse effect on the Guarantor's, and in turn, the Issuer's, business, results of operations and prospects.

2.3.8 SINGLE SECTOR CONCENTRATION RISK

A significant portion of the Guarantor's property leasing revenue stream is generated through the leasing of units to companies operating in the i-gaming industry. Consequently, the Guarantor's dynamics of revenue generation are dependent, to some degree, on the continued success of the i-gaming industry, thereby exposing the Guarantor to single sector concentration risk. The risk inherent in concentrating substantial investments in a single industry is that a decline in such industry, whether triggered by economic conditions in general, changes in consumer trends and preferences and/or other factors over which the Guarantor and the tenants have no control, would likely have a greater adverse effect on the financial condition of the Guarantor than if the Guarantor maintained a more diversified real estate portfolio or was less exposed to a particular sector. A significant downturn in this particular sector and/or reduction in the influx of additional market players could lead to a reduced need for the Guarantor's product, which in turn could have a material adverse effect on its results of operations and prospects should the Guarantor be unable to source suitable replacement tenants on similar terms.

In addition, the Guarantor's property portfolio is comprised in the main of commercial real estate. An increase in supply and/or a reduction in demand for rentable office space may negatively affect the Guarantor's ability to attract new corporate tenants and/or retain existing ones. There is no guarantee that the Guarantor will be able to compete successfully against current as well as future competitors in the property segment in which it operates. Its inability to do so may have a negative impact on the Guarantor's operations, income streams and financial position.

2.3.9 SINGLE TENANT RISK

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

2.3.10 PROPERTY VALUATIONS AND NET REALISABLE VALUE

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

2.3.11 RELIANCE ON NON-PROPRIETARY SOFTWARE SYSTEMS AND THIRD-PARTY I.T. PROVIDERS

The Guarantor is reliant, to an extent, upon technologies and operating systems (including IT systems) developed by third parties, for the efficient running of its business, and as such is exposed to the risk of failures in such systems. There can be no assurance that the maintenance and service level agreements and disaster recovery plans intended to ensure continuity and stability of these systems will prove effective in ensuring that the service of systems will not be disrupted. Disruption to those technologies or systems and/or lack of resilience in operational availability could adversely affect the efficiency of the Guarantor's business, financial condition and/or operating performance.

2.3.12 LEVEL OF INTEREST RATES

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

2.3.13 COMPLAINTS AND LITIGATION

Since the Guarantor operates in an industry which involves the continuous provision of goods and services to customers and consumers and such operation necessarily requires continuous interaction with counterparties, employees, and regulatory authorities, the Guarantor is exposed to the risk of legal claims, with or without merit. Adverse publicity from such claims may materially affect sales revenue generated by the Guarantor regardless of whether such claims are upheld. All litigation is expensive, time consuming and may divert management's attention away from the operation of the business. In addition, the Guarantor cannot be certain that its insurance coverage will be sufficient to cover one or more substantial claims.

Although as stated in section 11 under the heading "*Litigation*", in so far as the directors of the Issuer are aware, the Guarantor and the Issuer are not involved in any governmental, legal or arbitration proceedings, which may have, or have had during the 12 months preceding the date of this Registration Document, a significant effect on the Guarantor's and/or the Issuer's financial condition or operational performance, no assurance can be given that disputes which could have such effect would not arise in the future. Exposure to litigation or fines imposed by regulatory authorities may affect the Guarantor's and/or the Issuer's reputation even though the monetary consequences may not be significant.

2.3.14 THE GUARANTOR'S INSURANCE POLICIES

Historically, the Guarantor has maintained insurance at levels determined by the Guarantor to be appropriate in light of the cost of cover and the risk profiles of the business in which the Guarantor operates. With respect to losses for which the Guarantor is covered by its insurance policies, it may be difficult and may take time to recover such losses from insurers. In addition, the Guarantor may not be able to recover the full amount from the insurer. No assurance can be given that the Guarantor's current insurance coverage would be sufficient to cover all potential losses, regardless of the cause, nor can any assurance be given that an appropriate coverage would always be available at acceptable commercial rates.

2.4 RISKS RELATING TO PROPERTY DEVELOPMENT

As at the date of this Prospectus, the Guarantor does not have any property under development. However, given its line of business, it is likely that during the lifetime of the Bonds the Guarantor will invest in one or more property development opportunities. Were this to be the case, the Guarantor would be susceptible to a variety of risk factors associated with property development and the property market as a whole, including, but not limited to, those risk factors described in this section 2.4.

2.4.1 GENERAL PROPERTY MARKET CONDITIONS

There are a number of factors that commonly affect the property market generally speaking, many of which are beyond the control of the Guarantor, and which could adversely affect the economic performance and value of the portfolio of property of the Guarantor and any properties under development. Such factors include:

i. changes in general economic, social and political conditions;
ii. general industry trends, including the cyclical nature of the property market;
iii. over-supply of properties of a similar nature or a reduction in demand for such property, which may lead to a corresponding decrease in the value of such property and in rental income;
iv. possible structural and environmental problems;
v. acts of nature, such as earthquakes and floods, that may damage the property or delay its development;
vi. increase in competition in the market segment in which the Issuer is undertaking property market development;
vii. introduction of, or changes to, laws, rules and regulations, including in relation to financing, environmental usage, zoning ordinances, tax, fiscal policies, insurance and trade restrictions;
viii. interest rate and inflation fluctuations; and
ix. the availability of financing and alternative yields of investment.

Such factors may be expected to cause fluctuations in the price of property and an increase in supply could negatively impact the value and income streams of the Guarantor's property portfolio. Although property market activity has experienced an upturn in recent years, the health of the property market may change from time to time and the occurrence of any of the aforementioned factors could have a material adverse effect on the Guarantor's property development and leasing business, its financial condition and its prospects.

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

2.4.2 COMPETITION

The property market in Malta is very competitive in nature. An increase in supply and/or a reduction in demand in the property segment in which the Guarantor operates, may result in units forming part of the Guarantor's property remaining vacant or being leased out at prices which are lower than what is being anticipated by the Guarantor once current leases expire. Such changes in market trends could have a material adverse impact on the financial condition and prospects of the Guarantor.

2.4.3 CONSTRUCTION AND THIRD-PARTY RISKS

Construction projects are generally subject to a number of specific risks inherent in the property development industry, including the risk of cost overruns, the risk of insufficiency of resources to complete, higher interest costs, and the erosion of revenue generation. If these risks were to materialise, they could have a material adverse impact on the Guarantor's revenue generation, cash flows and financial performance.

Furthermore, for the timely completion of its property development projects, the Guarantor would typically place certain reliance on counterparties such as architects, contractors and subcontractors engaged in the planning, demolition, excavation, construction and finishing of such property developments. Such parties (which may include both third-parties as well as related parties) may fail to perform or may default on their obligations towards the Guarantor due to insolvency, lack of liquidity, market or economic downturns, operational failure or other reasons which are beyond the Guarantor's control, such as severe weather conditions. The resulting development delays in completion could have an adverse impact on the Guarantor's businesses, its financial condition, results of operations and prospects. In addition, the failure to develop and maintain good relationships with highly skilled, competent and dependable suppliers and contractors may have a material adverse impact on any property development operations the Guarantor may be undertaking, and as a result on its financial condition and its prospects.

2.4.4 EXPOSURE TO ENVIRONMENTAL AND OTHER REGULATORY LIABILITY

Current laws and regulations, which may be amended from time to time, impose a liability for the presence of certain materials or substances or the release of certain materials or substances into the air, land or water or the migration of certain materials of substances from a property and property development, including asbestos, and such presence, release or migration could form the basis for liability to third parties for personal injuries or other damages.

In view of these obligations, the Guarantor may become liable for the costs of removal, investigation or remediation of any such substances, including hazardous or toxic substances that may be located on or in, or which may have migrated from, a property owned or occupied by it, which costs may be substantial. The Guarantor may also be required to remove or remediate any such substances or materials that it causes or knowingly permits at any property that it owns or may in future own.

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

2.4.5 RISK OF INJURY OR FATALITY

There are inherent risks to health and safety arising from the nature of property development, including the risk of serious injury or even fatality. The Guarantor is accordingly required to adopt, maintain and constantly review and update a rigorous health and safety programme. The health and safety track record is thus critical to the success and reputation of its property development operations. Any failure in health and safety performance may result in penalties for non-compliance with the relevant regulatory requirements, and a failure which results in a major or significant health and safety incident, such as injury to, or fatality of, members of the construction workforce or bystanders may be costly in terms of potential liabilities arising as a result, as well as the generation of adverse publicity having a negative impact on the Guarantor's reputation, and in turn, that of the Issuer.

There can be no assurance that the Guarantor's health and safety policies and practices will prove effective in ensuring the health and safety on its property development sites, which non-effectiveness may expose the Issuer to liability for damages, as well as to the risk of adverse publicity. These risks may in turn materially adversely impact the Guarantor's financial condition, results of its operations and its prospects.

2.4.6 ABILITY TO SECURE PLANNING AND CONSTRUCTION CONSENTS ON A TIMELY BASIS

Securing planning consents by the competent planning and environment authorities in a timely manner is of key importance to the Guarantor's business. There can be no certainty that any given application will result in planning consent being granted, or that if granted, will not be on unduly onerous terms, which, if occurring across a large number of developments, may materially and adversely affect the Guarantor's business. Additionally, time delays to the expected timescale for the granting of planning consent may result in a reduction in the number of units that are available for rent within a proposed time frame. Furthermore, local and national planning policies are subject to change, which could consequently impact the Guarantor's development strategy.

2.4.7 DELAYS IN COMPLETION AND COST OVERRUNS

Each property development project which may in future be undertaken by the Guarantor is susceptible to the risk of non-completion within the scheduled completion date and within the budgeted cost. If either or both of these risks were to materialise, this could have a significant impact on the financial condition of the Guarantor, and in turn, the Issuer. In particular, the risks of delays and cost overruns could cause actual revenues and costs to differ from those projected and which are affected, amongst others, by factors attributable to counterparties, general market conditions, and competition, which are beyond the Guarantor's control. Significant delays in the time scheduled for completion of one or more of the property development projects may also delay the generation of rental income forecasted by the Guarantor from the development affected by such delay, which could have a negative impact on the Guarantor's financial condition and cash flows. Similarly, if a property development project were to incur significant cost overruns that were not anticipated, the Guarantor may have difficulties in sourcing the funding required for meeting such cost overruns and therefore may risk not completing such property development, which could have a material adverse impact on the financial condition, operations and prospects of the Guarantor, and in turn, the Issuer.

2.5 RISK RELATING TO THE GUARANTEE AND SECURITY PROPERTY

The Bonds, as and when issued and allotted, shall constitute the general, direct, and unconditional obligations of the Issuer and shall be guaranteed in respect of both the interest due and the principal amount under said Bonds by the Guarantor. The Bonds shall at all times rank *pari passu* without any priority or preference among themselves but, in respect of the Guarantor, they shall rank with priority or preference over all unsecured indebtedness, if any. In view of the fact that the Secured Bonds are being guaranteed by the Guarantor on a joint and several basis, the Security Trustee, for the benefit and in the name of the Bondholders, shall be entitled to request the Guarantor to pay both the interest due and the principal amount under said Bonds if the Issuer fails to meet any amount, when due in terms of the Prospectus.

The joint and several Guarantee requires the Security Trustee to take action against the Guarantor before taking action against the Issuer. The strength of this undertaking on the part of the Guarantor, and therefore the level of recoverability by the Security Trustee from the Guarantor of any amounts due under any of the Bonds, is dependent upon, and directly linked to, the financial position and solvency of the Guarantor.

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

Whilst the Security Trust Deed grants the Security Trustee a right of preference and priority for repayment over the Security Property, there can be no guarantee that the value of the Security Property (or other properties forming part of the Guarantor's portfolio that may from time to time replace or be added to the Security Property, as currently constituted, as explained in section 4.5 of the Securities Note) over the term of the Bonds will be sufficient to cover the full amount of interest and principal outstanding under the Bonds. This may be caused by a number of factors not least of which general economic factors that could have an adverse impact on the value of the Security Property. If such circumstances where to arise or subsist at the time that the Collateral is to be enforced by the Security Trustee, it could have a material adverse effect on the recoverability of all the amounts that may be outstanding under the Bonds.

Notwithstanding that the Bonds constitute the general, direct and unconditional obligations of the Issuer and in relation to the Guarantor the general, direct, unconditional and secured obligations, there can be no guarantee that privileges accorded by law in specific situations will not arise during the course of the business of each of the Issuer and the Guarantor which may rank with priority or preference to the Collateral.

[3]
IDENTITY OF DIRECTORS, ADVISERS AND AUDITORS OF THE ISSUER AND GUARANTOR

3.1 DIRECTORS

3.1.1 DIRECTORS OF THE ISSUER

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

Name	Address	Designation
Mr Alexander Montanaro 606952 (M)	'Ir-Randa', Triq A. De Saavedra, Naxxar, NXR 2230, Malta	**Executive Director and Chairman**
Mr Jean Marc Montanaro 460781 (M)	No. 3, Alley 3, Triq it-Tliet Knejjes, Balzan, BZN 1321, Malta	**Executive Director**
Mr Michael Montanaro 157485 (M)	'Shamrock', Triq il-Gizimin, Swieqi, SWQ 3543, Malta	**Executive Director**
Mr Lawrence Zammit 12456 (M)	34/5 Kaskade Court, Triq il-Buzjett, Naxxar, NXR 2533, Malta	**Independent Non-Executive Director**
Mr Mario P. Galea 522554 (M)	35, Triq il-Mielah, High Ridge, St. Andrews, Swieqi, SWQ 1313, Malta	**Independent Non-Executive Director**
Mr Kevin Valenzia 422156 (M)	19, T6B Favray Court, Tigne Point, Sliema, TP 01, Malta	**Independent Non-Executive Director**

Dr Malcolm Falzon, holder of identity card number 129280 (M) of Camilleri Preziosi, Level 3, Valletta Buildings, South Street, Valletta, Malta, is the company secretary of the Issuer.

THE DIRECTORS OF THE ISSUER LISTED ABOVE ARE THE PERSONS RESPONSIBLE FOR THE INFORMATION CONTAINED IN THIS PROSPECTUS. TO THE BEST OF THE KNOWLEDGE AND BELIEF OF THE DIRECTORS OF THE ISSUER (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.

The persons listed under the sub-heading *"Advisers to the Issuer and the Guarantor"* have advised and assisted the Directors in the drafting and compilation of the Prospectus.

3.1.2 DIRECTORS OF THE GUARANTOR

Name	Address	Designation
Mr Alexander Montanaro 606952 (M)	'Ir-Randa', Triq A. De Saavedra, Naxxar, NXR 2230, Malta	**Executive Director and Chairman**
Mr Jean Marc Montanaro 460781 (M)	No. 3, Alley 3, Triq it-Tliet Knejjes, Balzan, BZN 1321, Malta	**Executive Director**
Mr Michael Montanaro 157485 (M)	'Shamrock', Triq il-Gizimin, Swieqi, SWQ 3543, Malta	**Executive Director**

Mr Alexander Montanaro is the company secretary of the Guarantor.

3.2 ADVISERS TO THE ISSUER AND THE GUARANTOR

The persons listed hereunder have advised and assisted the Directors in the drafting and compilation of the Prospectus:

Legal Counsel

Name: Camilleri Preziosi
Address: Level 3, Valletta Buildings,
Triq in-Nofsinhar,
Valletta, VLT 1103, Malta

Sponsor, Manager and Registrar

Name: Rizzo, Farrugia & Co. (Stockbrokers) Ltd.
Address: Airways House, Fourth Floor,
Triq il-Kbira,
Sliema, SLM 1551, Malta

3.3 AUDITORS OF THE ISSUER AND GUARANTOR

Name: PricewaterhouseCoopers
Address: 78, Triq il-Mithna,
Qormi, QRM 3101, Malta

PricewaterhouseCoopers is a firm of certified public accountants holding a practicing certificate to act as auditors in terms of the Accountancy Profession Act (Cap. 281 of the laws of Malta).

The annual financial statements of the Guarantor for the years ended 31 December 2015 and 2016 have been audited by Mr Jeremy Gambin, a certified public accountant of 3, Triq il-Hawt, Swieqi, SWQ 3430, Malta, and those for the year ended 31 December 2017 have been audited by PricewaterhouseCoopers.

The Issuer was set up on 17 July 2018 and, since incorporation up until the date of this Registration Document, no financial statements have been prepared.

