

SECURITIES NOTE

dated 23 March 2018

This document is a Securities Note issued in accordance with the provisions of Chapter 4 of the Listing Rules published by the Listing Authority and in accordance with the provisions of Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements, as amended by Commission Delegated Regulation (EU) No. 486/2012 of the 30 March 2012, Commission Delegated Regulation (EU) No. 862/2012 of 4 June 2012, Commission Delegated Regulation (EU) No. 759/2013 of 30 April 2013, Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014 and Commission Delegated Regulation (EU) No. 2016/301 of 30 November 2015. This Securities Note is issued pursuant to the requirements of Listing Rule 4.14 of the Listing Rules and contains information about the Bonds being issued by Hudson Malta p.l.c. The Listing Authority has approved the admission to listing and trading of the Bonds on the Official List of the Malta Stock Exchange. This Securities Note should be read in conjunction with the most updated Registration Document issued from time to time containing information about the Issuer.

In respect of an issue of:
€12,000,000 4.35% Unsecured Bonds 2026
of a nominal value of €100 per Bond issued at par

by



A PUBLIC LIMITED LIABILITY COMPANY REGISTERED IN MALTA
WITH COMPANY REGISTRATION NUMBER C 83425

with the joint and several Guarantee* of Time International (Sport) Limited (C 32438)
and Hudson International Company Limited (C 58705)

ISIN:- MT0001811208

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

Sponsor, Manager & Registrar



Legal Counsel





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


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A PROSPECTIVE INVESTOR SHOULD ALWAYS SEEK INDEPENDENT FINANCIAL ADVICE BEFORE DECIDING TO INVEST IN ANY LISTED FINANCIAL INSTRUMENTS. A PROSPECTIVE INVESTOR SHOULD BE AWARE OF THE POTENTIAL RISKS IN INVESTING IN THE SECURITIES OF AN ISSUER AND SHOULD MAKE THE DECISION TO INVEST.

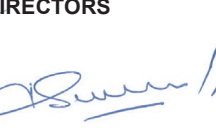
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IMPORTANT INFORMATION

THIS SECURITIES NOTE CONTAINS INFORMATION ON AN ISSUE BY HUDSON MALTA PLC (THE “ISSUER”) OF €12,000,000 UNSECURED BONDS 2026 OF A NOMINAL VALUE OF €100 PER BOND ISSUED AT PAR AND BEARING INTEREST AT THE RATE OF 4.35% PER ANNUM PAYABLE ANNUALLY ON 6 APRIL OF EACH YEAR. THE NOMINAL VALUE OF THE BONDS WILL BE REPAYABLE IN FULL AT MATURITY ON THE REDEMPTION DATE UNLESS OTHERWISE PREVIOUSLY REPURCHASED FOR CANCELLATION (THE “BONDS”). THE BOND ISSUE IS GUARANTEED BY TIME INTERNATIONAL (SPORT) LIMITED AND HUDSON INTERNATIONAL COMPANY LIMITED.

THIS SECURITIES NOTE:

- A. CONTAINS INFORMATION ABOUT THE ISSUER, THE GUARANTORS AND THE BONDS IN ACCORDANCE WITH THE REQUIREMENTS OF THE LISTING RULES, THE ACT AND THE REGULATION, AND SHOULD BE READ IN CONJUNCTION WITH THE REGISTRATION DOCUMENT ISSUED BY THE ISSUER; AND
- B. SETS OUT THE CONTRACTUAL TERMS UNDER WHICH THE BONDS ARE ISSUED BY THE COMPANY AND ACQUIRED BY A BONDHOLDER WHICH TERMS SHALL REMAIN BINDING UNTIL THE REDEMPTION DATE OF THE BONDS UNLESS THEY ARE OTHERWISE CHANGED IN ACCORDANCE WITH THE TERMS OF THIS SECURITIES NOTE.

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

THE LISTING AUTHORITY ACCEPTS NO RESPONSIBILITY FOR THE CONTENTS OF THIS 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 THIS PROSPECTUS.

THE PROSPECTUS DOES NOT CONSTITUTE, AND MAY NOT BE USED FOR PURPOSES OF, AN OFFER OR INVITATION TO SUBSCRIBE FOR BONDS BY ANY PERSON IN ANY JURISDICTION (I) IN WHICH SUCH OFFER OR INVITATION IS NOT AUTHORISED OR (II) IN WHICH THE PERSON MAKING SUCH OFFER OR INVITATION IS NOT QUALIFIED TO DO SO OR (III) TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR INVITATION. THE DISTRIBUTION OF THE PROSPECTUS IN CERTAIN JURISDICTIONS MAY BE RESTRICTED AND, ACCORDINGLY, PERSONS INTO WHOSE POSSESSION IT IS RECEIVED ARE REQUIRED TO INFORM THEMSELVES ABOUT, AND TO OBSERVE, SUCH RESTRICTIONS.

A PROSPECTIVE INVESTOR SHOULD ALWAYS SEEK INDEPENDENT FINANCIAL ADVICE BEFORE DECIDING TO INVEST IN ANY FINANCIAL INSTRUMENTS. A PROSPECTIVE INVESTOR SHOULD BE AWARE OF THE POTENTIAL RISKS OF INVESTING IN THE SECURITIES OF AN ISSUER AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION AND CONSULTATION WITH HIS OR HER OWN INDEPENDENT LEGAL ADVISORS, ACCOUNTANTS AND/OR OTHER FINANCIAL ADVISORS AS TO LEGAL, TAX, INVESTMENT OR ANY OTHER RELATED MATTERS CONCERNING THE BONDS AND THE PROSPECTUS.

IT IS THE RESPONSIBILITY OF ANY PERSONS IN POSSESSION OF THIS DOCUMENT AND ANY PERSONS WISHING TO APPLY FOR ANY BONDS ISSUED BY THE ISSUER TO INFORM THEMSELVES OF, AND TO OBSERVE AND COMPLY WITH, ALL APPLICABLE LAWS AND REGULATIONS OF ANY RELEVANT JURISDICTION. PROSPECTIVE APPLICANTS FOR ANY SECURITIES THAT MAY BE ISSUED BY THE ISSUER SHOULD INFORM THEMSELVES AS TO THE LEGAL REQUIREMENTS OF APPLYING FOR ANY SUCH BONDS AND ANY APPLICABLE EXCHANGE CONTROL REQUIREMENTS AND TAXES IN THE COUNTRY 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 BONDS 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 BONDS 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.

THE BONDS HAVE NOT BEEN NOR WILL THEY BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT, 1933 AS AMENDED, OR UNDER ANY FEDERAL OR STATE SECURITIES LAW AND MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, IN THE UNITED STATES OF AMERICA, ITS TERRITORIES OR POSSESSIONS, OR ANY AREA SUBJECT TO ITS JURISDICTION (THE "U.S.") OR TO OR FOR THE BENEFIT OF, DIRECTLY OR INDIRECTLY, ANY U.S. PERSON (AS DEFINED IN REGULATION "S" OF THE SAID ACT). FURTHERMORE THE ISSUER WILL NOT BE REGISTERED UNDER THE UNITED STATES INVESTMENT COMPANY ACT, 1940 AS AMENDED AND INVESTORS WILL NOT BE ENTITLED TO THE BENEFITS SET OUT THEREIN.

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

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

THE CONTENTS OF THE MALTA GROUP'S WEBSITE OR ANY WEBSITE DIRECTLY OR INDIRECTLY LINKED TO THE MALTA GROUP'S WEBSITE DO NOT FORM PART OF THE 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 ISSUER DISCLAIMS ANY AND ALL RESPONSIBILITY FOR ANY DEALINGS MADE, REPRESENTATIONS GIVEN, PROCESSES ADOPTED, FUNDS COLLECTED OR APPLICATIONS ISSUED BY AUTHORISED FINANCIAL INTERMEDIARIES IN THEIR EFFORT TO PLACE OR RE-SELL THE BONDS SUBSCRIBED BY THEM.

ALL THE ADVISORS TO THE ISSUER AND THE GUARANTORS NAMED IN THE PROSPECTUS UNDER THE HEADING "ADVISORS" UNDER SECTION 3.2 OF THE REGISTRATION DOCUMENT HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER AND THE GUARANTORS IN RELATION TO THIS ISSUE 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 VALUE OF INVESTMENTS CAN GO UP OR DOWN AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. THE NOMINAL VALUE OF THE BONDS WILL BE REPAYABLE IN FULL UPON MATURITY. 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 ADVISORS BEFORE DECIDING TO MAKE AN INVESTMENT IN THE BONDS.

1. DEFINITIONS

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

Act	the Companies Act (Cap. 386 of the Laws of Malta);
Applicant/s	a person or persons whose name or names (in the case of joint applicants) appear in the registration details of an Application Form;
Application/s	the application to subscribe for Bonds made by an Applicant/s by completing an Application Form/s and delivering same to any of the Authorised Financial Intermediaries;
Application Form	the form of application of subscription for Bonds, a specimen of which is contained in Annex I of this Securities Note;
Authorised Financial Intermediaries	the financial intermediaries whose details appear in section 7.4 of this Securities Note;
Bond(s)	the €12,000,000 Unsecured Bonds of a nominal value of €100 payable in full upon subscription and redeemable at the nominal value on the Redemption Date, bearing interest at the rate of 4.35% per annum, as detailed in this Securities Note;
Bond Issue or Offer	the issue of the Bonds;
Bond Issue Price	the price of €100 per Bond;
Bondholder	a holder of Bonds;
Business Day	any day between Monday and Friday (both days included) on which commercial banks in Malta settle payments and are open for normal banking business;
Company or Issuer	Hudson Malta p.l.c., a company registered under the laws of Malta with company registration number C 83425 and having its registered office at Hudson House, Burmarrad Road, Burmarrad, St Paul's Bay SPB 9060, Malta;
CSD	the Central Securities Depository of the Malta Stock Exchange having its address at Garrison Chapel, Castille Place, Valletta, VLT 1063, Malta;
Euro or €	the lawful currency of the Republic of Malta;
Exchange, Malta Stock Exchange or MSE	Malta Stock Exchange p.l.c., as originally constituted in terms of the Financial Markets Act (Cap. 345 of the Laws of Malta), having its registered office at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta, and bearing company registration number C 42525;
Guarantee	the joint and several guarantee dated 23 March 2018 granted by the Guarantors as security for the punctual performance of the Issuer's payment obligations under the Bond Issue. A copy of the Guarantee and a description of the nature, scope and terms of the Guarantee are appended to the Securities Note as Annex II thereto;
Guarantors	Time International (Sport) Limited, a company registered under the laws of Malta with company registration number C 32438, and Hudson International Company Limited, a company registered under the laws of Malta with company registration number C 48705. The registered office of each of the afore-mentioned companies is at Hudson House, Burmarrad Road, Burmarrad, St Paul's Bay SPB 9060, Malta;
HICL	Hudson International Company Limited, a Guarantor;
Hudson Group or HHL	Hudson Holdings Limited, a company registered under the laws of Malta with company registration number C 37866 and having its registered office at Hudson House, Burmarrad Road, Burmarrad, St Paul's Bay SPB 9060, Malta (as ultimate parent company), the Issuer, the Guarantors and other subsidiary companies;
Interest Payment Date	6 April of each year between and including each of the years 2019 and the year 2026, provided that if any such day is not a Business Day such Interest Payment Date will be carried over to the next following day that is a Business Day;
Issue Date	expected on 13 April 2018;

Listing Authority	the Board of Governors of the Malta Financial Services Authority, appointed as the Listing Authority for the purposes of the Malta Financial Services Authority Act (Cap. 330 of the Laws of Malta);
Listing Rules	the listing rules issued by the Listing Authority, as may be amended from time to time;
Malta Group	the Issuer (as parent company), the Guarantors and the Subsidiaries, if any;
Malta Group Company	any one of the companies forming part of the Malta Group. The term “Malta Group Companies” shall be construed accordingly;
Offer Period	the period between 26 March 2018 to 6 April 2018 during which the Bonds are on offer;
Official List	the list prepared and published by the Malta Stock Exchange as its official list in accordance with the Malta Stock Exchange Bye-Laws;
Prospectus	collectively the Registration Document, Summary Note and this Securities Note (each as defined in this Securities Note);
Redemption Date	6 April 2026;
Redemption Value	the nominal value of each Bond (€100 per Bond);
Registration Document	the registration document issued by the Issuer dated 23 March 2018, forming part of the Prospectus;
Regulation	Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements, 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	this document in its entirety;
Sponsor, Manager & Registrar	Charts Investment Management Service Limited, an authorised financial intermediary licensed by the Malta Financial Services Authority and a member of the MSE and a private limited liability company duly registered and validly existing under the laws of Malta, with company registration number C 7944 and having its registered office at The Centre, Tigné Point, Sliema TPO 0001, Malta;
Summary Note	the summary note issued by the Issuer dated 23 March 2018, forming part of the Prospectus;
Terms and Conditions	the terms and conditions of issue of the Bonds set out in this Securities Note;
TISL	Time International (Sport) Limited, a Guarantor.

All references in the Prospectus to “Malta” are to the “Republic of Malta”.

Unless it appears otherwise from the context:

- a) words importing the singular shall include the plural and vice-versa;
- b) words importing the masculine gender shall include the feminine gender and vice-versa;
- c) the word “may” shall be construed as permissive and the word “shall” shall be construed as imperative.

2. RISK FACTORS

The value of investments can go up or down and past performance is not necessarily indicative of future performance.

The nominal value of the Bonds will be repayable in full upon maturity on the Redemption Date unless the Bonds are previously re-purchased and cancelled. The Issuer shall redeem the Bonds on the Redemption Date.

An investment in the Bonds involves certain risks including those described below. Prospective investors should carefully consider, with their own independent financial and other professional advisors, the following risk factors and other investment considerations as well as all the other information contained in the Prospectus before deciding to make an investment in the Bonds. The sequence in which the risks below are listed is not intended to be indicative of any order of priority or of the extent of their consequences.

Neither this Securities Note, nor any other parts of the Prospectus or any other information supplied in connection with the Bonds: (i) is intended to provide the basis of any credit or other evaluation; or (ii) should be considered as a recommendation by the Issuer or the Guarantors or the Sponsor, Manager & Registrar or Authorised Financial Intermediaries that any recipient of this Securities Note or any other part of the Prospectus or any other information supplied in connection with the Prospectus or any Bonds, should purchase any Bonds.

Accordingly prospective investors should make their own independent evaluation of all risk factors, and should consider all other sections in this document.

2.1 FORWARD LOOKING STATEMENTS

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

2.2 GENERAL

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

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

2.3 RISKS RELATING TO THE BONDS

- **Orderly and Liquid Market**

The existence of an orderly and liquid market for the Bonds depends on a number of factors, including but not limited to the presence of willing buyers and sellers of the Issuer’s Bonds at any given time and the general economic conditions in the market in which the Bonds are traded. Such factors are dependent upon the individual decisions of investors and the general economic conditions of the market, over which the Issuer has no control. Accordingly, there can be no assurance that an active secondary market for the Bonds will develop, or, if it develops, that it will continue. Accordingly, there can be no assurance that an investor will be able to sell or otherwise trade in the Bonds at or above the Bond Issue Price or at all.

- **Subsequent Changes in Interest Rates**

Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds.

- **Currency Risk**

Any investor whose currency of reference is not the Euro shall bear the risk of any fluctuations in exchange rates between the currency of denomination of the Bonds (€) and the Bondholder's currency of reference.

- **Changes in Circumstances**

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

- **Risks Specific to the Guarantee**

The Bonds, as and when issued and allotted, shall constitute the general, direct, unsecured 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 Guarantors jointly and severally. The Bonds shall at all times rank *pari passu* without any priority or preference among themselves and, in respect of the Guarantors, they shall rank without any priority or preference over all their respective unsecured indebtedness, if any. In view of the fact that the Bonds are being guaranteed by the Guarantors on a joint and several basis, the Bondholders shall be entitled to request the Guarantors 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 also entitles the Bondholders to take action against the Guarantors without having to first take action against the Issuer. The strength of this undertaking on the part of the Guarantors and therefore, the level of recoverability by the Bondholders from the Guarantors of any amounts due under any of the Bonds, is dependent upon and directly linked to the financial position and solvency of the Guarantors.

- **Continuing Compliance Obligations**

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

- **Changes to Terms and Conditions**

In the event that the Issuer wishes to amend any of the Terms and Conditions of this Bond Issue it shall call a meeting of Bondholders in accordance with the provisions of section 5.13 of this Securities Note. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

- **Changes in Law**

The Terms and Conditions of this Bond Issue are based on the requirements of the Listing Rules of the Listing Authority, the Companies Act and the Commission Regulation EC No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council in effect as at the date of the Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in Maltese law or administrative practice after the date of this Prospectus.

3 PERSONS RESPONSIBLE

This document includes information given in compliance with the Listing Rules for the purpose of providing prospective investors with information with regard to the Issuer, the Guarantors and the Bonds. All of the Directors of the Issuer, whose names appear under the heading "Identity of Directors, Advisors and Auditors of the Issuer and Guarantors" in section 3 of the Registration Document, accept responsibility for the information contained in this Securities Note.

To the best of the knowledge and belief of the Directors of the Issuer, who have taken all reasonable care to ensure that such is the case, the information contained in this Securities Note is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors of the Issuer accept responsibility accordingly.

4 ESSENTIAL INFORMATION

4.1 REASONS FOR THE ISSUE AND USE OF PROCEEDS

The proceeds from the Bond Issue, which net of Bond Issue expenses are expected to amount to approximately €11,780,000, will be used by the Issuer for the following purposes, in the amounts and order of priority set out below:

- i. an amount of *circa* €2,780,000 of the proceeds from the Bonds will be used to re-finance outstanding Malta Group banking facilities, which funds were mainly applied for the purpose of part-financing capital expenditure during 2013 to 2017 related to new store openings, property improvements and fit-out costs including furniture, fittings and equipment;
- ii. the amount of €4,500,000 will be on-lent to Hudson Holdings Limited (the ultimate parent company of the Issuer) pursuant to a loan agreement between the Issuer and HHL, and shall be used to lease and fit-out a number of new retail stores in Morocco (*circa* €2,500,000), Italy (*circa* €1,000,000) and Algeria (*circa* €1,000,000). Further details on the loan agreement is provided in section 13 of the Registration Document;
- iii. an amount of €2,500,000 will be utilised to finance the construction and fit-out of a distribution centre in Malta exclusively for the international trading operations of the Hudson Group. BD International Group Limited (a wholly owned subsidiary of HHL) is presently in the final stage of negotiating a 65-year emphyteutical concession with Malta Industrial Parks (the lessor) for the site over which the distribution centre will be developed. Accordingly, a joint venture agreement will be entered into between BD International Group Limited and the Issuer for the development and operation of the facility, wherein the former party will contribute the right of usufruct to the Issuer, whilst the latter party will contribute the required funds for the construction and fit-out of the distribution centre, IT and administrative support, and the provision of the above-mentioned operational services. The capital expenditure is projected to be incurred during 2018 and 2019;
- iv. the amount of €2,000,000 will be used to part-finance the forthcoming capital expenditure of the Malta Group, and shall primarily comprise the renovation of 3 existing stores and the opening of 3 additional stores in Malta.

4.2 EXPENSES

Professional fees, and costs related to publicity, advertising, printing, listing, registration, sponsor, management, registrar fees, selling commission, and other miscellaneous expenses in connection with this Bond Issue are estimated not to exceed €220,000 and will be deducted from the proceeds of the Issue. There is no particular order of priority with respect to such expenses.

4.3 ISSUE STATISTICS

Amount:	€12,000,000;
Form:	The Bonds will be issued in fully registered and dematerialised form and will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the CSD;
Denomination:	Euro (€);
ISIN:	MT0001811208;
Minimum amount per subscription:	Minimum of €2,000 and multiples of €100 thereafter;
Redemption Date:	6 April 2026;
Redemption Value:	At par (€100 per Bond);
Plan of Distribution:	The Bonds are open for subscription by all categories of investors and the general public;
Bond Issue Price:	At par (€100 per Bond);

Status of the Bonds:	The Bonds, as and when issued and allotted, shall constitute the general, direct, unsecured 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 Guarantors jointly and severally. The Bonds shall at all times rank <i>pari passu</i> without any priority or preference among themselves and, in respect of the Guarantors, they shall rank without any priority or preference over all their respective unsecured indebtedness, if any;
Listing:	The Listing Authority has approved the Bonds for admissibility to listing and subsequent trading on the Official List of the Malta Stock Exchange. Application has been made to the Malta Stock Exchange for the Bonds to be listed and traded on its Official List;
Placement Agreement:	The Issuer and the Guarantors have entered into a conditional placement agreement for the full amount of the Bond Issue with the Authorised Financial Intermediaries, whereby the Bonds have been made available for subscription on 6 April 2018;
Offer Period:	26 March 2018 to 6 April 2018, both days included;
Interest:	4.35% per annum;
Interest Payment Date(s):	Annually on 6 April as from 6 April 2019 (the first interest payment date);
Governing Law of Bonds:	The Bonds are governed by and shall be construed in accordance with Maltese law;
Jurisdiction:	The Maltese Courts shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Prospectus and/or the Bonds.

4.4 INTEREST OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Save for the subscription for Bonds by Authorised Financial Intermediaries (which include the Sponsor, Manager & Registrar), and any fees payable in connection with the Bond Issue to Charts Investment Management Service Limited as Sponsor, Manager & Registrar, so far as the Issuer is aware no person involved in the Bond Issue has an interest material to the Bond Issue.

4.5 CONSENT FOR USE OF PROSPECTUS

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

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

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

There are no other conditions attached to the consent given by the Issuer hereby which are relevant for the use of the Prospectus.

None of the Issuer, the Sponsor, Manager & Registrar or any of their respective advisors take any responsibility for any of the actions of any Authorised Financial Intermediary, including their compliance with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to a resale or placement of Bonds.

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

Investors should enquire whether an intermediary is considered to be an Authorised Financial Intermediary in terms of the Prospectus. If the investor is in doubt as to whether it can rely on the Prospectus and/or who is responsible for its contents, it should obtain legal advice.

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

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

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

Any Authorised Financial Intermediary using this Prospectus in connection with a resale, placement or other offering of Bonds subsequent to the Bond Issue shall, limitedly for the period of 60 days from the date of the Prospectus, publish on its website a notice to the effect that it is using this Prospectus for such resale, placement or other offering in accordance with the consent of the Issuer and the conditions attached thereto. The consent provided herein shall no longer apply following the lapse of such period.

Any new information with respect to Authorised Financial Intermediaries unknown at the time of approval of this Securities Note will be made available through a company announcement which will also be made available on the Issuer's website: www.hudson.com.mt

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

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

5.1 GENERAL

Each Bond forms part of a duly authorised issue of 4.35% Unsecured Bonds 2026 of a nominal value of €100 per Bond issued by the Issuer at par up to the principal amount of €12,000,000 (except as otherwise provided under section 5.12 "Further Issues"). The Issue Date of the Bonds is 13 April 2018.

- a. The currency of the Bonds is Euro (€).
- b. Subject to admission to listing of the Bonds to the Official List of the MSE, the Bonds are expected to be assigned ISIN MT0001811208.
- c. Unless previously purchased and cancelled, the Bonds shall be redeemable at par on the Redemption Date.
- d. The issue of the Bonds is made in accordance with the requirements of the Listing Rules, the Act, and the Regulation.
- e. The Bond Issue is not underwritten.
- f. There are no special rights attached to the Bonds other than the right of the Bondholders to the payment of capital and interest and in accordance with the ranking specified in section 5.2 hereunder.