3.4 SECURITY TRUSTEE

The following corporate services provider has agreed to act as security trustee in respect of the Bond Issue in accordance with the terms of the Security Trust Deed between it, the Issuer and the Guarantor, dated 27 July 2018:

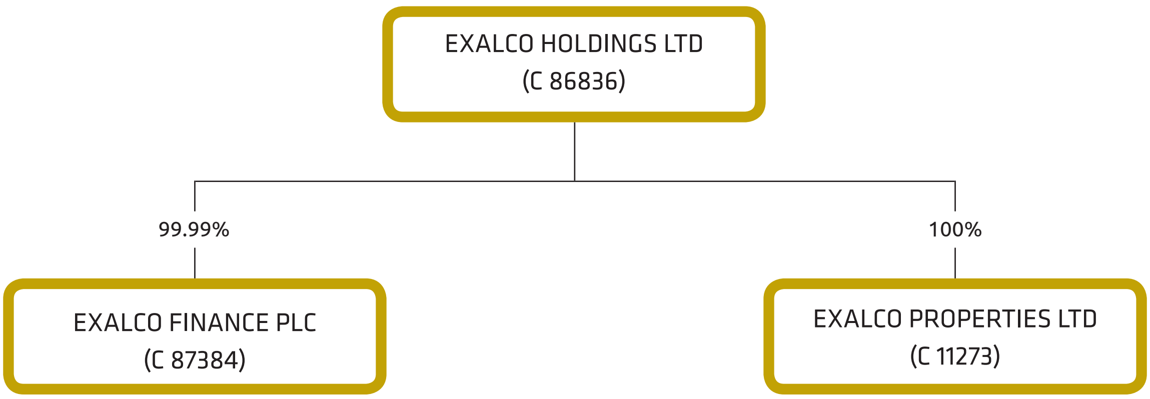
Name:	Alter Domus Trustee Services (Malta) Limited
Address:	Vision Exchange Building, Triq Territorials, Mriehel, Birkirkara, BKR 3000, Malta

Alter Domus Trustee Services (Malta) Limited (C 63887) is duly authorised to act as a trustee or co-trustee in terms of article 43(3) of the Trusts and Trustees Act (Cap. 331 of the laws of Malta).

[4] INFORMATION ABOUT THE ISSUER AND THE GUARANTOR

4.1 ORGANISATIONAL STRUCTURE OF THE EXALCO GROUP

The following chart outlines the shareholding structures relative to the Exalco Group:



As indicated above, the Issuer is a subsidiary of Exalco Holdings, which holds all shares in the Issuer, save for one share which is held by Mr Alexander Montanaro. All of the issued share capital of the Guarantor is held by Exalco Holdings.

The issued share capital of Exalco Holdings is, in turn, subscribed for, allotted and taken up equally amongst Mr Jean Marc Montanaro, Mr Michael Montanaro, Ms Lee Ann Montanaro (ID Number 433683 M) and Mr Steve Montanaro (ID Number 267394 M), all of whom are direct descendants of Mr Alexander Montanaro, founder of Exalco Group. Usufruct over the issued share capital of Exalco Holdings is currently vested in Mr Alexander Montanaro and Ms Marianne Montanaro, in terms of a deed of bare ownership dated 16 July 2018 pursuant to which the usufructuaries are entitled, *inter alia*, to all dividend and voting rights in Exalco Holdings.

4.2 HISTORICAL DEVELOPMENT OF THE ISSUER

4.2.1 INTRODUCTION

Full Legal and Commercial Name of the Issuer	Exalco Finance p.l.c.
Registered Address	Cornerstone Business Centre, Level 4, 16th September Square, Mosta, MST 1180, Malta
Place of Registration and Domicile	Malta
Registration Number	C 87384
Date of Registration	17 July 2018
Legal Form	The Issuer was formed as a public limited liability company. The Issuer is lawfully existing and registered as a public limited liability company in terms of the Act.
Telephone Numbers	+356 21424430/1/2
Email	exalco@exalcogroup.com
Website	www.exalcogroup.com

4.2.2 PRINCIPAL OBJECTS OF THE ISSUER

The principal objects of the Issuer are set out in Article 3 of its Memorandum of Association and include, but are not limited to: the carrying on the business of a finance company; the borrowing and raising of money in such manner as the Issuer may deem fit, including the issuing of bonds, debentures, commercial paper or other instruments creating or acknowledging indebtedness and to offer the same to the public; and the securing of the repayment of any money borrowed or raised and any interest payable thereon.

In pursuance of the said principal object, in addition to the Bond Issue, the Issuer will enter into loan agreements with the Guarantor from time to time, including as set out in section 4.1 of the Securities Note, entitled "*Reasons for the Bond Issue and Use of Proceeds*".

4.2.3 PRINCIPAL ACTIVITIES AND MARKETS OF THE ISSUER

The Issuer was registered as Exalco Finance p.l.c. on 17 July 2018, as a public limited liability company in terms of the Act. The Issuer itself does not itself carry on any trading activities apart from the raising of capital and advancing thereof to the Guarantor as and when the demands of its business so requires. Accordingly, the Issuer is economically dependent on the Guarantor and the fulfilment by the latter of its obligations under the loan agreements referred to in the preceding paragraph of this Registration Document.

4.3 HISTORICAL DEVELOPMENT OF THE GUARANTOR

4.3.1 INTRODUCTION

Full Legal and Commercial Name of the Issuer	Exalco Properties Limited
Registered Address	Cornerstone Business Centre, Level 4, 16th September Square, Mosta, MST 1180, Malta
Place of Registration and Domicile	Malta
Registration Number	C 11273
Date of Registration	11 January 1990
Legal Form	The Guarantor was formed as a private limited liability company previously under the name 'Exalco Group Limited' (since renamed 'Exalco Properties Limited'). The Guarantor is lawfully existing and registered as a private limited liability company in terms of the Act.
Telephone Numbers	+356 21424430/1/2
Email	exalco@exalcogroup.com
Website	www.exalcogroup.com

4.3.2 PRINCIPAL OBJECTS OF THE GUARANTOR

The principal objects of the Guarantor are set out in article 3 of its memorandum of association and include, but are not limited to, the following:

i. to carry on the business of a holding company;
ii. to carry on business in Malta as property developers and building contractors;
iii. to acquire and dispose of, by any title valid at law, movable or immovable property, whether for commercial or other purposes and to hold the property so acquired;
iv. to construct, reconstruct, build, improve, renovate, alter, develop, decorate, enlarge, pull down, demolish and remove or replace, furnish and maintain buildings, operations and other works of every kind and description; and
v. to invest, lease, hire, grant by way of emphyteutical concession or in any other manner employ, improve, manage or develop any of its assets as may from time to time be determined.

4.3.3 PRINCIPAL ACTIVITIES AND MARKETS OF THE GUARANTOR

The Guarantor's principal activity revolves around the acquisition of real estate for long-term investment purposes. Once acquired, the Guarantor is engaged in the development or re-development of those properties and their conversion into commercial properties, and thereafter the Guarantor provides property management services. All real estate is retained by the Guarantor to generate rental revenues, both from short letting as well as from long-term office and retail lets.

4.4 OVERVIEW OF THE BUSINESS OF THE ISSUER AND GUARANTOR

4.4.1 INTRODUCTION

Exalco Finance p.l.c., the Issuer, does not have any trading record, and was established as the financing arm of the Group, on 17 July 2018.

The Guarantor finds its origins in 1987, a time when its core business was international trade in non-ferrous metals through Exalco (Metals and Steel) Limited (C 10397), a company supplying its customers with aluminium billets and other base metal products such as copper, zinc and steel commodities. In 2005 this company was amalgamated into the Guarantor, and in 2014, the metals and steel division of the Guarantor was transferred to a newly established company, Exalco Metals Limited (C 67788). The latter company and business line are not relevant for the purposes of the Bond Issue.

In 1989, Exalco (Property Leasing) Limited (C 10903) - another limited liability company which was absorbed by the Guarantor in 2005 - was set up with the object of acquiring and developing real estate with a view to generating revenues from long and short-term leases of office and retail space. Indeed, from its establishment, a number of small-scale properties were acquired and developed by Exalco (Property Leasing) Limited, including 'Borton House' located in Mosta, which initially housed the Guarantor's offices, 'Tilbury House' in Balzan, 'Everton House' in Attard, and 'Aston House' in Naxxar, all of which were leased out to local office tenants. The latter three properties no longer form part of the Guarantor's property portfolio.

Eventually, however, the Chairman of the Guarantor identified the open plan office space product as that which would create significant opportunities for growth at a time when Malta embarked on a drive to attract large foreign players in various sectors, such as financial services, and local incumbents looked to grow their operations as EU membership approached.

With the acquisition and development of its first commercial business centre in 1997 - the Parklane Business Centre, in Guardamangia - the Guarantor positioned itself as the pioneer in the development of purpose-built open-plan office premises available for leasing to corporate tenants, both local and those setting up base in Malta. This milestone was followed by the acquisition and development of other business centres situated in prime locations across Malta, namely the Mayfair Business Centre in St. Julian's, the Cornerstone Business Centre in Mosta, and the Marina Business Centre in Ta' Xbiex. In 2017, the Guarantor completed the development of its most recent addition to its portfolio of business centres, the Golden Mile, which is situated in St. George's Bay, St. Julian's.

In addition to lease agreements entered into with the tenants occupying units within the aforementioned business centres, the Guarantor is party to management agreements for the provision of property management and maintenance services by the Guarantor to the respective lessees, the terms and conditions of which form an integral part of the respective lease agreements. The purpose of such agreements is that of governing the day-to-day operation of the business centres, including, *inter alia*:

- property management of the buildings;
- the general upkeep, cleanliness and maintenance of common areas of the premises;
- the general upkeep and cleanliness of external apertures of the properties;
- the servicing and maintenance of standby generators, passenger and disabled platform lifts, and air-conditioning systems;
- the servicing of fire and smoke alarm systems;
- water and electricity charges relative to the common areas of the premises; and
- building insurance costs relative to the premises.

4.4.2 PRINCIPAL ASSETS OF THE GUARANTOR

The principal assets of the Guarantor are the five business centres it owns and manages, namely the Parklane Business Centre, the Mayfair Business Centre, the Cornerstone Business Centre, the Marina Business Centre and the most recent addition to its business centre portfolio, the Golden Mile, all of which are leased out to corporate tenants by the Guarantor. Other real estate assets owned by the Guarantor include terraced premises presently leased out as office space (Borton House), a lock-up garage in Balzan which is presently on lease, and a maisonette in Ibragg. As at the date of this Prospectus, the latter two properties are the subject of promise of sale agreements which are expected to be concluded following the Bond Issue.

4.4.2.1 BUSINESS CENTRES

I. The Golden Mile Business Centre

The most recent development by the Guarantor, the Golden Mile, is located in St. Julian's, overlooking St. George's Bay, bounded on the East by St. George's Road, on the North West by the seafront Dragonara Road and on the South West by a pedestrian lane. The business centre, which was constructed in 2017, consists of an eight-storey building covering an area of circa 2,880m^2 of rentable space. Finished to the highest of quality standards, this iconic building houses the latest state of the art facilities and highly finished amenities for flexible open plan office premises and also includes car parking facilities. It covers an area of over 3,770m^2 of space spread across the seven levels. Internally the building comprises a large office area complemented by in-house eateries, chill-out areas and terraces for leisure and entertainment.

The entire building is being leased out to a single tenant – an international gaming group, which is using the premises as its headquarters. The lease agreement is for a period of five years, running from 1 August 2017. The lessee may terminate the lease after the end of the fifth year by giving 12 months' notice prior to the end of the fifth year. Should the lessee not invoke its right to terminate the lease, it shall automatically be renewed for a further period of three years. Thereafter, the lessee is granted a right of first refusal in relation to a new lease of the property on terms which are no more onerous than those offered to and accepted by third parties. Rent payable in terms of the applicable lease agreement is subject to an annual increase of 3%, as from 1 August 2018.

The lessee is responsible for all ordinary repairs and maintenance to be carried out on any internal part of the premises, whereas any extraordinary repairs to the structure are to be borne by the lessor unless occasioned by the negligence or misuse of the premises by the lessee.

The lessee is precluded from sub-letting, assigning or otherwise disposing of the premises, whether in whole or in part, but it shall be entitled to allow the use of or to sublet such parts of the premises as it deems necessary to any company being owned and controlled by the lessee or by the related group companies acting as sureties for the lessee's obligations in terms of the lease.

In respect of this particular business centre, the Guarantor has agreed to grant naming rights to the lessee, such that the business centre is currently doing business as "@GIG Beach".

As part of its Corporate Social Responsibility policy, the Guarantor has relinquished a part of the land in question to widen a public alleyway that lies adjacent to the building and links St. Georges Bay to Paceville, which it embellished to high standards at its own cost.

II. The Marina Business Centre

The Marina Business Centre is set in Ta' Xbiex, overlooking the 720-berth Msida Yacht Marina, with spectacular views of the harbour from the upper floors. The property lies on a corner site between two streets and is bounded on the North by Triq l-Imradd, on the North West by Triq Abate Rigord and on the other two sides by third party property.

The business centre stands on a plot of land measuring approximately 800m^2 and consists of a six-storey building with an underlying semi-basement floor and two full basement floors, offering over 3,000m^2 of fully finished and serviced office spaces, a catering establishment and a private car park.

At present, the occupancy level of the building stands at 98%. The tenant mix is split mainly amongst companies in the IT and gaming industries, with which nine lease agreements have been concluded with seven tenants for definite periods ranging from nine months to eight years. Six of the leases may be automatically renewed for further periods of one or two years until termination of the respective lease agreement by either of the parties thereto, whilst two of the lease agreements are due to expire in 2019 and another in 2018.

III. The Cornerstone Business Centre

The Cornerstone Business Centre consists of a five-storey commercial building which includes a receded floor and two underlying basement floors. The building is located in the heart of Mosta's commercial centre. It lies on a rectangular corner site situated between two streets, bounded on the South East by 16th September Square, on the South West by Triq il-Kostituzzjoni, and on the other two sides by third party property. The business centre stands on a plot of land measuring approximately 610m^2.

The property comprises a mix of fully finished and serviced office spaces and retail outlets, with over 1,800m^2 of office space leased out to companies within the corporate services and gaming industries in the main, and an additional 372m^2 of retail space across the five floors. The Issuer's own offices are located at the penthouse level of the Cornerstone Business Centre.

Presently 100% of the building's rentable area is leased to seven corporate tenants and two retail tenants. In turn, one of the retail tenants occupying the premises operates a 'shop-in-shop concept' and therefore sub-leases parts of the retail space to a further three sub-lessees. The term of the lease agreements currently in place ranges from one to 15 years, with those relating to use of office space being subject to an automatic renewal for further periods of one year until termination of the respective lease agreement by either of the parties thereto, and those relating to retail use due to expire between 2020 and 2025.

IV. The Mayfair Business Centre
Originally constructed in 1996, the Mayfair Business Centre is situated in the heart of St. Julian's main tourist and entertainment centre, a short distance away from the Golden Mile. The property consists of a seven-storey commercial building including a receded floor and semi-basement floor together with an underlying basement floor and lies on a triangular corner site between two streets, bounded on the South East by Triq Santu Wistin, on the West by a branch of Triq Santu Wistin and on the North and North West by the Eden Cinemas complex.

The building stands on a plot of land measuring circa 575m^2. The business centre offers circa 2,500m^2 of fully finished and serviced office spaces, a private car park, a catering establishment on the ground floor and an in-house canteen.

At present, the occupancy level of the building stands at 100%, split amongst 14 tenants, the main one of which being an international language school occupying approximately 1,620m^2 of floor area. Other tenants which are presently leasing office space in the business centre include a leading company in the automotive industry, a European multinational car rental company, an international sales and trading company operating within the energy industry and one of the largest European chemical producing companies.

The lease agreements have been concluded for definite periods, ranging from one to three years, automatically renewable for further periods of one to three years until termination of the respective lease agreement by either of the parties thereto.

V. The Parklane Business Centre
The Parklane Business Centre, which was constructed in 1992, is situated in the central commercial centre of Guardamangia. The property consists of a four-storey commercial building with an underlying semi-basement floor and lies on a trapezoidal corner site between two streets, bounded on the North East by Triq Pietru Xuereb, on the South by Triq Joe Sciberras and on the North West by third party property. The building stands on a plot of land measuring approximately 290m^2 and offers 945m^2 of lettable space across the four floors with fully finished and serviced office spaces and a private car park. The business centre was completed to high specifications and caters for businesses wishing to operate from smaller offices ranging from 120 to 150m^2.

At present, five tenants consisting of corporate services providers, companies operating in the gaming industry and an electronic retail outlet, occupy units within the Parklane Business Centre. The building is presently 100% occupied. All lease agreements have been concluded for definite periods of two to three years, subject to an automatic renewal for further periods of one to three years until termination of the respective lease agreement by either of the parties, save for one particular lease which was contracted for the duration of 12 years and is due for expiration in 2028.

4.4.2.2 OTHER REAL ESTATE ASSETS

In addition to the above business centres, as previously indicated the Guarantor owns a number of smaller properties, the most significant of which is Borton House, a three-story terraced premises located in a residential area in Mosta. The property is bounded on the North by Triq Sir Arthur Borton and on the other sides by third party property, and stands on a plot of land measuring approximately 125m^2. The building has, since completion, been leased out as a private planning office covering an area of circa 200m^2, together with its underlying garage at ground floor level taking up an area of around 80m^2.

4.4.2.3 FUTURE PROPERTY DEVELOPMENTS

In furtherance of its business model geared towards steady cash flow generation through the leasing of commercial property, the Guarantor intends to further grow the 'Exalco' brand and enhance the reputation it has garnered in the local market since emerging as one of the first suppliers of high quality office and retail space amongst local and foreign businesses.

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

In addition to the above, the Guarantor will seek to identify additional properties for acquisition and subsequent development.

4.5 PRINCIPAL INVESTMENTS OF THE ISSUER AND GUARANTOR

Save as set out in section 4.4.2.3 above, the Guarantor has not entered into or made firm commitments towards any principal investments subsequent to 31 December 2017, being the date of the latest audited financial statements of the Guarantor, other than ordinary capital expenditure required for the upkeep of the properties listed in section 4.4.2 above.