5.2 RANKING OF THE BONDS

The Bonds constitute the general, direct, unconditional and unsecured obligations of the Issuer, guaranteed jointly and severally by the Guarantors, and shall at all times rank *pari passu*, without any priority or preference among themselves and with other unsecured debt of each of the Issuer and the Guarantors, if any. Furthermore, subject to the negative pledge clause (section 5.7 of this Securities Note), third party security interests may be registered which will rank in priority to the Bonds against the assets of the Issuer and of the Guarantors, as the case may be, for so long as such security interests remain in effect. As at the date of this Securities Note, the Issuer does not have any subordinated indebtedness.

The following table sets out a summary of the Malta Group's indebtedness as at 31 December 2017, and includes overdraft facilities and bank loans. The aforesaid borrowings are secured by privileges, general hypothecs, company guarantees and other security.

Malta Group Borrowings
as at 31 December 2017

Description	Amount (€'000)
TISL – bank loans	604
TISL – bank overdraft facilities	1,163
HICL – bank loans	1,412
HICL – bank overdraft facilities	524
Total borrowings	3,703

In terms of section 4.1 above, all outstanding balances on bank loans shall be repaid out of part of the net proceeds of the Bond Issue. Accordingly, all security granted with respect to the bank loans shall be released by the respective banks. As regards to the overdraft accounts, the Malta Group shall retain the said facilities, which presently permits the Guarantors to drawdown a maximum aggregate amount of *circa* €2.5 million. The security in relation to the bank overdraft facilities shall therefore continue to be held by the respective banks and as such, the indebtedness being created by the Bonds would rank after the afore-mentioned overdraft facilities. In addition, the Bonds would also rank after any future debts which may be secured by a cause of preference such as a privilege and/or a hypothec.

5.3 RIGHTS ATTACHING TO THE BONDS

This Securities Note in its entirety contains the terms and conditions of issue of the Bonds and creates the contract between the Issuer and a Bondholder. Any and all references to the terms and conditions of the Bonds shall be construed as a reference to all and each section of this Securities Note. A Bondholder shall have such rights as are, pursuant to this Securities Note, attached to the Bonds, including:

- i. the repayment of capital;
- ii. the payment of interest;
- iii. ranking with respect to other indebtedness of the Issuer and the Guarantors in accordance with the provisions of section 5.2 above;
- iv. seeking recourse from the Guarantors pursuant to the Guarantee, in case of failure by the Issuer to pay any sum payable by it to Bondholders pursuant to the terms of the Bonds detailed in this Securities Note;
- v. the right to attend, participate in and vote at meetings of Bondholders in accordance with the Terms and Conditions of the Bond Issue; and
- vi. enjoy all such other rights attached to the Bonds emanating from the Prospectus.

5.4 INTEREST

The Bonds shall bear interest from and including 6 April 2018 at the rate of 4.35% per annum on the nominal value thereof, payable annually in arrears on each Interest Payment Date. The first interest payment will be effected on 6 April 2019 (covering the period 6 April 2018 to 5 April 2019). Any Interest Payment Date which falls on a day other than a Business Day will be carried over to the next following day that is a Business Day. In terms of article 2156 of the Civil Code (Cap. 16 of the Laws of Malta), the right of Bondholders to bring claims for payment of interest and repayment of the principal on the Bonds is barred by the lapse of five years.

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

5.5 YIELD

The gross yield calculated on the basis of the Interest, the Bond Issue Price and the Redemption Value of the Bonds is 4.35% per annum.

5.6 REGISTRATION, FORM, DENOMINATION AND TITLE

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

The CSD will issue, upon a request by a Bondholder, a statement of holdings to such Bondholder evidencing his/her/its entitlement to Bonds held in the register kept by the CSD.

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

The Bonds will be issued in fully registered form, without interest coupons, in denominations of any integral multiple of €100 provided that on subscription the Bonds will be issued for a minimum of €2,000 per individual Bondholder. Authorised Financial Intermediaries subscribing to the Bonds through nominee accounts for and on behalf of clients shall apply the minimum subscription amount of €2,000 to each underlying client.

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

5.7 NEGATIVE PLEDGE

The Issuer and the Guarantors undertake, for as long as any principal or interest under the Bonds or any of the Bonds remains outstanding, not to create or permit to subsist any Security Interest (as defined below), other than a Permitted Security Interest (as defined below), upon the whole or any part of their respective present or future assets or revenues, to secure any Financial Indebtedness (as defined below) of the Issuer and/or the Guarantors. The instrument creating any such Permitted Security Interest shall provide that the Issuer's and Guarantors' indebtedness under the Bonds, shares in and is secured equally and rateably with such Permitted Security Interest.

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

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

"Permitted Security Interest" means:

- (A) any Security Interest arising by operation of law;
- (B) any Security Interest securing temporary bank loans or overdrafts or guarantees (including those issued to the Malta Group's franchisors and suppliers) in the ordinary course of business;
- (C) any Security Interest securing any indebtedness of the Issuer created for the sole purpose of financing or raising finance for the redemption of all the Bonds;
- (D) any other Security Interest (in addition to (A), (B) and (C) above) securing Financial Indebtedness of the Issuer or Guarantors (as the case may be), in an aggregate outstanding amount not exceeding 90% of the difference between the value of the Unencumbered Assets of the Issuer and Guarantors and the aggregate principal amount of Bonds outstanding at the time;

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

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

5.8 PAYMENTS

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

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

Payment of interest on a Bond will be made to the person in whose name such Bond is registered at the close of business 15 days prior to the Interest Payment Date, by means of a direct credit transfer into such bank account as the Bondholder may designate, from time to time, which is denominated in Euro and held with any licensed bank in Malta. Such payment shall be effected within seven days of the Interest Payment Date. The Issuer shall not be responsible for any loss or delay in transmission.

All payments with respect to the Bonds are subject in all cases to any applicable fiscal or other laws and regulations prevailing in Malta. In particular, but without limitation, all payments of principal and interest by or on behalf of the Issuer in respect of the Bonds shall be made net of any amount which the Issuer is or may become compelled by law to deduct or withhold for or on account of any present or future taxes, duties, assessments or other government charges of whatsoever nature imposed, levied, collected, withheld or assessed by or within the Republic of Malta or any authority thereof or therein having power to tax.

No commissions or expenses shall be charged by the Issuer to Bondholders in respect of such payments. The Issuer shall not be liable for charges, expenses and commissions levied by parties other than the Issuer.

5.9 REDEMPTION AND PURCHASE

Unless previously purchased and cancelled, the Bonds will be redeemed at their nominal value (together with interest accrued to the date fixed for redemption) on 6 April 2026. In such a case the Issuer shall be discharged of any and all payment obligations under the Bonds upon payment made net of any withholding or other taxes due or which may be due under Maltese law and which is payable by the Bondholders.

Subject to the provisions of this section 5.9, the Issuer may at any time purchase Bonds in the open market or otherwise at any price. Any purchase by tender shall be made available to all Bondholders alike.

All Bonds repurchased by the Issuer shall be cancelled forthwith and may not be re-issued or re-sold.

5.10 EVENTS OF DEFAULT

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

- a. the Issuer shall fail to pay any interest on any Bond when due and such failure shall continue for thirty (30) days after written notice thereof shall have been given to the Issuer by any Bondholder; or
- b. the Issuer shall fail duly to perform or shall otherwise be in breach of any other material obligation contained in the Terms and Conditions of the Bonds and such failure shall continue for sixty (60) days after written notice thereof shall have been given to the Issuer by any Bondholder; or
- c. an order is made or resolution passed or other action taken for the dissolution, termination of existence, liquidation, winding-up or bankruptcy of the Issuer and/or Guarantors; or
- d. the Issuer stops or suspends payments (whether of principal or interest) with respect to all or any class of its debts or announces an intention to do so or ceases or threatens to cease to carry on its business or a substantial part of its business; or
- e. the Issuer is unable, or admits in writing its inability, to pay its debts as they fall due or otherwise becomes insolvent; or
- f. there shall have been entered against the Issuer and/or the Guarantors a final judgment by a court of competent jurisdiction from which no appeal may be or is made for the payment of money in excess of two million Euro (€2,000,000) or its equivalent and ninety (90) days shall have passed since the date of entry of such judgment without its having been satisfied or stayed; or

- g. any default occurs and continues for ninety (90) days under any contract or document relating to any Financial Indebtedness (as defined in section 5.7 of this Securities Note) of the Issuer and/or the Guarantors in excess of two million Euro (€2,000,000) or its equivalent at any time.

5.11 TRANSFERABILITY OF THE BONDS

The Bonds are freely transferable and, once admitted to the Official List of the MSE, shall be transferable only in whole (that is, in multiples of €100) in accordance with the rules and regulations of the MSE applicable from time to time.

Any person becoming entitled to a Bond in consequence of the death or bankruptcy of a Bondholder may, upon such evidence being produced as may from time to time properly be required by the Issuer or the CSD, elect either to be registered himself as holder of the Bond or to have some person nominated by him registered as the transferee thereof. If the person so becoming entitled shall elect to be registered himself, he shall deliver or send to the CSD a notice in writing signed by him stating that he so elects. If he shall elect to have another person registered he shall testify his election by transferring the Bond, or procuring the transfer of the Bond, in favour of that person. Provided always that if a Bond is transmitted in furtherance of this paragraph, a person will not be registered as a Bondholder unless such transmission is made in multiples of €100.

All transfers and transmissions are subject in all cases to any pledge (duly constituted) of the Bonds and to any applicable laws and regulations.

The cost and expenses of effecting any registration of transfer or transmission, except for the expenses of delivery by any means other than regular mail (if any) and except, if the Issuer shall so require, the payment of a sum sufficient to cover any tax, duty or other governmental charge or insurance charges that may be imposed in relation thereto, will be borne by the person to whom the transfer / transmission has been made.

The Issuer will not register the transfer or transmission of Bonds for a period of 15 days preceding the due date for any payment of interest on the Bonds.

The minimum subscription amount of €2,000, described in section 5.6 above, shall only apply during the Offer Period. As such, no minimum holding requirement shall be applicable once the Bonds commence trading on the MSE.

5.12 FURTHER ISSUES

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

5.13 MEETINGS OF BONDHOLDERS

The Issuer may from time to time call meetings of Bondholders for the purpose of consultation with Bondholders or for the purpose of obtaining the consent of Bondholders on matters which in terms of the Prospectus require the approval of a Bondholders' meeting and to effect any change to the applicable Terms and Conditions of the Bonds, including any change to a material term of issuance of the Bonds or the Prospectus.

A meeting of Bondholders shall be called by the Directors by giving all Bondholders listed on the register of Bondholders as at a date being not more than 30 days preceding the date scheduled for the meeting, not less than 14 days' notice in writing. Such notice shall set out the time, place and date set for the meeting and the matters to be discussed or decided thereat, including, if applicable, sufficient information on any amendment of the Prospectus that is proposed to be voted upon at the meeting and seeking the approval of the Bondholders. Following a meeting of Bondholders held in accordance with the provisions contained hereunder, the Issuer shall, acting in accordance with the resolution(s) taken at the meeting, communicate to the Bondholders whether the necessary consent to the proposal made by the Issuer has been granted or withheld. Subject to having obtained the necessary approval by the Bondholders in accordance with the provisions of this section 5.13 at a meeting called for that purpose as aforesaid, any such decision shall subsequently be given effect to by the Issuer.

The amendment or waiver of any of the provisions of and/or conditions contained in this Securities Note, or in any other part of the Prospectus, may only be made with the approval of Bondholders at a meeting called and held for that purpose in accordance with the terms hereof.

A meeting of Bondholders shall only validly and properly proceed to business if there is a quorum present at the commencement of the meeting. For this purpose at least two Bondholders present, in person or by proxy, representing not less than 50% in nominal value of the Bonds then outstanding, shall constitute a quorum. If a quorum is not present within 30 minutes from the time scheduled for the commencement of the meeting as indicated on the notice convening same, the meeting shall stand adjourned to a place, date and time as shall be communicated by the Directors to the

Bondholders present at that meeting. The Issuer shall within two days from the date of the original meeting publish by way of a company announcement the date, time and place where the adjourned meeting is to be held. An adjourned meeting shall be held not earlier than seven days, and not later than 15 days, following the original meeting. At an adjourned meeting the number of Bondholders present, in person or by proxy, shall constitute a quorum; and only the matters specified in the notice calling the original meeting shall be placed on the agenda of, and shall be discussed at, the adjourned meeting.