[5]
TREND INFORMATION AND FINANCIAL PERFORMANCE

5.1 TREND INFORMATION

The Issuer was registered and incorporated on 17 July 2018 as a special purpose vehicle to act as the financing arm of the Group. As indicated in section 3.3 of this Registration Document, the Issuer has no financial information to report. Accordingly, it is not in a position to assert whether there has been a material adverse change since the date of publication of its latest audited financial statements. It is, however, in a position to confirm that there have been no material adverse changes in the prospects of the Issuer since the date of its incorporation.

There have been no material adverse changes in the prospects of the Guarantor since the date of publication of its latest audited financial statements.

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

The following is a brief synopsis of the significant trends affecting the operations of Exalco Properties Limited:

The Guarantor's primary operating activity comprises the acquisition and development of high-quality business centres and the leasing of office and retail space to third parties. The Guarantor owns five large business centres in prime locations across Malta and also owns other smaller properties as set out in section 4.4.2.

Historically, the Guarantor's properties have nearly always operated close to full occupancy. Occupancy levels in 2017 averaged 100% across all properties, with only one unit of circa 64m^2 and five car spaces becoming available during the last quarter of the year. In 2018, occupancy levels are expected to remain consistent with 2017, since over 90% of expected rental revenue is contracted.

The Guarantor's rental income is highly dependent on the rental of office space. In fact, this is expected to comprise circa 85% of the company's rental revenue in 2018. Moreover, a significant proportion of tenants operate in the gaming and financial services sectors, with over 70% of total rental revenue expected to be generated in 2018 relating to these two sectors.

Growth in the gaming and financial services sectors in Malta has been one of the principal drivers of the increase in demand for office space in recent years. The growth in these segments reflects, *inter alia*, the effect of numerous Government incentives and an attractive tax system that continue to draw international operators to set up their operations in Malta. Additionally, Malta boasts a highly skilled and productive multi-lingual workforce, a strategic geographical position, a stable political climate, and sound infrastructure which also contribute towards establishing Malta as an attractive location for these segments.

The heightened demand for office space has resulted in a significant pipeline of real estate projects, which include a substantial element of office accommodation. The take-up of this additional office space remains dependent on continued growth in foreign direct investment and employment particularly from the gaming and finance industry. The Guarantor is confident that its experience and track record place it in a suitable position to remain one of the leading providers of quality office space in Malta. The Guarantor intends to continue expanding its property portfolio and actively monitors the local market for new investment opportunities. In fact, since the completion of the Golden Mile development in 2017, management has been assessing the viability of a number of prospective projects, as outlined in section 4.4.2.3 above.

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

5.2 SELECTED FINANCIAL INFORMATION

As a public limited liability company, the Issuer's financial statements shall be prepared in accordance with international financial reporting standards ("**IFRS**"). The Guarantor's financial statements are prepared in accordance with the Accountancy Profession (General Accounting Principles for Small and Medium-Sized Entities) Regulations, Legal Notice 289 of 2015 ("**GAPSME**"), as permitted by the requirements of the Act and the Listing Rules.

Both the Issuer and the Guarantor are subsidiaries of Exalco Holdings. The directors of Exalco Holdings have undertaken that, for the purposes of this Bond Issue, i) to prepare consolidated financial statements in accordance with IFRS; and ii) to publish such accounts annually within the four-month period following year-end in line with the Transparency Directive as adopted in Malta.

5.2.1 THE ISSUER

The Issuer was registered and incorporated on 17 July 2018 as a special purpose vehicle to act as the financing arm of the Group. The Issuer has, to date, not conducted any business, and has no trading record. There has not been any significant change in the financial or trading position of the Issuer, which has occurred since the date of its incorporation.

5.2.2 THE GUARANTOR

Financial information for the three financial years ended 31 December 2015, 2016 and 2017 is included in the financial statements of the Guarantor. Copies of the aforementioned financial statements are available for review on the Issuer's website: www.exalcogroup.com

The financial statements for the years ended 31 December 2015 and 2016 represent the consolidated results of Exalco Properties Limited and ECTS Limited, a subsidiary of Exalco Properties having registration number C 22547 (hereinafter **"ECTS Limited"**). On 31 December 2017, the shares held by the Guarantor in ECTS Limited were transferred to the shareholders of the Guarantor, therefore the financial statements for the year ended 31 December 2017 represent solely the results of Exalco Properties.

The key highlights taken from the audited financial statements of the Guarantor for the years ended 31 December 2015, 2016, and 2017 are set out over the next three pages:

Exalco Properties Limited **Income Statement for the year ended 31 December** **€'000s**	**2015** **Audited**	**2016** **Audited** **restated**	**2017** **Audited**
Net revenue from property leasing activities	1,770	1,863	2,323
Net operating costs	(250)	(237)	(274)
Normalised EBITDA[1]	**1,520**	**1,626**	**2,049**
Depreciation	(50)	(83)	(204)
Normalised operating profit	**1,470**	**1,543**	**1,845**
Net finance costs	(542)	(509)	(538)
Normalised profit before tax	**928**	**1,034**	**1,307**
Extraordinary expenses	(182)	(131)	(102)
Net income attributable to the legacy metals business	36	24	-
Net income attributable to other discounted operations	42	42	46
Profit before tax of ECTS Limited	33	33	-
Reported profit before tax	**857**	**1,002**	**1,251**
Taxation	(268)	(295)	(333)
Reported profit after tax	**589**	**707**	**918**

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

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

Restatements in the audited income statement for the year ended 31 December €'000s	**2015 Audited**	**2016 Audited restated**	**2017 Audited**
Depreciation charge as reported	(50)	(39)	(204)
Depreciation charge as restated	(50)	(83)	(204)
Restatement	**-**	**(44)**	**-**
Taxation as reported	(268)	88	(333)
Taxation as restated	(268)	(295)	(333)
Restatement	**-**	**(383)**	**-**
Profit after tax as reported in the audited income statement	**589**	**1,134**	**918**
Adjustment for the restatement of depreciation	-	(44)	-
Adjustment for the restatement of taxation	-	(383)	-
Reported profit after tax	**589**	**707**	**918**

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

Exalco Properties Limited **Statement of Financial Position as at 31 December** **€'000s**	**2015** **Audited**	**2016** **Audited** **restated**	**2017** **Audited**
ASSETS			
Non-current assets			
Property, plant and equipment	135	128	456
Investment property: Exalco Properties	32,768	32,834	53,716
Investment property: ECTS	1,978	1,978	-
	34,881	**34,940**	**54,172**
Current assets			
Trade and other receivables	701	315	1,000
Cash and cash equivalents	905	697	213
	1,606	**1,012**	**1,213**
Total Assets	**36,487**	**35,952**	**55,385**
Equity and reserves			
Called up issued share capital	2,400	2,840	2,840
Revaluation reserve	14,968	15,352	30,270
Other reserves	2,290	2,290	-
Retained earnings	1,695	1,488	2,358
	21,353	**21,970**	**35,468**
Non-current liabilites			
Borrowings	9,803	8,710	10,026
Shareholders' loan	204	168	583
Trade and other payables	40	14	-
Security deposits	-	-	552
Deferred taxation	1,918	1,534	4,651
	11,965	**10,426**	**15,812**
Current liabilities			
Borrowings	1,579	1,491	1,661
Trade and other payables	1,150	1,395	2,032
Security deposits	341	420	114
Current taxation	99	250	298
	3,169	**3,556**	**4,105**
Total equity and liabilities	**36,487**	**35,952**	**55,385**

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

Restatements in the audited balance sheet* for the year ended 31 December €'000s	2015 Audited	2016 Audited restated	2017 Audited
Investment property as reported	34,746	35,329	53,716
Investment property as restated	34,746	34,812	53,716
Restatement	**-**	**(517)**	**-**
Total assets as reported in the audited balance sheet*	**36,487**	**36,469**	**55,385**
Adjustment for the restatement of accumulated depreciation on buildings	-	(517)	-
Reported total assets	**36,487**	**35,952**	**55,385**
Revaluation reserve as reported	14,968	14,969	30,270
Revaluation reserve as restated	14,968	15,352	30,270
Restatement	**-**	**383**	**-**
Retained earnings as reported	1,695	2,388	2,358
Retained earnings as restated	1,695	1,488	2,358
Restatement	**-**	**(900)**	**-**
Total equity and liabilities as reported in the audited balance sheet*	**36,487**	**36,469**	**55,385**
Adjustment for the restatement of accumulated depreciation on buildings	-	(517)	-
Reported total equity and liabilities	**36,487**	**35,952**	**55,385**

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

Exalco Properties Limited Cash Flow Statement for the year ended 31 December €'000s	2015 Audited	2016 Mgt info.	2017 Mgt info.
Net cash from operating activities	211	1,622	1,322
Net cash used in investing activities	(869)	(614)	(3,407)
Net cash from / (used in) financing activities	1,882	(1,216)	1,601
Net movement in cash and cash equivalents	**1,224**	**(208)**	**(484)**
Cash and cash equivalents at beginning of year	(319)	905	697
Cash and cash equivalents at end of year	**905**	**697**	**213**
Cash and cash equivalents at end of year	905	697	213
Bank overdraft balance	(1,074)	(618)	(734)
Net cash and cash equivalents at end of year	**(169)**	**79**	**(521)**

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

**The term 'balance sheet' refers to the Statement of Financial Position of the Guarantor.*

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

The Guarantor's normalised EBITDA margin increased from 86% in 2015 to 88% in 2017, which means that the company has been consistently achieving improved margins in its operations, which translated into additional profit. Normalised operating profit increased from €1.5 million in 2015 to €1.8 million in 2017, representing an overall increase of 26%.

Profit for the year increased from €0.6 million in 2015 to €0.9 million in 2017. Apart from the increase in operating profit, other principal movements relate to extraordinary expenses of €0.2 million incurred in 2015 and €0.1 million incurred in 2016 and 2017. The extraordinary costs incurred in 2015 and 2016 mainly related to one-off expenses incurred on non-routine maintenance works done within the business centres, whilst the extraordinary costs in 2017 related to the repair works of the public alleyway adjacent to the Golden Mile Business Centre.

Other normalisation adjustments reflect the discontinued operations of the Guarantor that have been transferred to related companies and include the net income attributable to the legacy metals business, which was transferred to Exalco Metals Limited in 2016 (C 67788), net income expected to be generated by a related company in 2018 and profits attributable to ECTS Limited, which was transferred to the shareholders of the Guarantor, as explained above.

Total assets as at 31 December 2017 amounted to circa €55.4 million and primarily include the Guarantor's investment property portfolio which is carried at a total value of €53.7 million, reflecting the fair value of the Guarantor's property portfolio, as outlined in further detail in section 4.4 above. The carrying amount of the properties is based on a valuation carried out by an independent qualified architect in 2018 in accordance with the requirements of Chapter 7 of the Listing Rules, which is included in Annex I of this Registration Document. The valuations resulted in the recognition of a revaluation gain of €18 million (before deferred tax effect) in the financial statements for the year ended 31 December 2017. A significant portion of the revaluation surplus (€12.4 million) was recognised on the Golden Mile Business Centre, given that this property was carried at historical cost until it was completed in 2017. Other material surpluses were recognised on the Mayfair Business Centre (+€2.5 million) and the Marina Business Centre (+€1.3 million).

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

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

Between 2015 and 2017, the Guarantor generated total cash from operating and financing activities of €3.1 million and €2.3 million respectively, which were utilised primarily to finance the development of the Golden Mile Business Centre. Net cash inflows from operating activities largely represented cash generated from property leasing activities net of finance costs, whilst net cash inflows from financing activities mainly represented loan drawdowns for the financing of the Golden Mile project. Cash outflows from investing activities mainly comprised the investment in the Golden Mile Business Centre, which was completed in 2017.

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

[6] ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

6.1 THE BOARD OF DIRECTORS OF THE ISSUER

In accordance with the Memorandum and Articles of Association, the Board of the Issuer is to consist of a minimum of three (3) and a maximum of six (6) Directors. Presently, there are six (6) directors. The Board is expected to meet regularly to establish and review the policies and strategies of the Issuer and to monitor the implementation thereof and the overall performance of the Issuer.

6.1.1 EXECUTIVE DIRECTORS

The executive Directors of the Issuer are entrusted with the company's day-to-day management.

The executive Directors of the Issuer are Mr Alexander Montanaro, Mr Jean-Marc Montanaro and Mr Michael Montanaro.

6.1.2 NON-EXECUTIVE DIRECTORS

The main functions of the non-executive Directors are to monitor the operations of the executive Directors and their performance, as well as to review any proposals tabled by the executive Directors. In their capacity as members of the Audit Committee (refer to section 8 below), the non-executive Directors also have a crucial role in monitoring the activities and financial performance of the Guarantor, upon which the Issuer is dependent for the purpose of fulfilling its repayment obligations in terms of the Bond Issue.

The non-executive Directors are Mr Lawrence Zammit, Mr Mario P. Galea and Mr Kevin Valenzia.

6.1.3 CURRICULUM VITAE OF THE DIRECTORS OF THE ISSUER

Mr Alexander Montanaro
Founder of Exalco Properties Limited (originally Exalco Group Limited) since 1986, Mr Alexander Montanaro has served as managing director of the Guarantor since its inception, responsible for successfully implementing the company's policies, developing its strategic plans and overseeing its operations. He served as financial manager of Moenninghoff Metals (Malta) Ltd between 1978 and 1979, as financial manager, administration/finance manager and eventually general manager of Rotos Pumps Co. Ltd between 1979 and 1984, and as administration/finance manager of Muscat Group of Companies between 1984 and 1986. Mr Montanaro has also occupied a number of directorship positions in various companies within the real estate, metals and corporate services industries. He has also obtained authorisation to act as trustee by the MFSA. Mr Montanaro is the chairman of the board of directors of both the Issuer and the Guarantor.

Mr Jean-Marc Montanaro
Mr Jean-Marc Montanaro holds a Bachelor's degree in Business Administration (Honours) from Cardiff University, United Kingdom and holds the ACCA and FCCA qualifications. He has three years of professional experience which he gained working with Deloitte. Mr Montanaro has occupied the roles of director and financial controller of the Guarantor, Exalco Metals Limited and ECTS Limited since 2006, responsible for all aspects of corporate accounting and financial reporting activities of the three entities, the carrying out of feasibility studies for any potential property project, the project management of major developments including the Golden Mile and the Parklane business centres, and the project management of major refurbishment works in the Cornerstone and Mayfair business centres. Mr Montanaro is an executive Director of the Issuer and a director of the Guarantor.

Mr Michael Montanaro

Mr Michael Montanaro holds a Bachelor's degree in Business Studies with a major in Finance (Honours) from Napier University, Edinburgh. Mr Montanaro has served the Guarantor as property manager since 2010 and is entrusted mainly with the responsibility for the day-to-day management of the tenants of the business centres including maintenance and cleaning works, the negotiating of lease agreements with the same, and the marketing of available office space within the business centres. He also carries out project management on any refurbishment and finishing works undertaken by the Guarantor and formulates business development policies for the same. Mr Montanaro is an executive Director of the Issuer and a director of the Guarantor.

Mr Lawrence Zammit

Mr Lawrence Zammit is a founding partner and a director of MISCO, and was instrumental in developing its market research division. Mr Zammit also holds a number of directorships in both private and public companies, and acts as a consultant to a number of business organisations, with a special focus on strategic issues related to leadership, business development, management and marketing. Mr Zammit is currently chairman of the board of directors of Atlas Insurance PCC Limited (C 5601) and Grand Harbour Marina p.l.c. (C 26891), as well as being a director of PG p.l.c. (C 78333), Loqus Holdings p.l.c. (C 27140), Mariner Finance p.l.c. (C 31514) and Corporate Identities Limited (C 52111). Furthermore, he is a former chairman of the Employment and Training Corporation, Malta International Airport p.l.c. (C 12663), Air Malta p.l.c. (C 2685) and Malta Enterprise Limited (C 29092).

Mr Mario P. Galea

A certified public accountant and auditor holding a warrant to practice both as an accountant and an auditor, Mr Mario P. Galea currently practises as a business adviser providing oversight and advisory services to businesses and corporations, and serves on the board of directors of various companies in the financial and commercial sectors, namely Chester Investment (Malta) Limited (C 84014), Globalcapital Life Insurance Limited (C 29086), Palm City Limited (C 34113), Palm Waterfront Limited (C 57155), Reed Global Limited (C 45367) and Reed Insurance Limited (C 38345). Mr Galea also sits on the board of directors of a number of listed companies, that is Mediterranean Investments Holding p.l.c. (C 37513), in respect of which he also acts as chairman of its audit committee, Corinthia Finance p.lc. (C 25104) and Santumas Shareholdings p.l.c (C 35). Mr Galea was founder, managing partner and chairman of Ernst & Young in Malta for more than ten years and saw the successful introduction and growth of the local firm into a recognised and respected presence in the market. Amongst a number of other appointments, he served as president of the Malta Institute of Accountants, chairman of the Malta Resources Authority, and sat on various professional committees in Malta and abroad, such as the Council of the Federation des Experts-Comptables Européens (FEE) in Brussels. He continues to form part of the Ethics and Regulatory committees of the Malta Institute of Accountants and the Accountancy Board, the accountancy professional regulator in Malta. Mr Galea has also lectured in auditing, assurance and professional and business ethics, led several training courses and spoke at various business and professional conferences in Malta and abroad.