Any person who in accordance with the Memorandum and Articles of Association of the Issuer is to chair the annual general meetings of shareholders shall also chair meetings of Bondholders.

Once a quorum is declared present by the chairman of the meeting, the meeting may then proceed to business and address the matters set out in the notice convening the meeting. In the event of decisions being required at the meeting the Directors or their representative shall present to the Bondholders the reasons why it is deemed necessary or desirable and appropriate that a particular decision is taken. The meeting shall allow reasonable and adequate time to Bondholders to present their views to the Issuer and the other Bondholders present at the meeting. The meeting shall then put the matter as proposed by the Issuer to a vote of the Bondholders present at the time at which the vote is being taken, and any Bondholders taken into account for the purpose of constituting a quorum who are no longer present for the taking of the vote shall not be taken into account for the purpose of such vote.

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

The proposal placed before a meeting of Bondholders shall only be considered approved if at least 60% in nominal value of the Bondholders present at the meeting at the time when the vote is being taken, in person or by proxy, shall have voted in favour of the proposal.

Save for the above, the rules generally applicable to proceedings at general meetings of shareholders of the Issuer shall *mutatis mutandis* apply to meetings of Bondholders.

5.14 AUTHORISATIONS AND APPROVALS

The Board of Directors of the Issuer authorised the Bond Issue pursuant to a Board of Directors' resolution passed on 5 March 2018. The Guarantee being given by the Guarantors in respect of the Bonds has been authorised by resolutions of the boards of directors of each of the Guarantors both dated 5 March 2018.

5.15 REPRESENTATIONS AND WARRANTIES

The Issuer represents and warrants to Bondholders, who shall be entitled to rely on such representations and warranties, that:

- i. it is duly incorporated and validly existing under the laws of Malta and has the power to carry on its business as it is now being conducted and to hold its property and other assets under legal title; and
- ii. it has the power to execute, deliver and perform its obligations under the Prospectus and that all necessary corporate, shareholder and other actions have been duly taken to authorise the execution, delivery and performance of the same, and further that no limitation on its power to borrow or guarantee shall be exceeded as a result of the Terms and Conditions or the Prospectus.

The Prospectus contains all relevant material information with respect to the Issuer and the Guarantors and all information contained in the Prospectus is in every material respect true and accurate and not misleading, and there are no other facts in relation to the Issuer and/or the Guarantors, their respective businesses and financial position, the omission of which would, in the context of issue of the Bonds, make any statement in the Prospectus misleading or inaccurate in any material respect.

5.16 NOTICES

Notices will be mailed to Bondholders at their registered addresses and shall be deemed to have been served at the expiration of 24 hours after the letter containing the notice is posted, and in proving such service it shall be sufficient to prove that a prepaid letter containing such notice was properly addressed to such Bondholder at his registered address and posted.

5.17 GOVERNING LAW AND JURISDICTION

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

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

6 TAXATION

6.1 GENERAL

Investors and prospective investors are urged to seek professional advice as regards both Maltese and any foreign tax legislation which may be applicable to them in respect of the Bonds, including their acquisition, holding and transfer as well as on any income derived therefrom or on any gains derived on the transfer of such Bonds. The following is a summary of the anticipated tax treatment applicable to Bondholders in so far as taxation in Malta is concerned. This information does not constitute legal or tax advice and does not purport to be exhaustive.

The information below is based on an interpretation of tax law and practice relative to the applicable legislation, as known to the Issuer at the date of the Prospectus, in respect of a subject on which no official guidelines exist. Investors are reminded that tax law and practice and their interpretation as well as the levels of tax on the subject matter referred to in the preceding paragraph, may change from time to time.

This information is being given solely for the general information of investors. The precise implications for investors will depend, among other things, on their particular circumstances and on the classification of the Bonds from a Maltese tax perspective, and professional advice in this respect should be sought accordingly.

6.2 MALTA TAX ON INTEREST

Since interest is payable in respect of a Bond which is the subject of a public issue, unless the Issuer is instructed by a Bondholder to receive the interest gross of any withholding tax, or if the Bondholder does not fall within the definition of “recipient” in terms of Article 41(c) of the Income Tax Act (Cap. 123 of the Laws of Malta), interest shall be paid to such Bondholder net of a final withholding tax, currently at the rate of 15% (10% in the case of certain types of collective investment schemes) of the gross amount of the interest, pursuant to Article 33 of the Income Tax Act (Cap. 123 of the Laws of Malta). Bondholders who do not fall within the definition of a “recipient” do not qualify for the said rate and should seek advice on the taxation of such income as special rules may apply.

This withholding tax is considered as a final tax and a Maltese resident individual Bondholder is not obliged to declare the interest so received in his income tax return (to the extent that the interest is paid net of tax). No person shall be charged to further tax in respect of such income. The Issuer will render an account to the Maltese Commissioner for Revenue of all amounts so deducted but will not specify the identity of the recipient.

In the case of a valid election made by an eligible Bondholder resident in Malta to receive the interest due without the deduction of final tax, interest will be paid gross and such person will be obliged to declare the interest so received in his income tax return and be subject to tax at the standard rates applicable to such Bondholder at that time. Additionally in this latter case the Issuer will advise the Maltese Commissioner for Revenue on an annual basis in respect of all interest paid gross and of the identity of all such recipients unless the beneficiary is a non-resident of Malta. Any such election made by a resident Bondholder at the time of subscription may be subsequently changed by giving notice in writing to the Issuer. Such election or revocation will be effective within the time limit set out in the Income Tax Act.

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

6.3 EXCHANGE OF INFORMATION

In terms of applicable Maltese legislation, the Issuer and/or its agent are required to collect and forward certain information (including, but not limited to, information regarding payments made to certain Bondholders) to the Commissioner for Revenue. The Commissioner for Revenue will or may, in turn, automatically or on request, forward the information to other relevant tax authorities subject to certain conditions.

6.4 MALTESE TAXATION ON CAPITAL GAINS ON TRANSFER OF THE BONDS

On the assumption that the Bonds would not fall within the definition of “securities” in terms of Article 5(1)(b) of the Income Tax Act, that is, “shares and stocks and such like instrument that participate in any way in the profits of the company and whose return is not limited to a fixed rate of return”, to the extent that the Bonds are held as capital assets by the Bondholder, no income tax on capital gains is chargeable in respect of transfer of the Bonds.

6.5 DUTY ON DOCUMENTS AND TRANSFERS

In terms of the Duty on Documents and Transfers Act (Cap. 364 of the Laws of Malta), duty is chargeable inter alia on the transfer or transmission causa mortis of marketable securities. A marketable security is defined in the said legislation as “a holding of share capital in any company and any document representing the same”. Consequently, the Bonds should not be treated as constituting marketable securities within the meaning of the legislation and therefore, the transfer/transmission thereof should not be chargeable to duty.

Furthermore, even if the Bonds are considered marketable securities for the purposes of the Duty on Documents and Transfers Act, in terms of Article 50 of the Financial Markets Act (Cap. 345 of the Laws of Malta) as the Bonds constitute financial instruments of a company quoted on a regulated market Exchange, as is the MSE, redemptions and transfers of the Bonds should, in any case, be exempt from duty.

INVESTORS AND PROSPECTIVE INVESTORS ARE URGED TO SEEK PROFESSIONAL ADVICE AS REGARDS BOTH MALTESE AND ANY FOREIGN TAX LEGISLATION APPLICABLE TO THE ACQUISITION, HOLDING AND DISPOSAL OF BONDS AS WELL AS INTEREST PAYMENTS MADE BY THE ISSUER. THE ABOVE IS A SUMMARY OF THE ANTICIPATED TAX TREATMENT APPLICABLE TO THE BONDS AND TO BONDHOLDERS. THIS INFORMATION, WHICH DOES NOT CONSTITUTE LEGAL OR TAX ADVICE, REFERS ONLY TO BONDHOLDERS WHO DO NOT DEAL IN SECURITIES IN THE COURSE OF THEIR NORMAL TRADING ACTIVITY.

7 TERMS AND CONDITIONS OF THE BOND ISSUE

7.1 EXPECTED TIMETABLE OF THE BOND ISSUE

1. Offer Period	26 March 2018 to 6 April 2018
2. Private Placement date	6 April 2018
3. Commencement of interest on the Bonds	6 April 2018
4. Expected date of notification of registration	13 April 2018
5. Expected date of admission of the securities to listing	13 April 2018
6. Expected date of commencement of trading in the securities	16 April 2018

7.2 TERMS AND CONDITIONS OF APPLICATION

The following terms and conditions shall be read in conjunction with all the other terms and conditions relative to and regulating the contractual relationship created between the Issuer and the Guarantors on the one hand and the Bondholders on the other.

7.2.1 Applications may be lodged with any Authorised Financial Intermediary by not later than 12:00 hours (Central European Time) on 6 April 2018.

7.2.2 By submitting a signed Application Form, the Applicant is thereby confirming to the Issuer and the Authorised Financial Intermediary through whom the Application is made that: (i) the Applicant's remittance will be honoured on first presentation and agrees that, if such remittance is not so honoured on its first presentation, the Issuer and the Sponsor, Manager & Registrar reserve the right to invalidate the relative Application. Furthermore the Applicant will not be entitled to receive a registration advice or to be registered in the register of Bondholders, unless the Applicant makes payment in cleared funds and such consideration is accepted by the respective Authorised Financial Intermediary (which acceptance shall be made in the Authorised Financial Intermediary's absolute discretion and may be on the basis that the Applicant indemnifies the Authorised Financial Intermediary against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of the Applicant's remittance to be honoured on first presentation).

7.2.3 The contract created by the Issuer's acceptance of an Application filed by a prospective bondholder through an Authorised Financial Intermediary shall be subject to all the terms and conditions set out in this Securities Note and the Memorandum and Articles of Association of the Issuer.

7.2.4 If an Application Form is signed on behalf of another party or on behalf of a corporation or corporate entity or association of persons, the person signing will be deemed to have duly bound his principal, or the relative corporation, corporate entity, or association of persons, and will be deemed also to have given the confirmations, warranties and undertakings contained in these terms and conditions on their behalf. Such representative may be requested to submit the relative power of attorney/resolution or a copy thereof duly certified by a lawyer or notary public if so required by the Issuer and the Sponsor, Manager & Registrar, but it shall not be the duty or responsibility of the Sponsor, Manager & Registrar or Issuer to ascertain that such representative is duly authorised to appear on the Application Form.

7.2.5 In the case of joint Applications, reference to the Applicant in these Terms and Conditions is a reference to each of the joint Applicants, and liability therefor is joint and several. The person whose name shall be inserted in the field entitled "Applicant" on the Application Form, or first-named in the register of Bondholders shall, for all intents and purposes, be deemed to be such nominated person by all those joint holders whose names appear in the field entitled "Additional Applicants" in the Application Form or joint holders in the register, as the case may be. Such person shall, for all intents and purposes, be deemed to be the registered holder of the Bond/s so held.

7.2.6 In respect of a Bond held subject to usufruct, the name of the bare owner and the usufructuary shall be entered in the register. The usufructuary shall, for all intents and purposes, be deemed vis-à-vis the Issuer to be the holder of the Bond/s so held and shall have the right to receive interest on the Bond/s and to vote at meetings of the Bondholders but shall not, during the continuance of the Bond/s, have the right to dispose of the Bond/s so held without the consent of the bare owner, and shall not be entitled to the repayment of principal on the Bond (which shall be due to the bare owner).

7.2.7 Applications in the name and for the benefit of minors shall be allowed provided that they are signed by both parents or the legal guardian/s and accompanied by a Public Registry birth certificate of the minor in whose name and for whose benefit the Application Form is submitted. Any Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest and redemption monies payable to the parents / legal guardian/s signing the Application Form until such time as the minor attains the age of 18 years, following which all interest and redemption monies shall be paid directly to the registered holder, provided that the Issuer has been duly notified in writing of the fact that the minor has attained the age of 18 years.