Mr Kevin Valenzia

Mr Kevin Valenzia recently stepped down as managing partner of PricewaterhouseCoopers in Malta, after having served for eight years in that role, and retired from PricewaterhouseCoopers after having reached the firm's mandatory retirement age. He had been a partner at PricewaterhouseCoopers since 1987, and has been instrumental in helping to develop Malta's financial services industry. Amongst a number of other appointments, he is a past President of the Institute of Financial Services Practitioners, past Chairman of the Financial Services Consultative Council, and one of the first Governors of Finance Malta. He has also been consulted regularly by successive governments for advice on the continued development of Malta's financial services sector and continues to sit on the Financial Services Working Group, chaired by the Minister for Finance. Mr Valenzia is a member of the board of directors of Hudson Malta p.l.c. (C 83425), The Malta Business Network (Malta) Limited (C 61040) and Bado Holdings Limited (C 19154).

6.1.4 DIRECTORS' SERVICE CONTRACTS

The respective functions of each of the Issuer's Directors are regulated by service contracts. A copy of each of these service contracts is available for inspection by any person entitled to receive notice of general meetings of the Issuer at the registered office of the Issuer in accordance with the requirements of the Listing Rules.

6.1.5 AGGREGATE EMOLUMENTS OF DIRECTORS

In terms of the Memorandum and Articles of Association, the aggregate emoluments of all Directors in any one financial year, and any increases thereto, shall be such amount as may from time to time be determined by the Issuer in general meeting, and any notice convening the general meeting during which an increase in the maximum limit of such aggregate emoluments shall be proposed, shall contain a reference to such fact. The Directors may also be paid any travelling, accommodation and other expenses properly incurred by them in attending and returning from Board or committee meetings of the Issuer or in connection with the business of the Issuer.

6.1.6 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.

6.1.7 REMOVAL OF DIRECTORS

A Director may, unless he resigns, be removed by ordinary resolution of the shareholders as provided in article 140 of the Act.

6.1.8 POWERS OF DIRECTORS

The business of the Issuer is managed by the Directors, who may, in accordance with the Memorandum and Articles of Association, exercise all such powers as are not by the statutes or by the memorandum or articles of the Issuer required to be exercised by it in general meeting.

In accordance with the Memorandum and Articles of Association, the Board may exercise all the powers of the Issuer to borrow money and to hypothecate or charge its undertaking, property and uncalled capital or any part thereof, and to issue equity and debt securities on such terms, in such manner and for such consideration as they may deem fit, whether outright or as security for any debt, liability or obligation of the Company or of any third-party.

6.2 EMPLOYEES OF THE ISSUER

As at the date of the Prospectus, the Issuer has no employees.

6.3 THE BOARD OF DIRECTORS OF THE GUARANTOR

The board of directors of the Guarantor is to consist of a minimum of three (3) and a maximum of six (6) directors. Presently there are three directors. The board meets regularly to establish and review the policies and strategies of the Guarantor and to monitor the implementation thereof and the overall performance of the Guarantor.

6.3.1 CURRICULUM VITAE OF THE DIRECTORS OF THE GUARANTOR

The CVs of the directors of the Guarantor may be found in section 6.1.3 above.

6.3.2 DIRECTORS' SERVICE CONTRACTS

None of the directors of the Guarantor have a service contract with the Guarantor.

6.3.3 AGGREGATE EMOLUMENTS OF THE DIRECTORS OF THE GUARANTOR

In terms of the Guarantor's articles of association, no remuneration shall be payable to the directors, including directors holding an executive office, unless and to the extent approved by the Guarantor in general meeting. The directors shall, however, be entitled to a reimbursement of all travelling, accommodation and other expenses properly incurred by them in attending and returning from meetings of the board of directors or general meetings of the Guarantor or in connection with the business of the Guarantor.

6.3.4 LOANS TO DIRECTORS

There are no loans outstanding by the Guarantor to any of its directors nor any guarantees issued for their benefit by the Guarantor.

6.3.5 REMOVAL OF DIRECTORS

A director may, unless he resigns, be removed by ordinary resolution of the shareholders as provided in article 140 of the Act.

6.3.6 POWERS OF DIRECTORS

By virtue of the articles of association of the Guarantor, the directors are empowered to transact all business which is not, by the Articles, expressly reserved for the shareholders in general meeting.

6.4 EMPLOYEES OF THE GUARANTOR

As at the date of the Prospectus, the Guarantor has seven employees.

[7]
MANAGEMENT STRUCTURE

7.1 GENERAL

The Issuer is a finance company which does not require an elaborate management structure. Mr Alexander Montanaro has been appointed to be the Chairman of the Board of the Issuer. The Directors believe that the present organisational structures are adequate for the current activities of the Issuer. The Directors will maintain these structures under continuous review to ensure that they meet the changing demands of the business and to strengthen the checks and balances necessary for better corporate governance.

7.2 MANAGEMENT TEAM OF THE GUARANTOR

The key members of the Guarantor's management team are the following:

Name	Designation
Mr Alexander Montanaro	Managing Director and Chairman
Mr Jean-Marc Montanaro	Financial Controller
Mr Michael Montanaro	Property Manager

The Managing Director and Chairman is responsible for the development of the Guarantor's business development strategies, the implementation of its policies and the effective oversight of its day-to-day operations.

The Financial Controller's role is to manage and control all operations of the Finance Department of the Guarantor, pursuant to and within the parameters of the Guarantor's objectives and performance targets. He is also responsible for the project management of major developments and refurbishment works carried out on the Guarantor's properties.

The Property Manager is responsible for the planning, direction and control of the daily operations of the Guarantor's business centres including but not limited to the management and maintenance of the leases, the negotiating of lease agreements with the tenants, and the marketing of vacant rentable space.

7.3 CONFLICT OF INTEREST

As at the date of this Prospectus, each of the three executive Directors of the Issuer sits on the board of directors of the Guarantor, and as such are susceptible to conflicts between the potentially diverging interests of the two companies, particularly in connection with advances to be made by the Issuer to the Guarantor in undertaking new projects. Furthermore, Mr Jean-Marc Montanaro and Mr Michael Montanaro are two of the ultimate beneficial owners of both the Issuer and the Guarantor.

No private interests or duties unrelated to the Issuer or the Guarantor, as the case may be, have been disclosed by the management teams of the two companies which may or are likely to place any of them in conflict with any interests in, or duties towards, each other. In addition, in view of the lender-borrower relationship which is to arise between the Issuer and the Guarantor, there may be situations that could give rise to conflicts between the potentially diverging interests of the two entities. In these situations, the Directors shall act in accordance with the majority decision of those Directors who would not have a conflict in the situation and in line with any advice of outside legal counsel as may be necessary.

The Audit Committee of the Issuer has the task of ensuring that any such potential conflicts of interest relating to the Directors are handled in the best interests of the Issuer. In terms of the Act, any director who, in any way, whether directly or indirectly has an interest in a contract or a proposed contract or in any transaction or arrangement (whether or not constituting a contract) with the company whose board it sits on, is required to declare the nature of his/her interest at a meeting of such company's board of directors.

To the extent known or potentially known to the Issuer as at the date of this Prospectus, there are no other potential conflicts of interest between any duties of the Directors and of executive offices of the Issuer and/or the directors of the Guarantor and their respective private interests and/or their other duties, which require disclosure in terms of the Regulation.

[8]
AUDIT COMMITTEE PRACTICES

8.1 AUDIT COMMITTEE

The Audit Committee's primary objective is to assist the Board in fulfilling its oversight responsibilities over the financial reporting processes, financial policies and internal control structure. The Committee oversees the conduct of the internal and external audit and acts to facilitate communication between the Board, management and the internal and external auditors. The external auditors are invited to attend the Audit Committee meetings. The Audit Committee reports directly to the Board.

The terms of reference of the Audit Committee include support to the Board in its responsibilities in dealing with issues of risk, control and governance, and associated assurance of the Issuer. The Board has set formal terms of establishment and the terms of reference of the Audit Committee which set out its composition, role and function, the parameters of its remit as well as the basis for the processes that it is required to comply with.

Briefly, the Audit Committee is expected to deal with and advise the Board on:

a. its monitoring responsibility over the financial reporting processes, financial policies and internal control structures;
b. maintaining communications on such matters between the Board, management and the external auditors; and
c. preserving the Issuer's assets by assessing the Issuer's risk environment and determining how to deal with those risks.

In addition, the Audit Committee has the role and function of 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, on a commercial basis and ultimately in the best interests of the Issuer.

As indicated in section 6.1.2 above, the Audit Committee of the Issuer has a crucial role in monitoring the activities and conduct of business of the Guarantor, insofar as these may affect the ability of the Issuer to fulfil its obligations in terms of the Bonds. Such role is specified in the Audit Committee's Terms of Reference and also forms the subject of a contractual undertaking by the Issuer in favour of the Guarantor in terms of the loan agreement relative to the bond proceeds, pursuant to which the Guarantor has vested the Audit Committee of the Issuer with certain monitoring functions in light of the Issuer's dependence on the Guarantor.

Furthermore, the Audit Committee has the role of assessing any potential conflicts of interest between the duties of the Directors and their respective private interests or duties unrelated to the Issuer.

The Audit Committee is made up entirely of non-executive Directors, all of whom are independent of the Issuer. Audit Committee members are appointed for a period of three years, unless terminated earlier by the Board. The Audit Committee is composed of Mr Lawrence Zammit (independent non-executive Director), Mr Mario P. Galea (independent non-executive Director) and Mr Kevin Valenzia (independent non-executive Director). The Chairman of the Audit Committee, appointed by the Board, is entrusted with reporting to the Board on the workings and findings of the Audit Committee. Mr Mario P. Galea occupies the post of Chairman of the Audit Committee, which role is subject to rotation between the members on an annual basis. Mr Mario P. Galea and Mr Kevin Valenzia are considered by the Board to be competent in accounting and/or auditing in terms of the Listing Rules.

[9] COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS

9.1 THE ISSUER

Prior to the present Bond Issue, the Issuer was not regulated by the Listing Rules and accordingly was not required to comply with the Code of Principles of Good Corporate Governance forming part of the Listing Rules (the **"Code"**). As a consequence of the present Bond Issue in accordance with the terms of the Listing Rules, the Issuer is required to comply with the provisions of the Code. The Issuer declares its full support of the Code and undertakes to fully comply with the Code to the extent that this is considered complementary to the size, nature and operations of the Issuer.

The Issuer supports the Code and is confident that the application thereof shall result in positive effects accruing to the Issuer.

Going forward, in view of the reporting structure adopted by the Code, the Issuer shall, on an annual basis in its annual report, explain the level of the Issuer's compliance with the principles of the Code, in line with the "comply or explain" philosophy of the Code, explaining the reasons for non-compliance, if any.

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

Principle 7 "Evaluation of the Board's Performance": under the present circumstances, the Board does not consider it necessary to appoint a committee to carry out a performance evaluation of its role, as the Board's performance is evaluated on an ongoing basis by, and is subject to the constant scrutiny of, the Board itself, the Issuer's shareholders, the market and the rules by which the Issuer is regulated as a listed company.

Principle 8 “Committees”:

- the Issuer does not have a Remuneration Committee as recommended in Principle 8; and
- the Issuer does not have a Nomination Committee as recommended in Principle 8.

Appointments to the Board of Directors are determined by the shareholders of the Company in accordance with the Memorandum and Articles of Association. The Issuer considers that the members of the Board provide the level of skill, knowledge and experience expected in terms of the Code.

9.2 THE GUARANTOR

The Guarantor is not a public company having securities listed on a regulated market, and accordingly, whilst it fully endorses the provisions of the Code set out in the Listing Rules and implemented by the Issuer, it is not itself bound by such provisions, including, *inter alia*, the requirement to set up an audit committee. Notwithstanding the aforesaid, the Guarantor recognises the function of the Audit Committee of the Issuer in so far as its role in monitoring the activities and conduct of business of the Guarantor is concerned.

[10]
HISTORICAL FINANCIAL INFORMATION

As indicated in section 3.3 of this Registration Document, there is no historical financial information pertaining to the Issuer covering the period between its date of incorporation and the date of the Prospectus.

The historical financial information pertaining to the Guarantor for the financial years ended 31 December 2015 and 31 December 2016 as audited by Mr Jeremy Gambin, and those ended 31 December 2017 as audited by PricewaterhouseCoopers, are available for review on the Issuer's website and are available for inspection as detailed in section 16 of this Registration Document.

[11]
LITIGATION

The Directors are not aware of any current litigation against or otherwise involving the Issuer, including actual, pending or threatened governmental, legal or arbitration proceedings, which the Directors consider could have significant effects on the Issuer’s financial position or profitability.

There are no governmental, legal or arbitration proceedings against the Guarantor, including any pending or threatened proceedings, of which the Guarantor is aware and considers could have significant effects on the financial position or profitability of the Guarantor.

[12]
ADDITIONAL INFORMATION

12.1 SHAREHOLDING OF THE ISSUER

The authorised and issued share capital of the Issuer is €250,000 divided into 250,000 ordinary shares of a nominal value of €1.00 each. The issued share capital of the Issuer is subscribed for, allotted and taken up as follows:

Name and address of shareholder	Number of Ordinary Shares held
Exalco Holdings Limited (C 86836) Cornerstone Business Centre, Level 4, 16th September Square, Mosta, MST 1180, Malta	249,999 ordinary shares of €1.00 each
Mr Alexander Montanaro 606952 (M) Ir-Randa', Triq A. De Saavedra, Naxxar, NXR 2230, Malta	1 ordinary share of €1.00

The authorised share capital of the Issuer may be increased by an ordinary resolution of the shareholders in general meeting. Shares can be issued when and under those conditions decided by extraordinary resolution of the shareholders in general meeting.

Each ordinary share confers the right to one vote at general meetings of the Issuer. All ordinary shares rank *pari passu* in all respects.

The shares of the Issuer are not listed on the Malta Stock Exchange and no application for such listing has been made to date. It is not expected that the Issuer will issue, 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 Issuer which is currently under option, nor is there any agreement by virtue of which any part of the capital of the Issuer is to be put under option. There are no arrangements, known to the Issuer, which may at a subsequent date result in a change in control of the Issuer.

The Issuer adopts measures in line with the Code to ensure that the relationship of the Issuer and/or Guarantor with each other and/or their respective shareholders are retained at arm's length, including, in respect of both the Issuer and the Guarantor, adherence to rules on related party transactions set out in chapter 5 of the Listing Rules requiring the vetting and approval of any related party transaction by the Audit Committee, in which the majority is constituted by independent non-executive Directors of the Issuer.

12.2 SHAREHOLDING OF THE GUARANTOR

The authorised and issued share capital of the Guarantor is €2,840,000 divided into 2,840,000 ordinary shares having a nominal value of €1 each, fully paid-up and subscribed for, allotted and taken up as follows:

Name and address of shareholder	Number of Ordinary Shares held
Exalco Holdings Limited (C 86836) Cornerstone Business Centre, Level 4, 16th September Square, Mosta, MST 1180, Malta	2,840,000 ordinary shares of €1.00 each

The authorised share capital of the Guarantor may be increased by an ordinary resolution of the shareholders in general meeting. Shares can be issued when and under those conditions decided by extraordinary resolution of the shareholders in general meeting.

Each ordinary share confers the right to one vote at general meetings of the Guarantor. All ordinary shares rank *pari passu* in all respects.

The shares of the Guarantor are not listed on the Malta Stock Exchange and no application for such listing has been made to date.

It is not expected that the Guarantor will issue, 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 Guarantor which is currently under option, nor is there any agreement by virtue of which any part of the capital of the Guarantor is to be put under option. There are no arrangements, known to the Guarantor, which may at a subsequent date result in a change in control of the Guarantor.

12.3 MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE ISSUER

12.3.1 OBJECTS

The Memorandum and Articles of Association of the Issuer are registered with the Registry of Companies. The main objects of the Issuer's activities are set out in Article 3 of its Memorandum of Association as described in section 4.2.2 of this Registration Document.

A copy of the Memorandum and Articles of Association of the Issuer may be inspected during the lifetime of this Registration Document at the registered office of the Issuer and at the Registry of Companies.

12.3.2 APPOINTMENT OF DIRECTORS

At present, in terms of the Memorandum and Articles of Association, the Board shall consist of not less than three (3) and not more than six (6) directors. Directors shall be appointed by the shareholders of the Issuer in terms of the Memorandum and Articles of Association.

12.3.3 POWERS OF DIRECTORS

The Directors are vested with the management of the Issuer, 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 Issuer and in this respect, have the authority to enter into contracts, sue and be sued in representation of the Issuer. In terms of the Memorandum and Articles of Association they may do all such things that are not by the Memorandum and Articles of Association reserved for the shareholders 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.

In terms of the Memorandum and Articles of Association, the Board of Directors may exercise all the powers of the Issuer to borrow money and to hypothecate or charge its undertaking, property and uncalled capital or any part thereof, and to issue equity and debt securities on such terms, in such manner and for such consideration as they think fit. The shareholders in general meeting have the overriding authority to change, amend, restrict and/or otherwise modify such limit and the Directors' borrowing powers.

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

12.4 MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE GUARANTOR

12.4.1 OBJECTS

The memorandum and articles of association of the Guarantor are registered with the Registry of Companies. The principal objects of the Guarantor are set out in Article 3 of its memorandum and articles of association and include, but are not limited to the following:

i. to acquire and dispose of, by any title valid at law, movable or immovable property, whether for commercial or other purposes and to hold the property so acquired;
ii. to construct, reconstruct, build, improve, renovate, alter, develop, decorate, enlarge, pull down, demolish and remove or replace, furnish and maintain buildings, operations and other works of every kind and description;
iii. to invest, lease, hire, grant by way of emphyteutical concession or in any other manner employ, improve, manage or develop any of its assets as may from time to time be determined; and
iv. to guarantee the payment of monies or the performance of any contract or obligation in which the company may be interested in even by the hypothecation of the company's property, present or future.