7.2.8 The Bonds have not been and will not be registered under the Securities Act of 1933 of the United States of America and accordingly may not be offered or sold within the United States or to or for the account or benefit of a U.S. person.

7.2.9 No person receiving a copy of the Prospectus or an Application Form in any territory other than Malta may treat the same as constituting an invitation or offer to such person nor should such person in any event use such Application Form, unless, in the relevant territory, such an invitation or offer could lawfully be made to such person or such Application Form could lawfully be used without contravention of any registration or other legal requirements.

7.2.10 It is the responsibility of any person outside Malta wishing to make any Application to satisfy himself/herself as to full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.

7.2.11 Subject to all other terms and conditions set out in the Prospectus, an Authorised Financial Intermediary reserves the right to reject, in whole or in part, or to scale down, any Application, including multiple or suspected multiple Applications, and to present any cheques and/or drafts for payment upon receipt. The right is also reserved to refuse any Application which in the opinion of the Authorised Financial Intermediary is not properly completed in all respects in accordance with the instructions or is not accompanied by the required documents. Only original Application Forms will be accepted and photocopies/facsimile copies will not be accepted.

7.2.12 The Bonds will be issued in multiples of €100. The minimum subscription amount of Bonds that can be subscribed for by Applicants is €2,000. The completed Application Forms are to be lodged with any of the Authorised Financial Intermediaries. Submission of Application Forms must be accompanied by the full price of the Bonds applied for, in Euro. Payment may be made either in cash or by cheque payable to the respective Authorised Financial Intermediary. In the event that any cheque accompanying an Application Form is not honoured on its first presentation, the Authorised Financial Intermediary reserves the right to invalidate the relative Application Form.

7.2.13 In the event that an Applicant has not been allocated any Bonds or has been allocated a number of Bonds which is less than the number applied for, the Applicant shall receive a full refund or, as the case may be, the balance of the price of the Bonds applied for but not allocated, without interest, by credit transfer to such account indicated in the Application Form, at the Applicant's sole risk within five Business Days from the date of final allocation. The respective Authorised Financial Intermediary or the Issuer shall not be responsible for any charges, loss or delay arising in connection with such direct credit transfer.

7.2.14 The Issuer has not sought assessment of the Bonds by any independent credit rating agency.

7.2.15 For the purposes of the Prevention of Money Laundering and Funding of Terrorism Regulations 2008 (Legal Notice 180 of 2008, as subsequently amended), all Authorised Financial Intermediaries are under a duty to communicate, upon request, all information about clients as is mentioned in Articles 1.2(d) and 2.4 of the "Members' Code of Conduct" appended as Appendix 3.6 of the MSE Bye-Laws, irrespective of whether the Authorised Financial Intermediaries are Exchange Members or not. Such information shall be held and controlled by the Malta Stock Exchange in terms of the Data Protection Act (Cap. 440 of the Laws of Malta) for the purposes and within the terms of the MSE's data protection and privacy policy as published from time to time.

7.2.16 By completing and delivering an Application Form, the Applicant:

- a agrees and acknowledges to have had the opportunity to read the Prospectus and to be deemed to have had notice of all information and representations concerning the Issuer and the Guarantors and the issue of the Bonds contained therein;

- b warrants that the information submitted by the Applicant in the Application Form is true and correct in all respects and in the case where an MSE account number is indicated in the Application Form, such MSE account number is the correct account of the Applicant. In the event of a discrepancy between the personal details (including name and surname and the Applicant's address) appearing on the Application Form and those held by the MSE in relation to the MSE account number indicated on the Application Form, the details held by the MSE shall be deemed to be the correct details of the Applicant;
- c authorises the Issuer and the MSE to process the personal data that the Applicant provides in the Application Form, for all purposes necessary and subsequent to the Bond Issue applied for, in accordance with the Data Protection Act (Cap. 440 of the Laws of Malta). The Applicant has the right to request access to and rectification of the personal data relating to him/her as processed by the Issuer and/or the MSE. Any such requests must be made in writing and sent to the Issuer at the address indicated in the Prospectus. The requests must further be signed by the Applicant to whom the personal data relates;
- d confirms that in making such Application no reliance was placed on any information or representation in relation to the Issuer or the issue of the Bonds other than what is contained in the Prospectus and accordingly agree/s that no person responsible solely or jointly for the Prospectus or any part thereof will have any liability for any such other information or representation;
- e agrees that the registration advice and other documents and any monies returnable to the Applicant may be retained pending clearance of his/her remittance and any verification of identity as required by the Prevention of Money Laundering Act (Cap. 373 of the Laws of Malta) and regulations made thereunder, and that such monies will not bear interest;
- f agrees to provide the Sponsor, Manager & Registrar and/or the Issuer, as the case may be, with any information which it/they may request in connection with the Application;
- g warrants, in connection with the Application, to have observed all applicable laws, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with his/her Application in any territory, and that the Applicant has not taken any action which will or may result in the Issuer or the Sponsor, Manager & Registrar acting in breach of the regulatory or legal requirements of any territory in connection with the issue of the Bonds or his/her Application;
- h warrants that all applicable exchange control or other such regulations (including those relating to external transactions) have been duly and fully complied with;
- i represents that the Applicant is not a U.S. person (as such term is defined in Regulation S under the Securities Act of 1933 of the United States of America, as amended) as well as not to be accepting the invitation set out in the Prospectus from within the United States of America, its territories or its possessions, or any area subject to its jurisdiction (the "United States") or on behalf or for the account of anyone within the United States or anyone who is a U.S. person;
- j agrees that unless such Application is made with Charts Investment Management Service Limited as Authorised Financial Intermediary, Charts Investment Management Service Limited will not, in their capacity of Sponsor, Manager & Registrar, treat the Applicant as their customer by virtue of such Applicant making an Application for the Bonds, and that Charts Investment Management Service Limited will owe the Applicant no duties or responsibilities concerning the price of the Bonds or their suitability for the Applicant;
- k agrees that all documents in connection with the issue of the Bonds will be sent at the Applicant's own risk and may be sent by post at the address (or, in the case of joint Applications, the address of the first named Applicant) as set out in the Application Form;
- l renounces to any rights the Applicant may have to set off any amounts the Applicant may at any time owe the Issuer against any amount due under the terms of these Bonds.

7.3 PLAN OF DISTRIBUTION AND ALLOTMENT

The Bonds shall be allocated to Authorised Financial Intermediaries pursuant to a placement agreement, details of which are included in section 7.4 below.

Subscriptions shall be made through any of the Authorised Financial Intermediaries, subject to a minimum subscription amount of €2,000 in nominal value of Bonds and in multiples of €100 thereafter.

The registration advice and other documents and any monies returnable to Applicants may be retained pending clearance of the remittance and any verification of identity as required by the Prevention of Money Laundering Act (Cap. 373 of the Laws of Malta), and regulations made thereunder. Such monies will not bear interest while retained as aforesaid.

Dealings in the Bonds shall not commence prior to the Bonds being admitted to the Official List of the Malta Stock Exchange.

7.4 PLACING AGREEMENT

The Issuer and the Guarantors have entered into a placement agreement for the full amount of the Bond Issue with the financial intermediaries included hereunder ("**Authorised Financial Intermediaries**"), whereby the Issuer and the Guarantors bound themselves to allocate the Bonds to such Authorised Financial Intermediaries. The Authorised Financial Intermediaries in turn bound themselves to subscribe to a specified amount of Bonds subject to, and conditional upon, the Bonds being admitted to the Official List of the Malta Stock Exchange.

In terms of the placement agreement, Authorised Financial Intermediaries may subscribe for Bonds for their own account or for the account of underlying customers, and shall in addition be entitled to either distribute to the underlying customers any portion of the Bonds subscribed for upon commencement of trading, or submit Application Forms directly in the name of their underlying customers. In either case, subscription amounts made by Applicants through Authorised Financial Intermediaries, including those made under nominee, shall be in multiples of €100, subject to a minimum subscription amount of €2,000 in Bonds by each individual Bondholder/underlying customer.

The placement agreement, which is subject to the terms of the Prospectus, will become binding on all parties thereto on the placement agreement date, subject to the Issuer having received all subscription proceeds in cleared funds on the placement date.

AUTHORISED FINANCIAL INTERMEDIARIES

Name	Address	Telephone
Charts Investment Management Service Ltd	The Centre, Tigné Point, Sliema TPO 0001	25574400
MeDirect branch network	The Centre, Tigné Point, Sliema TPO 0001	25574400
	94, St Bartholomew Street, Qormi QRM 2186	
	127, Pjazza Antoine De Paule, Paola PLA 1264	
	72, Constitution Street, Mosta MST 9057	
	140, Triq Fortunato Mizzi, Victoria VCT 2571, Gozo	

7.5 PRICING

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

7.6 ALLOCATION POLICY

The Issuer shall allocate the Bonds to Authorised Financial Intermediaries pursuant to the placement agreement entered into with the Issuer and Guarantors, details of which can be found in section 7.4 above.

7.7 ADMISSION TO TRADING

- The Listing Authority has authorised the Bonds as admissible to Listing pursuant to the Listing Rules by virtue of a letter dated 23 March 2018.
- Application has been made to the Malta Stock Exchange for the Bonds being issued pursuant to the Prospectus to be listed and traded on the Official List of the Malta Stock Exchange.
- The Bonds are expected to be admitted to the Malta Stock Exchange with effect from 13 April 2018 and trading is expected to commence on 16 April 2018.

7.8 ADDITIONAL INFORMATION

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

The financial analysis summary has been included in the form and context in which it appears with the authorisation of Charts Investment Management Service Limited of The Centre, Tigné Point, Sliema TPO 0001, Malta, which has given and has not withdrawn its consent to the inclusion of such report herein.

Charts Investment Management Service Limited does not have any material interest in the Issuer or Guarantors. The Issuer confirms that the financial analysis summary has been accurately reproduced in the Securities Note 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.

ANNEX I – SPECIMEN APPLICATION FORM



HUDSON
MALTA PLC

€12,000,000 4.35%
UNSECURED BONDS 2026

Please read the Notes overleaf before completing this Application Form. Mark 'X' if applicable.

Application
number

A APPLICANT (see notes 2 to 7)

☐ Non-Resident ☐ Minor (under 18) ☐ Body Corporate/Body of Persons ☐ CIS-Prescribed Fund

TITLE (MR/MRS/MS/....)	FULL NAME & SURNAME / REGISTERED NAME		
ADDRESS/ REGISTERED OFFICE			POSTCODE
MSE A/C NO. (if applicable)	LEI (Legal Entity Identifier) (If Applicant is NOT an individual)	TEL. NO.	MOBILE NO. (mandatory for e-portfolio registration)
NATIONAL ID CARD / PASSPORT NO. / COMPANY REG. No.	DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH

☐ Please register me for e-portfolio

C ADDITIONAL (JOINT) APPLICANTS (see note 4) (please use additional Application Forms if space is not sufficient)

TITLE (MR/MRS/MS/....)	FULL NAME & SURNAME	DATE OF BIRTH	ID CARD / PASSPORT NO.
TITLE (MR/MRS/MS/....)	FULL NAME & SURNAME	DATE OF BIRTH	ID CARD / PASSPORT NO.

D MINOR'S PARENTS / LEGAL GUARDIAN/S (see note 5) (to be completed ONLY if the Applicant is a minor)

TITLE (MR/MRS/MS/....)	FULL NAME & SURNAME	DATE OF BIRTH	ID CARD / PASSPORT NO.
TITLE (MR/MRS/MS/....)	FULL NAME & SURNAME	DATE OF BIRTH	ID CARD / PASSPORT NO.

E I/WE APPLY TO PURCHASE AND ACQUIRE (see notes 8 and 9)

AMOUNT IN FIGURES €	AMOUNT IN WORDS
Hudson Malta p.l.c. 4.35% Unsecured Bonds 2026 (the "Bonds") (minimum €2,000 and in multiples of €100 thereafter) at the Bond Issue Price (at par), as defined in the Prospectus dated 23 March 2018 (the "Prospectus"), payable in full upon application under the Terms and Conditions of the Bonds as set out in the Prospectus.	