A copy of the memorandum and articles of association of the Guarantor may be inspected during the lifetime of this Registration Document at the registered office of the Issuer and the Registry of Companies.

12.4.2 APPOINTMENT OF DIRECTORS

At present, in terms of the memorandum and articles of association, the board of directors of the Guarantor shall consist of not less than three (3) and not more than six (6) directors. Directors shall be appointed by means of an ordinary resolution of the shareholders of the Guarantor in general meeting.

12.4.3 POWERS OF DIRECTORS

The directors are vested with the management of the Guarantor, 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 Guarantor and in this respect, have the authority to enter into contracts, sue and be sued in representation of the Guarantor. In terms of the memorandum and articles of association they may do all such things that are not by the memorandum and articles of association or the law, reserved for the shareholders in general meeting.

In terms of the Guarantor's memorandum and articles of association, the board of directors may exercise all the powers of the Guarantor to borrow money or raise money or secure the payment of money and in conjunction with and independently therefrom to charge or hypothecate the property of the Guarantor or any party thereof for any debt, liability or obligation of the Guarantor.

There are no provisions in the Guarantor's memorandum and articles of association regulating the retirement or nonretirement of directors over an age limit.

[13]
MATERIAL CONTRACTS

None of Exalco Holdings, the Issuer or the Guarantor have entered into any material contracts which are not in the ordinary course of their business which could result in the Issuer (or the Guarantor, as applicable) being under an obligation or entitlement that is material to its ability to meet its obligations to security holders in respect of the securities being issued pursuant to, and described in, the Securities Note.

[14]
PROPERTY VALUATION REPORT

The Issuer commissioned Architect Stephen Mangion to issue a property valuation report in relation to the principal assets of the Guarantor as set out in section 4.4.2 of this Registration Document. The following are the details of the said valuer:

Name:	Arch. Stephen Mangion
Address:	MMP Studio, Apartment M, Dolphin Court, Embassy Way, Ta' Xbiex, XBX 1073 Malta

The property valuation report is dated 15 June 2018 and is appended as Annex I to this Registration Document.

[15]
INTEREST OF EXPERTS AND ADVISERS

Save for the property valuation report contained in Annex I to this Registration Document, and the financial analysis summary set out as Annex III to the Securities Note, the Prospectus does not contain any statement or report attributed to any person as an expert.

The property valuation report and financial analysis summary have been included in the form and context in which they appear with the authorisation of Arch. Stephen Mangion and Rizzo, Farrugia & Co (Stockbrokers) Ltd., which have given and have not withdrawn their consent to the inclusion of such reports herein. Arch. Stephen Mangion and Rizzo, Farrugia & Co (Stockbrokers) Ltd. do not have any material interest in the Issuer. The Issuer confirms that the property valuation report and financial analysis summary have been accurately reproduced in the 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.

[16]
DOCUMENTS AVAILABLE FOR INSPECTION

For the duration period of this Registration Document the following documents (or copies thereof) shall be available for inspection at the registered address of the Issuer:

a. The memorandum and articles of association of the Issuer and the Guarantor;
b. Audited financial statements of the Guarantor for the financial years ended 31 December 2015, 2016 and 2017;
c. The letter of confirmation drawn up by PricewaterhouseCoopers dated 23 July 2018;
d. Property valuation report prepared at the Issuer's request;
e. The financial analysis summary prepared by Rizzo, Farrugia & Co (Stockbrokers) Ltd. dated 31 July 2018;
f. The Guarantee; and
g. The Security Trust Deed.

The documents marked (a), (b) and (e) are also available for inspection in electronic form on the Issuer's website: www.exalcogroup.com

MMP STUDIOS

37, Dolphin Court,
Blk C, Apt M, Embassy Way,
Ta' Xbiex XBX 1073, Malta

Phone: +356 2133 6704
Email: info@mmp.com.mt

Partners:
David Bonello Eur Ing, A&CE
Jonathan Mizzi BA (Hons) Arch, Dip Arch, MArch, ARB RIBA
Victoria Farrugia Galea BE&A (Hons), A&CE

Consultants:
Stephen Mangion B Arch, A&CE
Patrick Camilleri BE&A (Hons), A&CE

Our Ref: 17026Zva001

The Board of Directors,
Exalco Finance p.l.c.
Level 4, Cornerstone Business Centre,
16th September Square,
Mosta, MST 1180
Malta

15 June 2018

Dear Sirs,

Re: Exalco Properties Limited property portfolio

I have been instructed to prepare a valuation of the following immovable properties:

Property 1.	Marina Business Centre - Abate Rigord Street, Ta' Xbiex.
Property 2.	Parklane Business Centre - Mountbatten Street, Gwardamangia, Hamrun.
Property 3.	Mayfair Business Centre - St Augustine Street, Paceville, St Julian's.
Property 4.	Cornerstone Business Centre - Constitution Street, Mosta.
Property 5.	Golden Mile Business Centre - Dragonara Road, St George's Bay, St Julian's.
Property 6.	Borton House - Sir Arthur Borton Street, Mosta.
Property 7.	Maisonette no. 9 and garage no. 24 - Hillside Place, Triq il-Kwartin, Ibragg.
Property 8.	Garage no. 14, Buontempo Estate - Triq Wied Hal-Balzan, Balzan.

I have prepared this valuation as an external and independent valuer in terms of the Kamra tal-Periti Valuation Standards (2012) and the TEGoVA European Valuation Standards (2009). These standards are considered to be suitable replacements for the Royal Institute of Chartered Surveyors (RICS) standards referred to in Chapter 7 of the Listing Rules published by the Malta Financial Services Authority (the "**Listing Rules**"). I can confirm that no conflicts of interest exist in the preparation of this valuation since I will not benefit in any way other than from the valuation fee. As a warranted architect in terms of section 7(3) of the Architecture and Civil Engineering Professionals (PERITI) Act 1996, I have been involved in numerous valuations for public and private companies and for individual clients and have acted as a property valuer for three major banks since 2003.

The basis of the valuation is to arrive at the best price at which the sale of an interest in the properties would have been completed unconditionally for a cash consideration on the date of the valuation, assuming:

- A willing seller;
- That prior to the date of the valuation, there had been a reasonable period (having regard to the nature of the properties and the state of the market) for the proper marketing of the interest, for the agreement on price and on the terms and conditions for the completion of the sale;
- That the state of the market, level of values and other circumstances are consistent over the period of the valuation;
- That no account is taken of any additional bid by a purchaser with a special interest; and
- That both parties had acted knowledgably, prudently and without compulsion.

Purpose of the valuation:

The purpose of the valuation is for its inclusion with the Prospectus to be published in connection with the proposed public bond issue by Exalco Finance p.l.c. (hereinafter referred to as the "**Issuer**") in accordance with Chapter 7 of the Listing Rules published by the Malta Financial Services Authority.

Site visit/ documents:

The properties were visited on the 27th November 2017 during which I was accompanied by one of the directors, Mr. Michael Montanaro, and the required data was collected from the owners (Exalco Properties Limited) or otherwise collated. To the best of my knowledge and belief there have been no material changes in circumstances between the date of the site visit and the date of this valuation report which would affect the valuation of the properties being valued herein.

The documents used in the preparation of the valuation generally included the following:

- Site plans.
- Floor plans.
- Planning permits.
- Excerpt from the relative Local Plans.
- Schedule of leases.
- Standard Lease agreements.
- Abbreviated accounts of the company for the years 2015, 2016 and 2017.

The deeds of acquisition of the various properties were not consulted but confirmation of rightful ownership for all the properties was provided by Notary John L. Gambin LL. D.

During the site visit, photos of the properties were taken.

The properties are being described and valued in turn hereunder.

Property 1: Marina Business Centre - Abate Rigord Street, Ta' Xbiex

Description of property, tenure, etc.:

The property consists of a six-storey building with an underlying semi-basement floor and two full basement floors. The property lies on a corner site between two streets and it is bounded on the North by Triq L-Imradd, on the North West by Triq Abate Rigord and on the other two sides by built, third party property. A part of the building at ground floor level is owned by the House Shop Ltd and this is the only part of the whole building which belongs to third parties. The building is of recent construction having been built in 2010/2011. It stands on a plot of land measuring approximately 800m^2. The building has six floors above ground including a penthouse floor and one semi-basement floor.

The shell consists of a reinforced concrete frame structure with flat slab construction on all floors and with a height of 11 courses on the main accommodation floors. A staircase and two passenger lifts extend through all the office floors while the two lifts carry down to all the basement floors. The elevated ground floor is accessible from Triq Abate Rigord by means of a flight of stairs and a wheelchair platform lift. The semi-basement floor is some 70cm below ground and accessible from Triq Abate Rigord. A 1:8 ramp then connects the semi-basement to the remaining basement floors. The basements are used essentially for parking but a part of the semi-basement which is almost wholly above street level, was converted into a catering establishment. A small part of the basement is allocated to an Enemalta sub-station and another to a stand-by generator.

The accommodation in the building is available in the following rentable area amounts:

- Level 0 (Ground floor) has a total rentable area of 270m^2;
- Level +1 has a total rentable area of 769m^2;
- Level +2 has a total rentable area of 769m^2;
- Level +3 has a total rentable area of 675m^2;
- Level +4 has a total rentable area of 689m^2; and
- Level +5 (Penthouse) has a total rentable area of 360m^2.

Most of the car spaces in the parking floors are leased out to the present lessees of office space and only five car spaces are available for leasing. The catering unit in the semi-basement floor was leased until recently to a catering establishment for five years (extendable) but the lease was terminated on the 31st October 2017 and is currently vacant. It had been leased out originally in shell form and the lessee had finished it and refurbished it at its own expense.

Many of the leases date back to the acquisition of the property by the current owners but there has been some movement mainly when tenants outgrew their offices and either moved out or shifted to and/or needed to add more office space.

The existing rental agreements have been concluded for definite periods, ranging from nine months to eight years. Six of the leases may be automatically renewed for further periods of one or two years until termination of the respective lease agreement by either of the parties thereto, and the remaining are due to expire between 2018 and 2019. In terms of the lease agreements, an amount equivalent to three months' rent is to be paid by every tenant by way of caution money for the purposes of securing its obligations under its respective lease agreement, which amount will be refunded upon termination of the lease less any amounts due for arrears in rent or sums deducted by way of damages or penalties.

With respect to the repairing obligations under the lease, all lease agreements contain the same terms such that the tenant shall be responsible for all ordinary repairs required to any internal part of the premises and extraordinary repairs to the structure, unless occasioned by the negligence or misuse of the premises by the lessee, shall be at the sole charge and expenses of the lessor. The tenants are generally precluded from sub-letting, assigning or otherwise disposing of the premises, whether in whole or in part, unless otherwise specifically agreed with the lessor.

The condition of the building inspected appears to be good and there were no overt signs of any deficiencies. The structure appears to be in good condition although it should be made clear that this is based only on a visual examination which was carried out merely for the purposes of this valuation and which does not constitute a structural condition report. Moreover, no parts of the building that were covered or otherwise inaccessible were inspected. It is being assumed that the building is essentially free of any major structural defects.

The finishes in the offices are all of a very high standard although they vary somewhat from office to office as each tenant has tended to personalise their decor. Generally, the finishes consist of:

- Floors are paved in large format ceramic tiles and skirting and in some cases, fitted carpeting;
- Walls are plastered and painted;
- Ceilings have a lay-in grid false ceiling with built-in lighting and services;
- Partitioning between different sections are in glass and aluminium or in timber;
- External doors and windows are in heavy duty aluminium with double glazing with louvre blinds in places;
- There is air conditioning throughout and there is a good provision of lighting and power points as well as data networking; and
- Adequate toilet accommodation with a good finish.

The common areas are also well finished with granite treads and risers on the stairs, cladding of the lift façades and two passenger lifts of good quality. The property is in very good condition and there do not appear to be any overt structural or other faults in the building.

Refurbishing works were carried out recently and were completed in November 2017. These consisted in the replacement of stone sun screens on the main façade of the building by Alucobond cladding. There have also been some improvements in some of the offices which were carried out by the lessees.

The offices on the upper floors have very good views of Msida Creek over the roofs of the buildings which lie to the South fronting on the seafront. This view is likely to remain, at least, for a period of time since the building behind which separates the property from the sea has multiple tenants and owners and it is unlikely to be sold for redevelopment easily.

The property was purchased in August 2011 at a price of €4,750,000. However, in addition to this, the purchasers paid a sum of €2,500,000 toward the acquisition of the leases that were then in place within the building. This sale comprised the whole block with the exception of the section occupied by the House Shop Ltd and eight car parking spaces in the garage. The property is freehold.

The property is encumbered by the security specified in Annex A to this document.

Permits:

The site falls within the North Harbours Local Plan (NHLP) for Ta' Xbiex and it is zoned for residential development. There is a height limitation of five floors plus semi-basement. In terms of DC 2015, this is equivalent to a total height of 25m which could permit up to 7 floors of 3.4m each. Given the existing height of the building (that is, between 21.3m and 24.8m above street level), no further development is possible at this stage.

There is an extensive planning history on the site which includes the following: PA07301/98, PA03068/00, PA02382/02, PA00145/09, PA03064/09, PA02559/12, PA02823/13, PA03480/14 and PA02057/16. Of these, the most relevant are PA03068/00 which covers mixed use development including garages, residential units, showrooms, cafeteria, commercial uses, clinics and offices which was granted in May 2001 and PA00145/09 which covered the same uses but included changes in the layout and the addition of four additional units which was granted in September 2010. The development appears to conform to both the approved plans and to the sanitary laws and there do not appear to have been any material contraventions of statutory requirements.

Valuation:

The property is being valued as an operating investment property - the market value for existing use. Since a very high proportion of the value arises over the early years, it is normal to apply a detailed calculation of rents and costs for up to 20 years and then to adopt the terminal value at the end of that period. This terminal value would be obtained by capitalising the free cash flow thereafter discounted to net present value. The existing use value is its market value based on the continuation of its existing use on a vacant possession basis and the assumption that the asset could be sold on the open market for its existing use.

The market value for existing use is being assessed first. The income is generated by the renting of the office areas. The building lies in a good location on a busy traffic route in Ta' Xbiex. The occupancy rates over the last two years were 100%. There appears to be a constant demand for more accommodation. It was noted that the building has a 98% occupancy level at the present moment.

The current total rental revenue from the office accommodation and, where it is included, the car parking, amounts to €936,611 excluding net property management income – this constitutes the Net Annual Rent as defined in the Listing Rules. The rates range between € 196/m^2 p.a. and €335/m^2 p.a. The rates at penthouse level and on the upper floors are generally higher than those on the lower floors.

The annual increments range between 2% and 3% p.a. Three leases were deemed to have been lower than market rental rates and these were increased to more realistic levels upon termination of the respective lease periods.

The determination of the discount rate to be applied to the rental is based on the current risk-free rate and inflation, on a general risk associated with property developments in general and finally on a specific risk premium related directly to the property being valued. The risk-free rate is based on long term (20 year) Government of Malta bonds with a current yield of 2.04%. To this is added a yield to reflect the general risks of investing in property, such as liquidity, depreciation, changes in the law etc. A rate of 2% is being taken to cover this. The final additional yield would cover risks specific to the property in question, which would include location and tenant risk, age and level of finish, land value and churn. There appears to be a very high demand for office space, with occupancy levels running fairly consistently at 100% and with the uninterrupted replacement of lessees at termination of each lease. A risk premium of 4.0% is being applied bringing the discount rate for the income to 8.04% (2.04 + 2.0 +4.0). This is being rounded off to 8.0%.

In view of the fact that the net income figures are changing due to annual increases, a Discounted Cash Flow approach was used to determine the market value for existing use with a discount rate of 8%. The terminal value was then established by capitalising the free cash flow in year 20 at a rate of 6.7% (discount rate of 8.0% less inflation of 1.3%). This was then discounted at 8.0% to establish the present value.

The value was assessed at €17,666,192, which is being rounded off to €17,600,000.

An allowance is being made for the capital expenditure required to keep the property in a good state of repair so as to continue to command the income calculated. This was determined by assessing the actual capex over the next 20-year period and beyond and discounting this at the above discount rate. In this case, the capex will be incurred in years 6-10 of the twenty-year period and the discounted cost will be €474,000. This is being deducted from the value giving a net valuation figure of €17,126,000.

Thus, the present value of the property comprising the office accommodation, cafeteria and parking in the Marina Business Centre, in its existing state and taking into account the current use is being assessed at €17,126,000.

Property 2: Parklane Business Centre - Mountbatten Street, Gwardamangia, Hamrun

Description of property, tenure, etc.:

The property consists of a four-storey commercial building with an underlying semi-basement floor. The property lies on a trapezoidal corner site between two streets and it is bounded on the North East Triq Pietru Xuereb, on the South by Triq Joe Sciberras and on the North West by built, third party property. The address is quoted as Mountbatten Street, although this street lies slightly to the East of the roundabout which fronts the property. The building was constructed around 1992. It stands on a plot of land measuring approximately 290m^2. The building has four floors above ground including a penthouse floor and one semi-basement floor.

The shell consists of a reinforced concrete frame structure on all floors and with a height of 3m on the office floors. The height in the elevated ground floor showroom is greater and there is a mezzanine floor over part of the showroom. The latter is accessible directly from the street up a short flight of stairs. The entrance to the block is in the centre between the two streets. From this, a short flight of steps leads up to a landing from which the lift and the staircase rise to the floors above. The semi-basement floor is accessible from Triq Joe Sciberras by means of a ramp. It is used essentially for parking with six parking spaces and a stand-by generator which provides full back up for the electricity supply.

The accommodation in the building is available in the following rentable area amounts:
- Level 0 (Elevated ground floor) is a showroom. It has a total rentable area of 250m^2;
- Level +1 has a total rentable area of 285m^2;
- Level +2 has a total rentable area of 285m^2; and
- Level +3 (Penthouse) has a total rentable area of 125m^2.

The total rentable area is therefore 945m^2. Most of the car spaces in the parking floors are leased out to the lessees of the showroom and office space constituting the above, and only one car space is available for leasing.

The contracts of lease of office space have been concluded for definite periods of two to three years, subject to an automatic renewal for further periods of one to three years until termination of the respective lease agreement by either of the parties. One particular lease agreement was, on the other hand, contracted for the duration of twelve years and is due for expiration in 2028. In terms of the lease agreements, an amount equivalent to three months' rent is to be paid by every tenant as a means of a security deposit for the purposes of securing its obligations under its respective lease agreement, which amount will be refunded upon termination of the lease less any amounts due for arrears in rent or sums deducted by way of damages or penalties.

With respect to the repairing obligations under the leases, the lease agreements contain the same terms such that the tenants shall be responsible for all ordinary repairs required to any internal part of the premises, save for one tenant whose liability for costs of ordinary repairs is capped at a maximum amount of €250 for the first two years of the lease, i.e. until the 15th August 2018. Any extraordinary repairs to the structure, unless occasioned by the negligence or misuse of the premises by the lessee, will be borne by the lessor. The tenants are generally precluded from sub-letting, assigning or otherwise disposing of the premises whether, in whole or in part, unless otherwise specifically agreed with the lessor. Every lease agreement has been made subject to a six-month termination notice period, which may be availed of by both parties to the lease.

The condition of the building inspected appears to be good and there were no overt signs of any deficiencies. The structure appears to be in good condition although it should be made clear that this is based only on a visual examination which was carried out merely for the purposes of this valuation and which does not constitute a structural condition report. Moreover, no parts of the building that were covered or otherwise inaccessible were inspected. It is being assumed that the building is essentially free of any major structural defects.

The finishes in the offices are all of a medium high standard although they vary somewhat from office to office as some lessees have personalised the decor in their offices. Generally, the finishes consist of:

- Floors are paved in large format ceramic tiles and skirting and in some cases, laminate flooring;
- Walls are plastered and painted;
- Ceilings have a lay-in grid false ceiling with built-in lighting and services;
- External doors and windows are in aluminium with double glazing;
- There is air conditioning throughout and there is a good provision of lighting and power points as well as data networking;
- Adequate toilet accommodation with a good finish; and
- The showroom at elevated ground floor was fitted out by the lessee and it includes a home cinema.

The common areas are well finished with marble treads and risers on the stairs and one newly-installed passenger lift of good quality. The owners intend to carry out improvements on the façades but these works had not been done yet at the time this valuation was prepared although the main entrance had recently been refurbished.

The offices on the upper floors have no views other than of the surrounding streetscape. The property was purchased in shell form in 1996 at a price of Lm160,000 (€372,700). The property is freehold.

The property is encumbered by the security specified in Annex A to this document.

Permits:

The site falls within the Central Malta Local Plan (CMLP) for Hamrun and it is zoned for residential development. There is a height limitation of three floors plus semi-basement. In terms of DC 2015, this is equivalent to a total height of 17.5m which could permit up to 5 floors of 3.3m each including one receded floor. Given the existing height of the building of 15.4m to top of the penthouse floor, it is not possible to add any further floors at this stage.

There is an extensive planning history on the site which includes the following: PA03641/92, PA00091/94, PA04934/96, PA00557/97, PA04086/99, PA04105/00, PA06266/00, PA04514/02, PA06352/03, PA00261/08 and PA00147/09. Of these, the most relevant are PA03641/92 which covers the original building and PA00091which covers the building of an additional floor over the original building and PA04105/00 and PA00147/09 which cover the construction of the penthouse floor. The development appears to conform to both the approved plans and to the sanitary laws and there do not appear to be any material contraventions of statutory requirements.

Valuation:

The property is being valued as an operating investment property - the market value for existing use. Since a very high proportion of the value arises over the early years, it is normal to apply a detailed calculation of rents and costs for up to 20 years and then to adopt the terminal value at the end of that period. This terminal value would be obtained by capitalising the free cash flow thereafter discounted to net present value. The existing use value is its market value based on the continuation of its existing use on a vacant possession basis and the assumption that the asset could be sold on the open market for its existing use.

The market value for existing use is being assessed first. The income is generated by the renting of the office areas and the showroom. The building lies in a fairly good location on a busy traffic route in Hamrun/Gwardamangia. At the moment, the accommodation is fully leased out. The occupancy rate over the last two years was 100%. There appears to be a constant demand for more accommodation and when a lease comes to terminate, new tenants are found during the notice period so that the accommodation is constantly leased.

The current total rental revenue from the office accommodation and, where it is included, the car parking, amounts to €127,485 excluding net property management income – this constitutes the Net Annual Rent as defined in the Listing Rules. The rates range between €117/m^2 p.a. and €170/m^2 p.a. The rate at penthouse level is higher than those on the lower floors. The annual increments range between 2% and 3% p.a. One of the leases was deemed to have a lower than market rental rate and this was increased to a more realistic level upon termination of the respective lease period.

The determination of the discount rate to be applied to the rental is based on the current risk-free rate and inflation, on a general risk associated with property developments in general and finally on a specific risk premium related directly to the property being valued. The risk-free rate is based on long term (20 year) Government of Malta bonds with a current yield of 2.04%. To this is added a yield to reflect the general risks of investing in property, such as liquidity, depreciation, changes in the law etc. A rate of 2% is being taken to cover this. The final additional yield would cover risks specific to the property in question which would include location and tenant risk, age and level of finish, land value and churn. There appears to be a good demand for office space, with occupancy levels running consistently at 100% and with uninterrupted replacement of lessees at termination of each lease. Nonetheless, its location is considered to be in a secondary commercial area. A risk premium of 4.5% is being applied in the light of these specific factors bringing the discount rate for the income to 8.54% (2.04 + 2.0 + 4.5). This is being rounded off to 8.5%.

In view of the fact that the net income figures are changing due to annual increases, a Discounted Cash Flow approach was used to determine the market value for existing use with a discount rate of 7%. The terminal value was then established by capitalising the free cash flow in year 20 at a rate of 6.7%. (Discount rate of 8.5% less inflation of 1.3%). This was then discounted at 8.5% to establish the present value.

The value was assessed at €2,008,279 which is being rounded off to € 2,000,000.

An allowance is being made for the capital expenditure required to keep the property in a good state of repair so as to continue to command the income calculated. This was determined by assessing the actual capex over the next 20-year period and beyond and discounting this at the above discount rate. In this case, the capex will be incurred in years 1-5 and 16-20 of the twenty-year period and the discounted cost will be €231,000. This is being deducted from the value giving a net valuation figure of €1,769,000.

Thus, the present value of the property comprising the office accommodation, showroom and parking in the Parklane Business Centre, in its existing state and taking into account the current use is being assessed at €1,769,000.

Property 3: Mayfair Business Centre - St Augustine Street, Paceville, St Julian's

Description of property, tenure, etc.:

The property consists of a seven-storey commercial building including a receded floor and semi-basement floor together with an underlying basement floor. The property lies on a triangular corner site between two streets and it is bounded on the South East by St Augustine Street, on the West by a branch of St Augustine Street and on the North and North West by the Eden Cinemas complex. The location is an established, exclusively commercial area with the presence of several hotels, catering and entertainment establishments, as well as office space. The building was constructed around 1995/6 and it originally consisted of four floors (levels 0, +1, +2 and +3) but was subsequently extended further on two separate occasions. It stands on a plot of land measuring approximately 575m^2. The building has six floors above ground including a penthouse floor and one basement floor.

The shell consists of a reinforced concrete frame structure on all floors and with a height of 3.2m on the office floors. The entrance to the block is in the main St Augustine façade. This leads to a lobby from which a circular staircase in an open well and a lift rise through the different floor levels. There is a second entrance in the same façade which lies midway between the semi-basement and the elevated ground floor levels which accesses an international language school directly such that the school has its own separate entrance. The basement floor is accessible via a ramp down from the same street. The latter accommodates twelve parking spaces, storage and a generator room, while all the upper floors are currently used as office space. In the past, the elevated ground floor and semi-basement floors accommodated a catering establishment.

The accommodation in the building is available in the following rentable area amounts:

- Level 0 (Semi-basement), together with levels +1, +2 and +3 comprise a total rentable area of 1,620m^2. There is an ATM machine at this level on the exterior of the building;
- Level +4 has a total rentable area of 343m^2;
- Level +5 has a total rentable area of 338m^2; and
- Level +6 (Penthouse) has a total rentable area of 155m^2.

The total rentable area is 2,456m^2. All nine car spaces in the parking floor are included in the leases. Only level +4 is subdivided into two units but all floors could be thus subdivided.

The current rental agreements have been concluded for definite periods of time, ranging from one to three years, all of which can be automatically renewed for further periods of one to three years until termination of the respective lease agreement by either of the parties thereto. In terms of the lease agreements, an amount equivalent to the rent payable for two to three months (as applicable) is to be paid by every tenant as a means of a security deposit for the purposes of securing its obligations under its respective lease agreement, which security deposit will be refunded upon termination of the lease less any amounts due for arrears in rent or sums deducted by way of damages or penalties.

With respect to the repairing obligations under the leases, all lease agreements contain the same terms such that the tenant shall be responsible for all ordinary repairs required to any internal part of the premises and extraordinary repairs to the structure, unless occasioned by the negligence or misuse of the premises by the lessee, will be borne by the lessor. The tenants are generally precluded from sub-letting, assigning or otherwise disposing of the premises whether, in whole or in part, unless otherwise specifically agreed with the lessor. The lease agreements are subject to twelve-month notice periods of termination.

The condition of the building inspected appears to be good and there were no overt signs of any deficiencies. The structure appears to be in good condition although it should be made clear that this is based only on a visual examination which was carried out merely for the purposes of this valuation and which does not constitute a structural condition report. Moreover, no parts of the building that were covered or otherwise inaccessible were inspected. It is being assumed that the building is essentially free of any major structural defects.

The finishes in the offices as well as the common areas are all of a high standard although they vary somewhat from office to office as some lessees have personalised the decor in their offices. Generally, the finishes consist of:

- Floors are paved in large format ceramic tiles and skirting and in some cases, laminate flooring;
- Walls are plastered and painted;
- Ceilings have a gypsum or lay-in grid false ceiling with built-in lighting and services;
- External doors and windows are in aluminium with double glazing;
- There is air conditioning throughout and there is a good provision of lighting and power points as well as data networking; and
- Adequate toilet accommodation with a good finish.

The common areas are well finished with marble treads and risers on the stairs and marble cladding to the lift. There is one passenger lift of good quality and a platform lift at the common entrance for persons with special needs as the entrance from street level is slightly above the stair and lift landing.

The building has no views other than of the surrounding streetscape. The site on which the property is built consisted originally of three residential properties, all of which were purchased in 1994 at a total price of Lm150,000 (€349,406). The property is freehold.

The property is encumbered by the security specified in Annex A to this document.

Permits:

The site falls within the North Harbour Local Plan (NHLP) for Paceville and it is zoned as part of the secondary town centre subject to Policy NHRE 01 which sets out the permitted uses in the area. It is also listed as a landmark building subject to Policy NHSE 08 which protects the building from any development which could have a detrimental effect on strategic views of the building. Although the height limitation is not specifically noted in Map PV2 of the NHLP, the height limitation of the adjoining buildings is six floors plus semi-basement. In terms of DC 2015, this is equivalent to a total height of 29m which could permit up to eight floors of 3.5m each including one receded floor.

There is an extensive planning history on the site which includes the following: PA06757/91, PA02697/97, PA04707/97, PA06216/98, PA02695/99, PA03060/99, PA03671/99, PA05022/00, PA01823/01, PA05092/04, PA01812/05, PA03054/05, PA07305/05, PA03250/07, PA01708/12 and PA02301/15. Of these, the most relevant are PA04707/97 which covers the building of a commercial centre, PA05022/00 which covers the sanctioning of internal changes and changes in use and PA02301/15 which covers the other changes of use.

In addition to the planning permits, three enforcement notices had been issued, namely: EC/00850/97, EC/00122/05 and EC/00497/05 relating to minor issues - all of which appear to have been cleared. Other planning activity included two Planning Control applications, namely: PC0055/97 for the removal of the front garden from the planning scheme and PC00056/07 to amend the policy NHRE01.

The development appears to conform to both the approved plans and to the sanitary laws and there do not appear to be any material contraventions of statutory requirements.

Valuation:

The property is being valued as an operating investment property - the market value for existing use. Since a very high proportion of the value arises over the early years, it is normal to apply a detailed calculation of rents and costs for up to 20 years and then to adopt the terminal value at the end of that period. This terminal value would be obtained by capitalising the free cash flow thereafter discounted to net present value. The existing use value is its market value based on the continuation of its existing use on a vacant possession basis and the assumption that the asset could be sold on the open market for its existing use.

The market value for existing use is being assessed first. The income is generated by the renting of the office areas and the showroom. The building lies in a prominent location in a busy commercial area. At the moment, the accommodation is fully leased out. The major lessee is an international language school which, apart from leasing four of the seven floors, has occupied the premises for over ten years. The occupancy rates over the last two years was 100%. There appears to be a high demand for accommodation and whenever leases have terminated, new tenants were found for the premises during the notice period.

The current total annual rental revenue derived from office accommodation including the car parking amounts to €451,821 p.a. excluding net property management income - this constitutes the Net Annual Rent as defined in the Listing Rules.

The rates range between €152/m² p.a. and €264/m² p.a., while the rate at penthouse level is at €308/m² p.a. The annual increments which range between 2% and 3% p.a. are reasonable. Moreover, two other leases were deemed to have lower than market rental rates and these were increased to more realistic levels upon termination of the respective lease periods.

The determination of the discount rate to be applied to the rental is based on the current risk-free rate and inflation, on a general risk associated with property developments in general and finally on a specific risk premium related directly to the property being valued. The risk-free rate is based on long term (20 year) Government of Malta bonds with a current yield of 2.04%. To this is added a yield to reflect the general risks of investing in property, such as liquidity, depreciation, changes in the law etc. A rate of 2% is being taken to cover this. The final additional yield would cover risks specific to the property in question, which would include location and tenant risk, age and level of finish, land value and churn. There appears to be a good demand for office space, with occupancy levels running consistently at 100% and with uninterrupted replacement of lessees at termination of each lease. Its location is considered to be in a prime commercial area. A risk premium of 4% is being applied in the light of specific factors bringing the discount rate for the income to 8.04% (2.04 + 2.0 + 4.0). This is being rounded off to 8%.

In view of the fact that the net income figures are changing due to annual increases, a Discounted Cash Flow approach was used to determine the market value for existing use with a discount rate of 6.5%. The terminal value was then established by capitalising the free cash flow in year 20 at a rate of 6.7%. (discount rate of 8% less inflation of 1.3%). This was then discounted at 8% to establish the present value.

The value was assessed at €8,756,505 which is being rounded off to € 8,800,000.

An allowance is being made for the capital expenditure required to keep the property in a good state of repair so as to continue to command the income calculated. This was determined by assessing the actual capex over the next 20-year period and beyond and discounting this at the above discount rate. In this case, the capex will be incurred in years 1-5 and 16-20 of the twenty year period and the discounted cost will be €455,000. This is being deducted from the value giving a net valuation figure of €8,345,000.

Thus, the present value of the property comprising the office accommodation, language school and parking in the Mayfair Business Centre, in its existing state and taking into account the current use is being assessed at €8,345,000.

Property 4: Cornerstone Business Centre - Constitution Street, Mosta

Description of property, tenure, etc.:

The property consists of a five-storey commercial building which includes a receded (penthouse) floor and with two underlying basement floors. The property lies on a rectangular corner site between two streets. It is bounded on the South East by 16th September Square, on the South West by Constitution Street and on the other two sides by built, third party property. The area is largely commercial; however, in some cases, the upper floors of the surrounding buildings contain residential units. The building was constructed around 2003/2004. It stands on a plot of land measuring approximately 610m².

The building has five floors above ground including a penthouse floor and two basement floors. The ground floor consists essentially of retail units which front on either Constitution Street or 16th September Square, the floors above are offices and the two basements are for car parking.

The shell consists of a reinforced concrete frame structure on all floors and with a height of 3.1m on the office floors. The entrance to the offices is in the square while the retail units are independently and separately accessible. There is one main staircase and one separate escape staircase and one passenger lift. The basement floors are accessible from the square by means of a ramp. The basement floor also accommodates a back-up generator which covers all electricity requirements in the building except for air conditioning.

The accommodation in the building is available in the following rentable area amounts:

- Level 0 (Ground floor) has a total rentable area of 372m^2;
- Level +1 has a total rentable area of 500m^2;
- Level +2 has a total rentable area of 540m^2;
- Level +3 has a total rentable area of 540m^2;
- Level +4 (Penthouse) has a total rentable area of 300m^2, which is partly utilised as the offices of the owning company, Exalco Properties Limited.