F RESIDENT - WITHHOLDING TAX DECLARATION (see note 10 and 11a) (to be completed ONLY if the Applicant is a Resident of Malta)

☐ I/We elect to have Final Withholding Tax deducted from my/our interest.
☐ I/We elect to receive interest GROSS (i.e. without deduction of withholding tax).

G NON-RESIDENT – DECLARATION FOR TAX PURPOSES (see note 3, 11 & 11a) (to be completed ONLY if the Applicant is a Non-Resident)

TAX COUNTRY	CITY + COUNTRY OF BIRTH	TIN (TAX IDENTIFICATION NO.)
<input type="checkbox"/> I/We am/are NOT Resident in Malta but I/we am/are Resident in the European Union. <input type="checkbox"/> I/We am/are NOT Resident in Malta and I/we am/are NOT Resident in the European Union.		

H INTEREST AND REDEMPTION MANDATE (see note 12) (completion of this panel is MANDATORY)

BANK	IBAN
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I/We have fully understood the instructions for completing this Application Form, and am/are making this Application solely on the basis of the Prospectus and subject to its terms and conditions as contained therein which I/we fully accept.

Signature/s of Applicant/s
(parents or legal guardian/s are/is to sign if Applicant is a minor)
(all parties are to sign in the case of a joint Application)

Date

Authorised Financial Intermediary's Stamp

Authorised Financial Intermediary's Code

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NOTES ON HOW TO COMPLETE THIS APPLICATION FORM AND OTHER INFORMATION

The following notes are to be read in conjunction with the Prospectus dated 23 March 2018 regulating the Bond Issue

1. This Application is governed by the Terms and Conditions of the Application contained in Section 7.2 of the Securities Note dated 23 March 2018 forming part of the Prospectus. Capitalised terms not defined herein shall, unless the context otherwise requires, have the meaning ascribed to them in the Prospectus.
2. The Application Form is to be completed in BLOCK LETTERS.
3. Applicants who are Non-Residents in Malta for tax purposes, must indicate their passport number in Panel B and complete Panel G. The relative box in Panel A must also be marked appropriately.
4. Applicants are to insert full personal details in Panel B. In the case of an Application by more than one person (including husband and wife) full details of all individuals, including I.D. card numbers, must be given in Panels B and C **but the person whose name appears in Panel B shall, for all intents and purposes, be deemed to be the registered holder of the Bonds (vide note 7 below).**

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

5. Applications in the name and for the benefit of minors shall be allowed provided that they are signed by both parents or by the legal guardian/s and accompanied by a Public Registry birth certificate of the minor in whose name and for whose benefit the Application Form is submitted. The relative box in Panel A must also be marked appropriately. Any Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest and redemption proceeds payable to the parents or legal guardian/s signing the Application Form until such time as the minor attains the age of eighteen (18) years, following which all interest and redemption proceeds shall be payable directly to the registered holder, provided that the Issuer has been duly notified in writing of the fact that the minor has attained the age of eighteen (18) years.
6. In the case of a body corporate, the name of the entity exactly as registered, and the registration number are to be inserted in Panel B. Applications must be signed by duly authorised representatives indicating the capacity in which they are signing.
7. **APPLICANTS WHO ALREADY HOLD SECURITIES ON THE MSE ARE TO INDICATE THEIR MSE ACCOUNT NUMBER IN PANEL B. APPLICANTS ARE TO NOTE THAT ANY SECURITIES ALLOTTED TO THEM WILL BE RECORDED IN THE MSE ACCOUNT NUMBER QUOTED ON THIS APPLICATION FORM. IF DETAILS OF SUCH MSE ACCOUNT NUMBER, AS HELD BY THE MSE, DIFFER FROM ANY OR ALL OF THE DETAILS APPEARING OVERLEAF, A SEPARATE REQUEST BY THE APPLICANT TO CHANGE THESE DETAILS AS RECORDED AT THE MSE WILL HAVE TO BE EFFECTED.**
8. Applications must be for a minimum of €2,000 and thereafter in multiples of €100.
9. Applications must be accompanied by the relevant subscription amount in Euro.
10. Only Applicants who hold a valid official Maltese Identity Card or companies registered in Malta will be treated as resident in Malta. In such a case the Applicant may elect to have final withholding tax, currently 15%, deducted from interest payments in which case such interest need not be declared in the Applicant's income tax return. The Applicant may elect to receive the interest gross (i.e. without deduction of final withholding tax), but will be obliged to declare interest so received in the tax return. Interest received by non-resident Applicants is not taxable in Malta and non-residents will receive interest gross. Authorised entities applying in the name of a prescribed fund (having indicated their status in the appropriate box in Panel A) will have final withholding tax (currently 10%), deducted from interest payments.

In terms of Section 6.2 of the Securities Note, unless the Issuer is otherwise instructed by a Bondholder, or if the Bondholder does not fall within the definition of "recipient" in terms of Article 41(c) of the Income Tax Act (Cap. 123 of the Laws of Malta), interest shall be paid to such person net of final withholding tax, (currently 15%) of the gross amount of interest, pursuant to Article 33 of the Income Tax Act (Cap. 123 of the Laws of Malta).

11. Non-residents of Malta should note that payment of interest to individuals and certain residual entities residing in another EU Member State is reported on an annual basis to the Director General Inland Revenue, Malta, who will in turn exchange the information with the competent tax authority of the Member State where the recipient of interest is resident. This exchange of information takes place in terms of the Council Directive 2014/107/EU of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation.
 - 11a. The contents of Notes 10 and 11 above do not constitute tax advice by the Issuer and Applicants are to consult their own independent tax advisors in case of doubt.
12. Interest and redemption proceeds will be credited to the account indicated in Panel H or as otherwise amended by the Bondholder/s during the term of the Bond.
13. Authorised Financial Intermediaries are to submit completed Application Forms representing the total amount committed in terms of the Placement Agreement as mentioned in Section 7.4 of the Securities Note by latest 12:00 on 6 April, 2018. The Issuer reserves the right to refuse any Application which appears to be in breach of the Terms and Conditions of the Application as contained in the Prospectus.
14. By completing and delivering an Application Form you (as the Applicant(s)) acknowledge that:
 - a. the Issuer may process the personal data that you provide in the Application Form in accordance with the Data Protection Act (Cap. 440 of the Laws of Malta);
 - b. the Issuer may process such personal data for all purposes necessary for and related to the Bonds applied for; and
 - c. you, as the Applicant, have the right to request access to and rectification of the personal data relating to you, as processed by the Issuer. Any such requests must be made in writing and addressed to the Issuer. The request must be signed by yourself as the Applicant to whom the personal data relates.

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

ANNEX II – THE GUARANTEE

To All Bondholders:

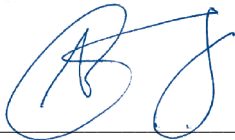
Re: GUARANTEE AND INDEMNITY

Reference is made to the issue of up to €12 million Unsecured Bonds 2026 by Hudson Malta p.l.c., a company registered in Malta bearing company registration number C 83425 (the “**Issuer**”) pursuant to and subject to the terms and conditions contained in the Securities Note forming part of the Prospectus to be dated 23 March 2018 (the “**Bonds**”).

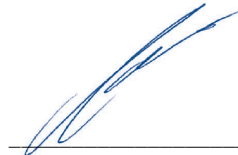
Now therefore by virtue hereof we, Time International (Sport) Limited (C 32438) and Hudson International Company Limited (C 48705), hereby stand surety jointly and severally with the Issuer and irrevocably and unconditionally guarantee the due and punctual performance of all the obligations undertaken by the Issuer under the Bonds and, without prejudice to the generality of the foregoing, undertake to pay all amounts of principal and interest which have become due and payable by the Issuer to Bondholders under the Bonds, within 60 days from the date such amount falls due and remains unpaid by the Issuer.

This guarantee shall be governed by the laws of Malta.

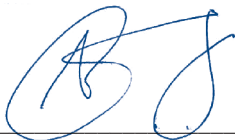
Signed and executed on this the 23rd day of March 2018.



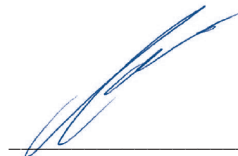
Alfred Borg
Director
Time International (Sport) Limited



Christopher Muscat
Director
Time International (Sport) Limited



Alfred Borg
Director
Hudson International Company Limited



Christopher Muscat
Director
Hudson International Company Limited

INTERPRETATION

In this Guarantee, unless the context otherwise requires:

- (a) terms and expressions defined in or construed for the purposes of the Prospectus shall have the same meanings or be construed in the same manner when used in this Guarantee, unless defined otherwise in this Guarantee;
- (b) “**Indebtedness**” means any and all moneys, obligations and liabilities now or hereafter due, owing or incurred by the Issuer under the Bonds to the Bondholders (whether alone and/or with others) in terms of the Prospectus and in any and all cases whether for principal, interests, capitalised interests, charges, disbursements, or otherwise and whether for actual or contingent liability; and
- (c) “**writing**” or “**in writing**” shall mean any method of visual representation and shall include facsimile transmissions, telexes and other such electronic methods.

NATURE, SCOPE AND TERMS OF THE GUARANTEE

1. NATURE OF THE GUARANTEE

The offering of Bonds that will be made by the Issuer pursuant to the Prospectus will be made with the benefit of the joint and several corporate Guarantee of the Guarantors, the full terms of which are set out in clause 3 below.

2. INFORMATION ABOUT THE GUARANTORS

The information about the Guarantors required pursuant to the Listing Rules and the Regulation may be found in the Registration Document.

3. TERMS OF THE GUARANTEE

3.1 Covenant to Pay

For the purposes of the Guarantee, the Guarantors, as primary obligors, hereby jointly and severally with the Issuer irrevocably and unconditionally guarantee to each Bondholder that if for any reason the Issuer fails to pay any sum payable by it to such Bondholder pursuant to the terms and conditions of the Bonds detailed in the Securities Note as and when the same shall become due under any of the foregoing, the Guarantors will pay to such Bondholder on written demand the amount payable by the Issuer to such Bondholder. All demands shall be sent to the address or facsimile or other numbers as are stated below in clause 3.11 as the same may be changed by company announcement issued by the Issuer from time to time.

Such payment shall be made in the currency in force in Malta at the time the payment falls due.

All payments shall be made to Bondholders without any withholding for taxes (and in so far as this obligation exists under any law the payment shall be grossed up by the amount of withholding) and without set-off for any amounts which may be then owing to the Guarantors by the Issuer.

This Guarantee shall apply to all Bonds issued on or after 13 April 2018 in accordance with the terms of the Securities Note.

3.2 Guarantors as Joint and Several Surety

Each Guarantor will be liable under this Guarantee as joint and several surety with the Issuer.

3.3 Maximum Liability

This is a continuing Guarantee for the whole amount due or owing under the Bonds or which may hereafter at any time become due or owing under the Bonds by the Issuer, but the amount due by the Guarantors to the Bondholders under this Guarantee shall be up to and shall not be in excess of €12,000,000 (twelve million Euros), apart from interests due up to the date of payment and costs and expenses relating to the protection, preservation, collection or enforcement of the Bondholders' rights against the Issuer and/or the Guarantors, which shall be additional to the maximum sum herein stated.

3.4 Continuing and Unconditional Liability

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

- a. the bankruptcy, insolvency or winding up of the Issuer; or
- b. the incapacity or disability of the Issuer or any other person liable for any reason whatsoever; or
- c. any change in the name, style, constitution, any amalgamation or reconstruction of either the Issuer or any of the Guarantors;

- d. a Bondholder conceding any time or indulgence, or compounding with, discharging, releasing or varying the liability of the Issuer or any other person liable or renewing, determining, reducing, varying or increasing any accommodation or transaction or otherwise dealing with the same in any manner whatsoever or concurring in, accepting or in any way varying any compromise, composition, arrangement or settlement or omitting to claim or enforce or extract payment from the Issuer or any other person liable; or
- e. any event, act or omission that might operate to exonerate any Guarantor without settlement in full of the Indebtedness towards the relevant Bondholder.

3.5 Indemnity

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

3.6 Representations and Warranties

3.6.1 Each Guarantor represents and warrants:-

- (i) that it is duly incorporated and validly existing under the laws of Malta and has the power to carry on its business;
- (ii) that it has power to grant this Guarantee and that this Guarantee is duly authorised and all corporate action has been taken by the Guarantor in accordance with its deeds of constitution and the laws of its incorporation and regulation;
- (iii) that this Guarantee constitutes and contains valid and legally binding obligations of the Guarantor enforceable in accordance with its terms;
- (iv) that this Guarantee does not and will not constitute default with respect to or run counter to any law, by-law, articles of incorporation, statute, rule, regulation, judgement, decree or permit to which the Guarantor is or may be subject, or any agreement or other instrument to which the Guarantor is a party or is subject or by which it or any of its property is bound;
- (v) that this Guarantee shall not result in or cause the creation or imposition of, or oblige a Guarantor to create, any encumbrance on any of the Guarantor's undertakings, assets, rights or revenues;
- (vi) that it is in no way engaged in any litigation, arbitration or administrative proceeding of a material nature (which for the purposes of this Guarantee shall mean proceedings relative to a claim amounting to at least €1,000,000) and nor is it threatened with any such procedures;
- (vii) that the obligations of the Guarantor under this Guarantee constitute general, direct and unsecured obligations of the Guarantor and rank equally with all its other existing and future unsecured obligations, except for any debts for the time being preferred by law;
- (viii) that it is not in breach of or in default under any agreement relating to indebtedness to which it is a party or by which it may be bound nor has any default occurred in its regard;
- (ix) that all the information, verbal or otherwise tendered in connection with the negotiation and preparation of this Guarantee is accurate and true and there has been no omission of any material facts; and
- (x) that the granting of this Guarantee is in the commercial interest of the Guarantor and that the Guarantor acknowledges that it is deriving commercial benefit therefrom.

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

3.7 Deposit and Production of the Guarantee

The instrument creating this Guarantee shall be deposited with and held by the Issuer at its registered address for the benefit of the Bondholders until all obligations of the Guarantors have been discharged in full, and until such time, the Guarantors acknowledge the right of every Bondholder to obtain a copy of the instrument creating the Guarantee.

3.8 Subrogation

Until all amounts which may be payable under the terms of the Bonds have been irrevocably paid in full, the Guarantors shall not by virtue of this Guarantee be subrogated to any rights of any Bondholder or claim in competition with the Bondholders against the Issuer.

3.9 Benefit of the Guarantee and No Assignment

This Guarantee is to be immediately binding upon the Guarantors for the benefit of the Bondholders. The Guarantors shall not be entitled to assign or transfer any of their respective obligations under this same Guarantee.

3.10 Amendments

The Guarantors have the power to veto any changes to the terms and conditions of the Bonds which are issued with the benefit of its Guarantee.

3.11 Notices

Any notice required to be given by any party hereto to the other party shall be deemed to have been validly served if delivered by hand or sent by pre-paid registered letter through the post or by facsimile to such other party at his address given herein or such other address as may from time to time be notified to the other party for this purpose and any notice so served shall be deemed to have been served, if delivered by hand, at the time of delivery, or if by post, seven days after posting and if by facsimile, at the time of transmission of the facsimile, provided that in the case of a change in the details of specified below, a company announcement by the Issuer to this effect shall constitute sufficient and proper notice to the Bondholders for the purposes of this clause.

For the purposes of this Guarantee, the proper addresses and telephone numbers of the Guarantors are:

Time International (Sport) Limited

Address: Hudson House, Burmarrad Road, Burmarrad, St Paul's Bay SPB 9060, Malta
Tel. No.: +356 21472790
Contact Person: Mr Christopher Muscat

Hudson International Company Limited

Address: Hudson House, Burmarrad Road, Burmarrad, St Paul's Bay SPB 9060, Malta
Tel. No.: +356 21472790
Contact Person: Mr Christopher Muscat

3.12 Governing Law and Jurisdiction

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

Any dispute, controversy or claim arising out of or relating to this Guarantee or as to the interpretation, validity, performance or breach thereof shall be brought exclusively before the Maltese courts.

Financial Analysis Summary

23 March 2018

Issuer Hudson Malta p.l.c. (C 83425)

Guarantors Time International (Sport) Limited (C 32438)
Hudson International Company Limited (C 48705)

Hudson Malta p.l.c.
Hudson House
Burmarrad Road, Burmarrad
St Paul's Bay SPB 9060
Malta

23 March 2018

Dear Sirs,

Hudson Malta p.l.c. Financial Analysis Summary

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

The purpose of the financial analysis is that of summarising key financial data appertaining to Hudson Holdings Limited (the "**Hudson Group**" or "**HHL**"), Hudson Malta p.l.c. (the "**Company**", "**Issuer**" or "**Malta Group**"), and Time International (Sport) Limited and Hudson International Company Limited (the "**Guarantors**"). The data is derived from various sources or is based on our own computations as follows:

- (a) Historical financial data for the three years ended 31 December 2014 to 31 December 2016 has been extracted from the audited consolidated financial statements of HHL and the combined financial statements of the Guarantors for the three years in question.
- (b) Interim historical financial data for the 6-month period 1 January 2017 to 30 June 2017 has been extracted from the unaudited interim consolidated financial statements of HHL for the period in question.
- (c) The projections have been extracted from the pro forma forecast consolidated financial information of the Malta Group for the year ended 31 December 2017 and the projected financial information of the Malta Group for the year ending 31 December 2018.
- (d) Our commentary on the results of the Hudson Group, Malta Group and on their respective financial position is based on the explanations provided by the Company.
- (e) The ratios quoted in the Financial Analysis Summary have been computed by us applying the definitions set out in Part 4 of the Analysis.
- (f) Relevant financial data in respect of the companies included in Part 3 has been extracted from public sources such as websites of the companies concerned, financial statements filed with the Registrar of Companies or websites providing financial data.

The Analysis is meant to assist investors in the Company's securities and potential investors by summarising the more important financial data of the Hudson Group and Malta Group. The Analysis does not contain all data that is relevant to investors or potential investors. The Analysis does not constitute an endorsement by our firm of any securities of the Company and should not be interpreted as a recommendation to invest in any of the Company's securities. We shall not accept any liability for any loss or damage arising out of the use of the Analysis. As with all investments, potential investors are encouraged to seek professional advice before investing in the Company's securities.

Yours faithfully,



Evan Mohnani
Head – Corporate Finance

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PART 1 – INFORMATION ABOUT THE HUDSON GROUP AND THE MALTA GROUP

1. THE HUDSON GROUP

1.1 AN OVERVIEW

The Hudson Group is involved in the retail and distribution of branded fashion and sportswear in Malta, Europe and Africa. Central operations are all based in Malta and include logistics, purchasing, finance and sales management teams. Some of the key brands presently managed by the Hudson Group are Nike, New Look, Timberland and KIABI, most of which are subject to franchise agreements which have been in effect for a significant number of years and which, to date, have been automatically renewed by the respective franchisors on the same terms and conditions – the indication is that such pattern will carry on in the foreseeable future. In terms of an agreement dated 5 March 2018 between HHL and the Issuer, all business activity carried out in Malta relating to sports and fashion business where HHL acts as franchisee, shall be performed exclusively through the Issuer or any of the Guarantors.

The timeline below illustrates the accumulation of international brands represented by the Hudson Group since incorporation in 2006.

2006 Nike (Malta), Converse (Malta), Urban Jungle (Malta), Nike (Libya), Nike (Algeria - Manager), Urban Jungle (Italy)

2007 Timberland (Malta), Crocs (Malta)

2008 Converse (North Africa excluding Egypt), Timberland (Algeria, Tunisia, Libya)

2010 New Look (Malta)

2011 Nike (Tunisia)

2012 New Look (Libya), Umbro (Malta, North Africa excluding Egypt)

2013 Tommy Hilfiger (North Africa excluding Egypt)

2014 KIABI (Malta), River Island (Malta), Urban Jungle (Spain)

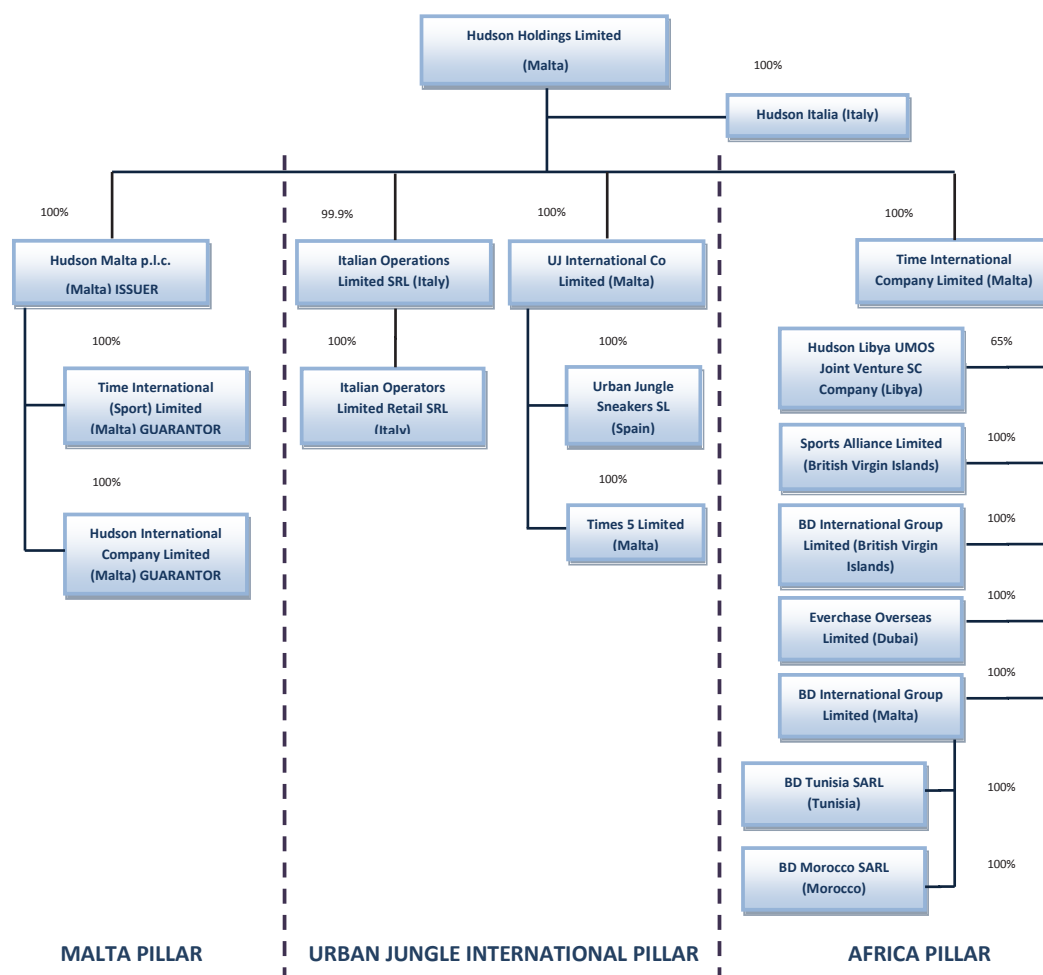
2015 Urban Jungle (France, Morocco), Nike (Distribution & Logistics Hub for Africa)

2016 3INA (Malta), Go Sport (Malta), Benetton (Malta)

2017 Extension of Nike Distribution Agreement to cover an additional 26 territories in Africa

1.2 ORGANISATIONAL STRUCTURE

The diagram hereunder illustrates the organisational structure of the Hudson Group.