There is a total rentable area of 372m^2 of retail space and 1,880m^2 of office space. Most of the car spaces in the parking floors are leased out to the lessees of the retail and office space constituting the above but eight car spaces are available for leasing.

The current rental agreements have been concluded for definite periods of time, which range from one to fifteen years with those, the use of which is restricted to office space, being subject to an automatic renewal for further periods of one year until termination of the respective lease agreement by either of the parties thereto, and those limited to retail use due to expire between 2020 and 2025, therefore having a remaining term of two to eight years. In terms of the lease agreements, an amount equivalent to three months' rent is to be paid by every tenant as a means of a security deposit for the purposes of securing its obligations under its respective lease agreement, which security deposit will be refunded upon termination of the lease less any amounts due for arrears in rent or sums deducted by way of damages or penalties.

With respect to the repairing obligations under the leases, all lease agreements contain the same terms such that the tenant shall be responsible for all ordinary repairs required to be made to any internal part of the premises and any extraordinary repairs to the structure, unless occasioned by the negligence or misuse of the premises by the lessee, will be borne by the lessor. The tenants are generally precluded from sub-letting, assigning or otherwise disposing of the premises whether, in whole or in part, unless otherwise specifically agreed with lessor.

The condition of the building inspected appears to be good and there were no overt signs of any deficiencies. The structure appears to be in good condition although it should be made clear that this is based only on a visual examination which was carried out merely for the purposes of this valuation and which does not constitute a structural condition report. Moreover, no parts of the building that were covered or otherwise inaccessible were inspected. It is being assumed that the building is essentially free of any major structural defects.

The finishes in the offices are all of a fairly high standard although they vary somewhat from office to office as some lessees have personalised the decor in their offices. Generally, the finishes consist of:

- Floors are paved in large format ceramic tiles and skirting and in some cases, laminate flooring;
- Walls are plastered and painted;
- Partitions are glazed;
- Ceilings have a gypsum or lay-in grid false ceiling with built-in lighting and services;
- External doors and windows are in aluminium with double glazing;
- There is air conditioning throughout and there is a good provision of lighting and power points as well as data networking;
- Adequate toilet accommodation with a good finish; and
- The large terraces running round the penthouse floor units are covered in Astroturf.

The common areas are well finished with marble treads and risers on the stairs and cladding of the lift front as well as one passenger lift of good quality.

The offices on the upper floors have no views other than of the surrounding streetscape but the penthouse offices do have country views. The property was purchased in 1998 at a price of Lm60,000 (€139,762) and the building construction cost was €1,763,000. The property is freehold.

The property is encumbered by the security specified in Annex A to this document.

Permits:

The site falls within the Central Malta Local Plan (CMLP) and it is zoned as part of the Primary Town Centre of Mosta. There is a height limitation of three floors plus semi-basement. In terms of DC 2015, this is equivalent to a total height of 17.5m which could permit up to five floors of 3.3m each including one receded floor. Given the existing height of the building of 17.2m, no further development is possible at this stage.

There is an extensive planning history on the site which includes the following: PA00176/99, PA03329/01, PA06558/01, PA02418/04, PA03266/04, PA02955/05, PA02012/06, PA03937/08. Of these, the most relevant are PA00176/99 which covers the building of the basement garage, PA03329/01 and PA06558/01 which covers the building as a whole and PA02418/04 which cover the construction of the penthouse floor. The development appears to conform to both the approved plans and to the sanitary laws and there do not appear to be any material contraventions of statutory requirements.

Valuation:

The property is being valued as an operating investment property - the market value for existing use. Since a very high proportion of the value arises over the early years, it is normal to apply a detailed calculation of rents and costs for up to 20 years and then to adopt the terminal value at the end of that period. This terminal value would be obtained by capitalising the free cash flow thereafter discounted to net present value. The existing use value is its market value based on the continuation of its existing use on a vacant possession basis and the assumption that the asset could be sold on the open market for its existing use.

The market value for existing use is being assessed first. The income is generated by the renting of the office areas and the showroom. The building lies in a prime location of Mosta on a busy traffic and pedestrian route with high footfall in Mosta. At the moment, the accommodation is fully leased out. The occupancy rate over the last three years was 100%.

The current total rental revenue from the office accommodation and, where it is included, the car parking, amounts to €398,238 p.a. excluding net property management income – this constitutes the Net Annual Rent as defined in the Listing Rules.

The rates range between €231/m^2 p.a. and € 545/m^2 p.a. for the retail units and €87/m^2 p.a. and €129/m^2 p.a. for the offices with higher rates for the penthouse floor of between €232/m^2 p.a. and €243/m^2 p.a. The rate of €87/m^2 p.a. is considered unduly low but this relates to a lease which will terminate in November 2018 and its rental value thereafter is being assessed to be equivalent to the other office unit on the same floor. The annual increments range between 2% and 3% p.a. The above mentioned low rent as well as one of the retail leases were deemed to have lower than market rental rates and these were increased to more realistic levels upon termination of the respective lease periods.

The determination of the discount rate to be applied to the rental is based on the current risk-free rate and inflation, on a general risk associated with property developments in general and finally on a specific risk premium related directly to the property being valued. The risk-free rate is based on long term (20 year) Government of Malta bonds with a current yield of 2.04%. To this is added a yield to reflect the general risks of investing in property, such as liquidity, depreciation, changes in the law etc. A rate of 2% is being taken to cover this. The final additional yield would cover risks specific to the property in question which would include location and tenant risk, age and level of finish, land value and churn. There appears to be a good demand for office space, with occupancy levels running at close to 100% and with rapid replacement of lessees at termination of each lease. Its location in the commercial town centre and its layout and level of finish makes it desirable both for retail and office rentals. A risk premium of 4.5% is being applied in the light of specific factors bringing the discount rate for the income to 8.54% (2.04 + 2.0 + 4.5). This is being rounded off to 8.5%

In view of the fact that the net income figures are changing due to annual increases, a Discounted Cash Flow approach was used to determine the market value for existing use with a discount rate of 8.5%. The terminal value was then established by capitalising the free cash flow in year 20 at a rate of 7.2%. (discount rate of 8.5% less inflation of 1.3%). This was then discounted at 8.5% to establish the present value.

The value was assessed at €7,145,085 which is being rounded off to €7,100,000.

An allowance is being made for the capital expenditure required to keep the property in a good state of repair so as to continue to command the income calculated. This was determined by assessing the actual capex over the next 20-year period and beyond and discounting this at the above discount rate. In this case, the capex will be incurred in years 6-10 of the twenty-year period and the discounted cost will be €318,000. This is being deducted from the value giving a net valuation figure of €6,782,000.

Thus, the present value of the property comprising the office accommodation, retail units and parking in the Cornerstone Business Centre, in its existing state and taking into account the current use is being assessed at €6,782,000.

Property 5: Golden Mile Business Centre - Dragonara Road, St George's Bay, St. Julian's

Description of property, tenure, etc.:

The property consists of an eight-storey building and it lies between on a site between two streets and it is bounded on the East by St. George's Road, on the North West by the seafront Dragonara Road and on the South West by a pedestrian lane. As such, it is completely detached from the surrounding buildings and it overlooks St. George's Bay. The plot on which the building is built has an area of approximately 750m^2. The building is new having been built and completed in 2017. The building has seven floors above ground together with one semi-basement floor.

The shell consists of a reinforced concrete frame structure on all floors and with a height of eleven courses on the main accommodation floors. The structure was designed to take two additional floors in future if and when the current height limitation in the area is increased. There are two vertical circulation cores each with a staircase and one/two passenger lifts - of which one is a passenger/goods lift - which extend through all the office floors and down to the semi-basement floor. The building has four pedestrian entrances of which the main one is from Dragonara Road, a second from the lane and two more from St. George's Road. It also has two vehicular entrances to the two parking levels - one from Dragonara Road and the second from the lane.

The building has the following accommodation and its occupation is as follows:

- Level -1 (The semi-basement) has a total floor area of 757m^2 and it provides for car parking. It is accessible via a ramp down from Dragonara Road;
- Level 0 (Elevated ground floor) has a rentable area of 246.6m^2 and it provides some additional car parking with an area of 133.4m^2 which is accessible from the lane (and currently being used as storage), as well as office space. An open atrium space includes a separate, free standing staircase which rises to the next level. It includes a fully-equipped kitchen which caters for the building. It also accommodates a sub-station and a generator which provides full back-up for all power requirements including air conditioning and could also provide for the two additional floors were they to be built;
- Level +1 has a rentable area of 396.1m^2 and it accommodates open plan office space, training room and leisure areas;

- Level +2 has one of the entrances from St. George's Road. It has a rentable area of 482.3m² and it accommodates open plan office space, kitchenette and leisure areas which include an atrium over level +1. Part of this floor is double height where the overlying mezzanine floor (level +3) is omitted. This also incorporates a two-storey high multiple-image TV screen;
- Level +3 (Mezzanine) has a rentable area of 496.6m² and it accommodates open plan office space and meeting rooms;
- Level +4 has a rentable area of 519.6m² and it accommodates open plan office space as well as a large terrace with an area of 139m² where the building line is receded. Column stumps project above this terrace to provide for future expansion of the building;
- Level +5 has a rentable area of 405.8m² and it accommodates open plan office space, meeting rooms, a kitchenette and a leisure area in the form of a large gym as well as showers and toilets;
- Level +6 has a rentable area of 231.1m² and it accommodates a large canteen and a servery which receives food from the kitchen below by means of a food lift; and
- Roof level accommodates services - air conditioning units and water tanks - all of which are properly screened.

The overall rentable floor area in the office floors is 2,880m² with a further 890m² in the two parking levels. The building enjoys very good views of St George's Bay from all floors and there are open terraces on most floors with a very large terrace on level +4 as noted above. The accommodation at the rear also has views over St. George's Road from level +2 upwards and most floors include a 1.5m wide terrace facing the view.

The whole of the office accommodation and parking area in the building has been leased to a single tenant. The rent is subject to an annual increase of 3% p.a. as from 1st August 2018. The lease agreement is for a period of five years which started to run from 1st August 2017. The lessee may terminate the lease after the end of the fifth year by giving twelve months' notice prior to the end of the fifth year. If the lessee does not terminate the lease, it shall automatically be renewed for a further period of three years. After this, the lessee would have the right of first refusal in relation to a new lease of the property on terms which are no more onerous than those offered to and accepted by third parties. A second lease agreement was signed which extended the lease to include floor level 0, thereby increasing the rentable area to 3,770m².

In terms of the lease agreement, the tenant is to pay an amount by way of caution money for the purposes of securing its obligations under the lease agreement, which caution money will be refunded upon termination of the lease less any amounts due for arrears in rent or sums deducted by way of damages or penalties.

With respect to the repairing obligations, the lessee shall be responsible for all ordinary repairs and maintenance required to be made to any internal part of the premises and any extraordinary repairs to the structure, unless occasioned by the negligence or misuse of the premises by the lessee, will be borne by the lessor. The lessee is precluded from sub-letting, assigning or otherwise disposing of the premises whether, in whole or in part, but it shall be entitled to allow the use of or to sublet such parts of the premises as it deems necessary to any company being owned and controlled by the lessee or its sureties.

The condition of the building inspected is excellent and there were no overt signs of any deficiencies. The structure appears to be in good condition although it should be made clear that this is based only on a visual examination which was carried out merely for the purposes of this valuation and which does not constitute a structural condition report. Moreover, no parts of the building that were covered or otherwise inaccessible were inspected. It is being assumed that the building is essentially free of any major structural defects.

The building was handed over to the lessees finished and this included raised flooring on all floors except for level 0 where this was provided by the lessees, full air conditioning, cable trays, all internal doors and toilets as well as the whole of the external; envelope of the building. The lessee then finished off the building in terms of wall finishes, the lighting installation, a fully equipped kitchen and fixtures and furniture. The offices are mainly open plan while meeting rooms and a few offices are enclosed. The finishes in the building are all of a very high standard and they consist of:

- Floors are paved in large format Gres tiles over raised flooring;
- Walls are plastered and painted with cladding in many areas;

- Ceilings are painted black with exposed services;
- Partitioning between different sections are in glass and aluminium or in from of movable shelving;
- There is air conditioning throughout and all lighting, power and data networking installations are in place; and
- Adequate toilet accommodation with a good finish.

The common areas are also highly finished with marble flooring, treads and risers on the stairs, cladding of the lift façades and three passenger lifts of good quality. The external envelope of the building is lined in Alucobond with glass curtain walling.

Although the building has been leased to a single tenant, it could be leased to multiple tenants in the future utilising the several entrances and the two vertical circulation cores of the building. The site on which the building is constructed was purchased in 2013 at a price of €2,189,611. The property is freehold.

The property is encumbered by the security specified in Annex A to this document.

Permits:

The site falls within the North Harbours Local Plan (NHLP) for St. Julian's and it is zoned as part of the secondary town centre subject to policy NHRE01. This latter sets out the allowable uses for the site which include uses classes 1 to 9, 11 and 17. There is a height limitation of three floors plus one receded floor. It is worth noting that the area immediately adjoining the site, which is also part of the secondary town centre, has a height limitation of five floors with semi-basement. In terms of DC 2015, this is equivalent to a total height of 15.4m which could permit up to 4 floors of 3.6m each. This notwithstanding, a valid permit exists for the building.

There is an extensive planning history on the site which includes the following:

- PC00056/07: A planning control application amending policy NHRE 01 and redefining the boundary of the secondary town centre.
- PC00022/12: A planning control application amending the building alignment and removing the front garden.
- PA03495/13: A planning permit covering the demolition of an existing structure, excavation and construction of car park, class 5 offices and widening of an existing public stairway.
- PA02819/16: A planning permit covering the amendment to PA03495/13.
- PA01520/17: A planning permit to sanction minor changes.

The development appears to conform to both the approved plans and to the sanitary laws and there do not appear to be any material contraventions of statutory requirements.

I was informed by the owners that the final compliance certificate is still being processed. It appears that the only issue holding it up is the clearance by Enemalta and the St Julian's Local Council that the landscaping and lighting of the public lane has been completed. The works in question have, in fact, been completed, so it would appear that the delay is merely a procedural one and it should be resolved shortly. Although the final compliance certificate has not been issued, partial certification is in place so that the owners were able to obtain the necessary water and electricity supplies to the building.

Valuation:

The property is being valued as an operating investment property - the market value for existing use. Since a very high proportion of the value arises over the early years, it is normal to apply a detailed calculation of rents and costs for up to 20 years and then to adopt the terminal value at the end of that period. This terminal value would be obtained by capitalising the free cash flow thereafter discounted to net present value. The existing use value is its market value based on the continuation of its existing use on a vacant possession basis and the assumption that the asset could be sold on the open market for its existing use.

The market value for existing use is being assessed first. The income is generated by the renting of the office areas. The building lies in a very good, detached seafront location in Paceville/St Julian's. At the moment, all the office accommodation is leased out to a single tenant while discussions are in progress to agree the terms for the leasing of the remainder - i.e. the parking areas on level -1 and part of level 0. There is no history of occupancy rates over past years since the building has just been finished and occupied for the first time. However, the lessee has rented property from the owning company before and since the company has been growing substantially, it has outgrown the accommodation it rented previously and has now taken over the entire building. With the considerable investment that the lessees have put into the building, it appears unlikely that they would terminate the lease but consideration is being given to this possibility in the assessment of the market value.

In light of the fact that the current total rent paid by the sole tenant is considered to constitute commercially sensitive information, this is not being disclosed in respect of this particular property, save to note that the rental rate currently being charged is reflective of rent paid for comparable office accommodation in the area and could be considered to be the market rental value. Annual increments of rental revenue will be at 3% p.a. In the event that the current lease were to be terminated in future, new tenants would need to be found for all the accommodation. In such a case, the market rental rate would apply.

The determination of the discount rate to be applied to the rental is based on the current risk-free rate and inflation, on a general risk associated with property developments in general and finally on a specific risk premium related directly to the property being valued. The risk-free rate is based on long term (20 year) Government of Malta bonds with a current yield of 2.04%. To this is added a yield to reflect the general risks of investing in property, such as liquidity, depreciation, changes in the law etc. A rate of 2% is being taken to cover this. The final additional yield would cover risks specific to the property in question which would include location and tenant risk, age and level of finish, land value and churn. On the one hand, the building is likely to become an iconic building and it occupies a prime position. On the other hand, it is leased to one single tenant. In the event that the current lease were to be terminated at the end of year five, it would either need to be leased in its entirety to a single tenant as at present or split up into a number of smaller units. A risk premium to cover these factors of 4% is being applied bringing the discount rate for the income to 8.04% (2.04 + 2.0 + 4.0). This is being rounded off to 8%.

In view of the fact that the net income figures are changing due to annual increases, a Discounted Cash Flow approach was used to determine the market value for existing use with a discount rate of 6.5%. The terminal value was then established by capitalising the free cash flow in year 20 at a rate of 6.7% (discount rate of 8% less inflation of 1.3%). This was then discounted at 8% to establish the present value.

The value was assessed at €19,840,503 which is being rounded off to €19,800,000.

An allowance is being made for the capital expenditure required to keep the property in a good state of repair so as to continue to command the income calculated. This was determined by assessing the actual capex over the next 20-year period and beyond and discounting this at the above discount rate. In this case, the capex will be incurred in years 11-15 of the twenty year period and the discounted cost will be €367,000. This is being deducted from the value giving a net valuation figure of €19,433,000.

Thus, the present value of the property comprising the office accommodation and parking in the Golden Mile Business Centre, in its existing state and taking into account the current use is being assessed at €19,433,000.

Property 6: Borton House - Sir Arthur Borton Street, Mosta

Description of property, tenure, etc.:

The property consists of a three-storey terraced building. The property is located on Sir Arthur Borton Street in Mosta. It is bounded on the North by the said street and on all the other sides by built, third party property. The area is partly commercial but the upper floors of the buildings around generally accommodate residential units. The building, which then consisted of a large garage at street level, together with its airspace, was purchased in 1991 at Lm6,800 (€15,800). I would estimate its age to be around 35 years. It stands on a plot of land measuring approximately 125m². Following this, two floors were built in the air space over the garage at a cost of €74,000.

Today, the ground floor includes a large garage and the entrance hall with stairs to the two floors above which accommodate offices. It also includes a second garage which underlies part of the property above and which belongs to third parties. The shell consists of masonry load bearing walls with concrete roof slabs.

The whole property, leased to a single tenant offering specialized cleaning services, is to be used exclusively as offices and a laboratory. The total rentable area is approximately 200m² of office space and 80m² of garage space. It cannot easily be subdivided into more than one unit.

The term of the lease is for a definite period of two years with effect from 1st August 2014, extendable automatically for further periods of one year each unless it is terminated by either of the parties thereto. In terms of the lease agreement, a security deposit is payable by tenant for the purpose of securing its obligations under the lease agreement, which amount will be refunded upon termination of the lease less any amounts due for arrears in rent or sums deducted by way of damages or penalties.

With respect to the maintenance obligations, the tenant shall be responsible for all ordinary repairs and maintenance required to be made to any internal part of the premises. Any extraordinary repairs to the structure, unless occasioned by the negligence or misuse of the premises by the lessee, will be borne by the lessor. The lessee is granted the right to sub-lease any part of the premises to third parties as may be approved by the lessor, which consent shall not be unreasonably withheld.

The condition of the building inspected appears to be fairly good although there were signs of some slight movement and dampness in the building. The structure however appears to be in good condition although it should be made clear that this is based only on a visual examination which was carried out merely for the purposes of this valuation and which does not constitute a structural condition report. Moreover, no parts of the building that were covered or otherwise inaccessible were inspected. It is being assumed that the building is essentially free of any major structural defects.

The finishes in the building are fairly basic and dated. Generally, the finishes consist of:

- Floors are paved in Marmettone or terrazzo tiles;
- Walls and ceilings are plastered and painted;
- External doors and windows are in aluminium; and
- Adequate toilet accommodation.

The exterior of the building is in need of refurbishing.

The property is freehold.

The property is encumbered by the security specified in Annex A to this document.

Permits:

The site falls within the Central Malta Local Plan (CMLP) and it is zoned as as a residential area. There is a height limitation of three floors plus semi-basement. In terms of DC 2015, this is equivalent to a total height of 17.5m which could permit up to five floors of 3.3m each including one receded floor. Given the existing height of the building of approximately 9m, further development of one to two floors would be permissible.

Although PA00035/92 appears to relate to the site, no details of this application could be traced. It is possible that the property predates the Planning Authority and the original permit could have been issued by the PA's predecessor, the PAPB. The development appears to conform to the sanitary laws and there do not appear to be any material contraventions of statutory requirements.

Valuation:

Two different approaches are being used to determine the value of the property, namely: the capitalisation of the market rent and a redevelopment valuation. Considering the first of these, the current rent has been compared with those of similar properties in the same or equivalent areas. In light of the fact that the current total rent paid by the sole tenant is considered to constitute commercially sensitive information, this is not being disclosed in respect of this particular property, save to note that the rental rate currently could be considered to be the market rental value taking into account the fact that the property being valued lies well outside the commercial centre of Mosta and its configuration and general level of finish are not of a high level. There are currently increments of 5% every two years as from August 2018.

The discount rate to be applied to the rental is based on the current risk-free rate and inflation, on a general risk associated with property developments in general and finally on a specific risk premium related directly to the property being valued. The risk-free rate is based on long term (20 year) Government of Malta bonds with a current yield of 2.04%. To this is added a yield to reflect the general risks of investing in property, such as liquidity, depreciation, changes in the law etc. A rate of 2% is being taken to cover this. The final additional yield would cover risks specific to the property in question which would include location and tenant risk, age and level of finish, land value and churn. Considering the location, layout, condition, level of finish on the one hand and the security of the current lease on the other, a risk premium of 5.0% is being applied in the light of specific factors bringing the discount rate for the income to 9.04% (2.04 + 2.0 + 5.0). This is being rounded off to 9%.

The alternative approach involving redevelopment of the site is being considered next. The whole of the property with the exception of one of the two garages at street level belongs to the owners but it should be possible to redevelop the whole site and the air space over this third-party property. As noted previously, it is possible under the conditions of the Local Plan and of current policies, to construct five floors of which the top one would be receded. This should accommodate some 500m^2 of gross floor area. With a floor plan efficiency of say, 85%, this would provide for 425m^2 of net rentable area. With a new building and good finishes, the rental rate could be increased such that the property would generate a maximum annual return of around €63,750 p.a. Capitalising this at a lower rate of 7%, the capital value of the property would then be €910,714, say €910,000.

The costs involved in redeveloping the property with a gross floor area of 500m^2 are being assessed as follows:

Demolition and construction works	€107,000	
Finishing works	€200,000	
Services	€50,000	
Sub-total		€357,000
Total b/f		€357,000
Professional fees and PA charges		€28,000
Allow for contingencies at 15%		€57,750
Financial costs		€20,000
Total cost of project		€462,750
Developer' s ROI of 20%		€92,550
Total cost + ROI		€555,300

The Residual Value of the property in its current state can then be assessed as follows:

Total capitalised value	€910,000
Less total cost + ROI	(€537,300)
Net Residual Value	€354,700

The value based on a redevelopment approach would therefore be €354,700 (B)

I would consider this latter option to be the more reasonable valuation approach given the nature of the property.

Thus, the present value of the property comprising the office accommodation and the garage in Borton House, in its existing state and taking into account its development potential is being assessed at €354,700.

Property 7: Maisonette no. 9 and garage no. 24, Hillside Place, Triq il-Kwartin, Ibragg

Description of property, tenure, etc.:

The property consists of a maisonette and a garage located in a three storey terraced building. The property is located on Triq il-Kwartin in Ibragg. The building is bounded on the West by the said street and on all the other sides by built, third party property. The area is wholly residential. The property was purchased in 2013 at €315,000 and I would estimate its age to be around 20 years.

The maisonette, which is located at first floor level, is accessible via an open staircase on the façade of the building with two units on each landing, while the garage lies in a garage court beneath the residential units. The accommodation of the maisonette consists of a sitting/dining room, a kitchen, two bedrooms, a study (or third bedroom), one en-suite and one separate bathroom. The overall Net Floor Area (NFA) is 128m^2. It also includes a part of the roof area including a small utility room.

The structure of the building consists of masonry load-bearing walls and reinforced concrete slabs cast in situ. The structure appears to be in good condition although it should be made clear that this is based only on a visual examination which was carried out merely for the purposes of this valuation and which does not constitute a structural condition report. Moreover, no parts of the building that were covered or otherwise inaccessible were inspected. It is being assumed that the building is essentially free of any major structural defects.

The finishes in the building are of a high standard. Generally, the finishes are as follows:

- Floors are paved in large format ceramic tiles;
- Walls are plastered and painted and with cladding in marble, wood panelling or mirrored, in places;
- Ceilings are fitted with gypsum false ceilings throughout with in-built lighting fittings;
- External apertures are fitted with doors and windows in aluminium with double glazing;
- Internal apertures are fitted with timber doors;
- The bathrooms are of a high standard;
- The main areas are air conditioned; and
- The kitchen is fitted and includes all appliances.

The property is freehold.

The property is encumbered by a first ranking general hypothec, special hypothec and special privilege as specified in Annex A to this document.

Permits:

The site falls within the North Harbour Local Plan (NHLP) and it is zoned as a residential area. There is a height limitation of three floors plus semi-basement.

The building is covered by amended PA permit 06948/98 which was issued in May 1999 as well as earlier permits. The development appears to conform to the sanitary laws and there do not appear to be any material contraventions of statutory requirements.

Valuation:

The market value for existing use of the property is being assessed using a comparative approach where it is compared to the similar properties in the same or equivalent locations. The following properties were identified:

- Semi-detached maisonette with three bedrooms, two bathrooms, living/dining room, kitchen, with a NFA of 230m² and high finish plus a one-car garage selling at €465,000. (1)
- Terraced maisonette with two bedrooms, two bathrooms, living/dining/kitchen, with a NFA of 138m² and high finish and furnished plus a one-car garage selling at €475,000. (2)
- Terraced maisonette with three bedrooms, one bathroom, living/dining/kitchen, with a NFA of 125m² and poor finish selling at €260,000. (3)
- Terraced maisonette with three bedrooms, two bathrooms, living/dining/kitchen, with a NFA of 120m² and lower medium finish plus a six-car garage selling at €405,000. (4)
- Terraced maisonette in a new development with three bedrooms, two bathrooms, living/dining/kitchen, with a NFA of 120m² and high finish plus a one-car garage selling at €425,000. (5)

Source: Frank Salt Real Estate Ltd

Analysing the above:

Property	Type	Accommodation				Finish	NFA	Price	Rate
		Bedrooms	Reception	Other	Garage		• m²	€	€ /m²
1	Semi-det.	3	1	3	1-car	High	130m²	€465,000	€3,577
2	Terraced	2	1	2	1-car	High/Furnished	138m²	€475,000	€3,442
3	Terraced	3	1	1	None	Poor	125m²	€260,000	€2,080
4	Terraced	3	1	2	6-car	Lower medium	120m²	€405,000	€3,375
5	Terraced	3	1	2	1-car	High	120m²	€425,000	€3,542
Property	Terraced	2/3	1	3	1-car	High	128m²		

The rates range between €3,375/m² and €3,577/m² for the units with similar finish, while being substantially lower for the older unit with poor finish. The average rate for these is €3,484/m². Considering that the above are advertised prices and comparing the characteristics of the comparables with the property being valued, I would consider a rate of €3,400/m² to be appropriate. The value of the property would then be €435,200, say €435,000 for the bare property (excluding all loose furniture). The change in advertised property prices for maisonettes as set out in the relative Central Bank table gives values of 177.3 (for 2013) and 273.7 (for 2017) and thus the increase in value between 2013 and 2017 would be of 54%. The purchase price in 2013 was €315,000 and factoring this up by 54% would give a figure of €485,100. The valuation figure of €435,000 is therefore fairly conservative.

The present value of the property comprising the garage in Hillside Place, in its existing state is being assessed at €435,000.

Property 8: Garage no. 14, Buontempo Estate, Triq Wied Hal-Balzan, Balzan

Description of property, tenure, etc.:

The property consists of a lock-up garage numbered 14 and located in an underground garage court which underlies a residential building. The building is located in a private, unnamed street in Balzan and is known as 'Buontempo Estate'. It is bounded on the South East by the said, unnamed street, on the North east by Triq Wied Hal-Balzan, and on all the other sides by built, third party property. The area is largely residential. I would estimate its age to be around 25 years.

The garage court in which the garage is located is accessible via a ramp which leads down from the street. There are 15 garages in the court. The garage being valued is a one-car garage. It measures approximately 18m^2 and it has a height of 11 courses (3.00m) although it is understood that the area under ownership extends a further 1.5m outwards and thus, the current door could be re-installed at this point, thereby extending the garage by this distance.

The garage is presently leased out to a single tenant. The term of the lease is for a definite period of six months with effect from 17th October, 2016, extendable automatically for further periods of six months thereafter unless it is terminated earlier by either of the parties thereto. Ordinary repairs and maintenance works to the garage shall be borne by the tenant.

The structure of the building consists of masonry load-bearing walls and reinforced concrete slabs cast in situ. The structure appears to be in good condition although it should be made clear that this is based only on a visual examination which was carried out merely for the purposes of this valuation and which does not constitute a structural condition report. Moreover, no parts of the building that were covered or otherwise inaccessible were inspected. It is being assumed that the building is essentially free of any major structural defects. The finishes are basic and consist of a concrete floor and little else.

The property is freehold.

The property is encumbered by the security specified in Annexe A to this document.

Permits:

The property falls within the Central Malta Local Plan (CMLP) and it is zoned as a residential area. The building is covered by the permit number PA05065/93 which was issued in April 1994. The development appears to conform to the permit issued and there do not appear to be any material contraventions of statutory requirements.

Valuation:

The market value for existing use of the property is being assessed using a comparative approach where it is compared to similar properties in the same or equivalent locations. In addition, a garage in the same building was sold in the year 2015 at €10,482. Considering the location, floor area, condition and level of finish it is being valued at €12,000.

The present value of the property comprising a garage in Buontempo Estate, in its existing state is being assessed at €12,000.

I am summarising the valuations of the various properties as follows:

Property	Type	Valuation methodology	Value
Marina Business Centre	Business Centre	Market value for existing use	€17,126,000
Parklane Business Centre	Business Centre	Market value for existing use	€1,769,000
Mayfair Business Centre	Business Centre	Market value for existing use	€8,345,000
Cornerstone Business Centre	Business Centre	Market value for existing use	€6,782,000
Golden Mile Business Centre	Business Centre	Market value for existing use	€19,433,000
Borton House	Single office / Redevelopment site	Residual Value	€354,700
Maisonette and garage	Residential unit	Market value	€435,000
Garage	Garage	Market value	€12,000
		Total	**€54,256,700**

The final valuation figure for the whole portfolio of properties is €54,256,700.

My opinion of the value of the properties is based upon the data available at the date of the valuation. No geotechnical site investigations have been carried out but it would appear that there is no reason to believe that there are any problems in the foundations or structure of the buildings. Neither does it appear that any contamination exists.

Valuations are not a prediction of price, nor a guarantee of value, and whilst my valuation is such as I consider both reasonable and defensible, different valuers may properly arrive at different opinions of value. Moreover, the value of property is susceptible to changes in economic conditions and it may therefore change over relatively short periods. I advise that no responsibility is accepted or implied to third parties to whom these valuations may be disclosed, with or without my consent.

I declare that I did not carry out any structural surveys, nor exposed parts of the structures which were covered, unexposed or inaccessible, nor tested engineering services. As such, I am not able to give any assurance that the properties are free from defect. Nevertheless, I have had regard to the age and apparent general condition of the properties. No geological investigations were carried out in order to verify the ground conditions and services, nor were environmental, archaeological or geo-technical surveys undertaken. It has also been assumed that the properties have been constructed in strict conformity with the relative planning permits and other statutory obligations and requirements and constructed by reputable contracting firms, to good quality standards and workmanship.

In accordance with standard practice, neither the whole nor any part of this valuation nor any reference thereto may be included in any published document without my prior written approval for the context in which it may appear.

Yours sincerely,

S.A. Mangion B.Arch., A. & C.E.

[ANNEX A]

LIST OF EFFECTIVE HYPOTHECS AND PRIVILEGES

	Creditor	Debtor	Borrowed Amount	Charged Property	Cause of Preference
1.	HSBC Bank Malta p.l.c.	Exalco Properties Limited	€7,707,820 on overdraft basis	All assets present and future given by Exalco Properties Limited	First GH
			€15,230,127 on loan basis	All assets present and future given by Exalco Properties Limited	First GH
2	HSBC Bank Malta p.l.c.	Exalco Properties Limited	€7,707,820 on overdraft basis	(i) Borton House and airspace including garage at Sir Arthur Borton Street, Mosta (ii)Cornerstone Business Centre	First SH
			€16,435,442 on loan basis	(i)Borton House and airspace including garage at Sir Arthur Borton Street, Mosta (ii)Cornerstone Business Centre	First SH
3.	HSBC Bank Malta p.l.c.	Exalco Properties Limited	€582,000	Cornerstone Business Centre	SP
4.	HSBC Bank Malta p.l.c.	Exalco Properties Limited	€3,000,000 on overdraft basis	Golden Mile Business Centre	First SH
			€13,690,490 on loan basis	Golden Mile Business Centre	First SH
5.	HSBC Bank Malta p.l.c.	Exalco Properties Limited	€4,900,000	Golden Mile Business Centre	SP
6.	HSBC Bank Malta p.l.c.	Exalco Properties Limited	€7,707,820 on overdraft basis	(i) Mayfair Business Centre (ii) Parklane Business Centre and airspace at Mountbatten Street, Guardamangia	First SH
			€16,705,442 on loan basis	(i) Mayfair Business Centre (ii) Parklane Business Centre and airspace at Mountbatten Street, Guardamangia	First SH
7.	HSBC Bank Malta p.l.c.	Exalco Properties Limited	€14,157,000 on loan basis	Marina Business Centre	First SH
8.	HSBC Bank Malta p.l.c.	Exalco Properties Limited	€4,750,000 on loan basis	Marina Business Centre	SP
9.	HSBC Bank Malta p.l.c.	Exalco Properties Limited	€165,000	(i)Maisonette no. 9 , Hillside Place, Triq il-Kwartin, Ibragg	First GH SH
				(ii)Garage no. 24, Hillside Place, Triq il-Kwartin, Ibragg	SP

(GH: General Hypothec, SH: Special Hypothec, SP: Special Privilege)