In 2017, the Hudson Group initiated a re-organisation exercise whereby three principal pillars were formed, comprising the Malta pillar, the Urban Jungle International pillar and the Africa pillar. As such, the subsidiary companies of Time International (Sport) Limited (namely: UJ International Co Limited, Urban Jungle Sneakers SL, Times 5 Limited, Italian Operations Limited Retail SRL and Italian Operations Limited SRL), which operate the Urban Jungle brand outside Malta, were transferred from the said company to HHL to form the Urban Jungle International pillar.

Furthermore, Hudson Libya Utilities Management & Operation Services Joint Venture JSC Company, a subsidiary of Hudson International Company Limited, was transferred to Time International Company Limited, the parent company of the Africa pillar.

On 20 December 2017, the Issuer acquired from HHL the entire issued share capital of each of the Guarantors, in exchange for an issue of new ordinary shares by the Issuer to HHL, to form the Malta pillar of the Hudson Group (also referred to as the Malta Group).

The Issuer is a wholly owned subsidiary of HHL, which in turn is owned by Alfred Borg with 50%; George Amato, Christopher Muscat and Kevin Grech holding 37% between them apportioned equally; 9% shareholding is held by Etienne Camenzuli, and Felice Ilacqua and Gianluca Salute hold 2% each.

1.3 EXECUTIVE MANAGEMENT TEAM

The Hudson Group's executive management team has extensive experience in managing retail and wholesale distribution, in marketing and brand development activities and general commercial practice. The key members are the following:

Alfred Borg	Chief Executive Officer and Founder
Christopher Muscat	Chief Operations Director
Etienne Camenzuli	Senior Merchandising and Product Specialist
Kevin Grech	Retail and Fashion Brands Director
George Amato	Supply Chain Management Director
Martin Gregory	Director of Human Resources
Indrek Heinmets	Africa Nike Brand Director
Michel Macelli	Director of Finance

2. THE MALTA GROUP

2.1 KEY ACTIVITIES OF THE ISSUER

The Issuer was established on 10 November 2017 and is a wholly-owned subsidiary of Hudson Holdings Limited (the ultimate parent of the Hudson Group), and is the parent company of the Malta operations of the Hudson Group. The principal object of the Issuer is to purchase or otherwise acquire, under any title whatsoever, to hold and manage, by any title, movable and immovable property or other assets, including but not limited to securities and other financial interests. The issue of bonds falls within the objects of the Issuer. The Issuer's intended purpose is to further expand the Malta Group's retail and wholesale distribution operations in Malta of branded fashion and sportswear. Business operations are performed by the Issuer's Subsidiaries (also referred to as the Guarantors), and therefore the Issuer is mainly dependent on the business prospects of the Guarantors. The Issuer operates exclusively in and from Malta.

2.2 KEY ACTIVITIES OF THE GUARANTORS

2.2.1 Time International (Sport) Limited

Time International (Sport) Limited was established in 2003 and is principally engaged in the importation, distribution and retailing of sportswear. The company operates 12 retail outlets and franchises a further 6 stores in Malta and Gozo. The flagship brand operated by the company is Nike, one of the most prominent brands of athletic footwear and apparel globally. In 2016, Time International (Sport) Limited introduced the Go Sport brand in Malta with the opening of a store in Qormi. Go Sport is a sports multi-specialist that offers a vast range of branded sports apparel and accessories. Time International (Sport) Limited is empowered in terms of its Memorandum of Association to secure and guarantee any debt, liability or obligation of any third party.

2.2.2 Hudson International Company Limited

Hudson International Company Limited was established in 2010 and is primarily involved in the importation and retailing of branded fashion wear in Malta. The company operates 13 stores in Malta and Gozo as follows: New Look (4 stores), 3INA (4 stores), Benetton (2 stores), KIABI (2 stores) and River Island (1 Store) and franchises a Benetton store. Hudson International Company Limited is empowered in terms of its Memorandum of Association to secure and guarantee any debt, liability or obligation of any third party.

2.3 DIRECTORS

2.3.1 Directors of the Issuer

The Issuer is managed by a Board consisting of seven directors entrusted with the overall direction and management of the Company.

George Amato	Executive Director
Alfred Borg	Executive Director
Kevin Grech	Executive Director
Christopher Muscat	Executive Director
Victor Spiteri	Independent Non-Executive Director
Kevin Valenzia	Independent Non-Executive Director
Brian Zarb Adami	Independent Non-Executive Director

2.3.2 Directors of the Guarantors

Each Guarantor is managed by a Board of Directors entrusted with its overall direction and management, and is composed as follows:

Time International (Sport) Limited

George Amato	Executive Director
Alfred Borg	Executive Director
Etienne Camenzuli	Executive Director
Christopher Muscat	Executive Director

Hudson International Company Limited

George Amato	Executive Director
Alfred Borg	Executive Director
Kevin Grech	Executive Director
Christopher Muscat	Executive Director

2.4 OVERVIEW OF LEASED STORES AND THIRD PARTY OPERATED STORES

As at 31 December 2016, the Malta Group operated 23 retail stores and held franchise agreements with a further 4 stores (operated under third party management). During 2017, the Malta Group increased the number of stores by 2 (25 stores in total and added another 2 stores under franchise for an aggregate of 6 stores).

The table below illustrates the corporate ownership, location, shop floor area and commencement date for each of the stores.

	Company	Name of Store	Location	Rentable Area (m ²)	Opening Date
1	TISL	Shoeshack	The Point, Sliema	13	Prior to 2014
2	TISL	Shoeshack	Park Towers, Sliema	98	Prior to 2014
3	TISL	House of Sport	Fgura	120	Prior to 2014
4	TISL	House of Sport	Sliema	188	Prior to 2014
5	TISL	Urban Jungle	The Point, Sliema	200	Prior to 2014
6	TISL	Outta Kontrol	Mrieheil	191	Prior to 2014
7	TISL	Nike	The Point, Sliema	164	Prior to 2014
8	HICL	New Look	Gozo	510	Prior to 2014
9	HICL	New Look	Fgura	579	Prior to 2014
10	HICL	New Look	The Point, Sliema	1,050	Prior to 2014
11	HICL	KIABI	Qormi	1,300	Mar-14
12	HICL	River Island	Sliema	600	May-14
13	TISL	Shoeshack	Sliema	84	Dec-14
14	TISL	Timberland	Valletta	100	Jun-15
15	HICL	New Look	Valletta	676	Oct-15
16	HICL	KIABI	Burmarrad	1,000	Apr-16
17	HICL	3INA	Qormi	34	Jun-16
18	HICL	3INA	The Point, Sliema	50	Aug-16
19	TISL	Go Sport	Qormi	1,300	Sep-16
20	TISL	Urban Jungle	PAMA, Mosta	123	Oct-16
21	HICL	3INA	PAMA, Mosta	32	Oct-16
22	HICL	Benetton	PAMA, Mosta	320	Oct-16
23	TISL	Go Sport Expert	Burmarrad	300	Jun-17
24	HICL	3INA	Valletta	24	Jul-17
25	HICL	Benetton	The Point, Sliema	275	Mar-18

FRANCHISED STORES

1	TISL	House of Sport	Intercontinental Hotel, St Julians	120	Prior to 2014
2	TISL	House of Sport	Valletta	150	Prior to 2014
3	TISL	House of Sport	Gozo	100	Prior to 2014
4	TISL	Timberland	Sliema	100	Prior to 2014
5	HICL	Benetton	Gozo	200	Mar-17
6	TISL	Urban Jungle	Intercontinental Hotel, St Julians	75	Apr-17

TISL - Time International (Sport) Limited; HICL - Hudson International Company Limited.

2.5 MARKET OVERVIEW

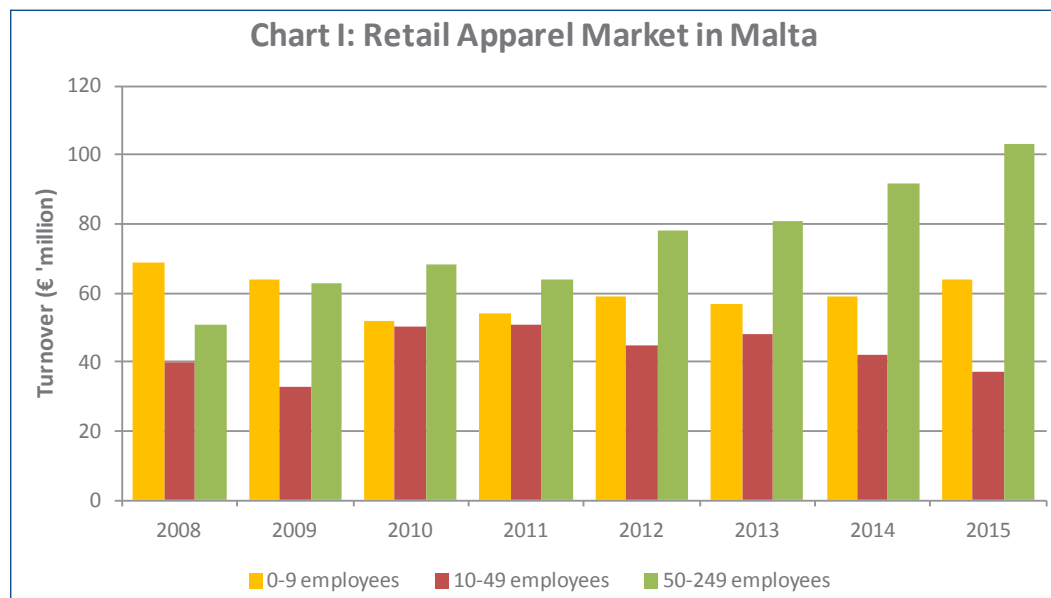
Data in relation to the size of the apparel market in Malta is not published. Notwithstanding, an estimate of the retail store market has been derived from data obtained from the National Statistics Office of Malta (the latest available information relates to calendar year 2015). Data with respect to online sales generated in Malta is not available and therefore is excluded from the analysis below.

The table below sets out statistics in relation to sales of apparel (excluding textiles, footwear and leather goods) by retail outlets in Malta. The information has been analysed by size of outlet on the basis of the number of staff employed by a retail store.

Turnover of Apparel Retail Stores in Malta									
	2008	2009	2010	2011	2012	2013	2014	2015	2008-15
0-9 employees									
Total turnover (€' million)	69	64	52	54	59	57	59	64	-1.1%
No. of outlets (units)	703	704	667	675	681	662	675	530	
Average turnover (€' million)	0.10	0.09	0.08	0.08	0.09	0.09	0.09	0.12	
Year-on-year growth		-7%	-14%	3%	8%	-1%	2%	38%	
10-49 employees									
Total turnover (€' million)	40	33	50	51	45	48	42	37	-1.1%
No. of outlets (units)	19	17	28	29	29	28	26	25	
Average turnover (€' million)	2.11	1.94	1.79	1.76	1.55	1.71	1.62	1.48	
Year-on-year growth		-8%	-8%	-2%	-12%	10%	-6%	-8%	
50-249 employees									
Total turnover (€' million)	51	63	68	64	78	81	92	103	10.6%
No. of outlets (units)	8	11	12	13	14	14	14	15	
Average turnover (€' million)	6.38	5.73	5.67	4.92	5.57	5.79	6.57	6.87	
Year-on-year growth		-10%	-1%	-13%	13%	4%	14%	4%	
Total Turnover (€' million)									
	160	160	170	169	182	186	193	204	3.5%
Year-on-year growth		0%	6%	-1%	8%	2%	4%	6%	

Source: National Statistics Office Malta (NACE 47.71 data)

Chart I: Retail Apparel Market in Malta



Over the seven year period to 2014, the total number of outlets remained relatively unchanged at *circa* 720 units, but decreased to 570 units in 2015. This decline was recorded in the small stores category (0-9 employees). In contrast, the number of outlets in the large store category (50-249 employees) increased from 51 units in 2008 to 103 units in 2015.

Furthermore, consumer spending has also changed and shows a preference towards the larger stores. In fact, in the period 2008 to 2015, smaller outlets registered a compounded annual decrease in turnover of 1.1%, while the larger outlets recorded a compounded annual growth rate in turnover of 10.6%.

Chart II: Retail Trade (2010 = 100)

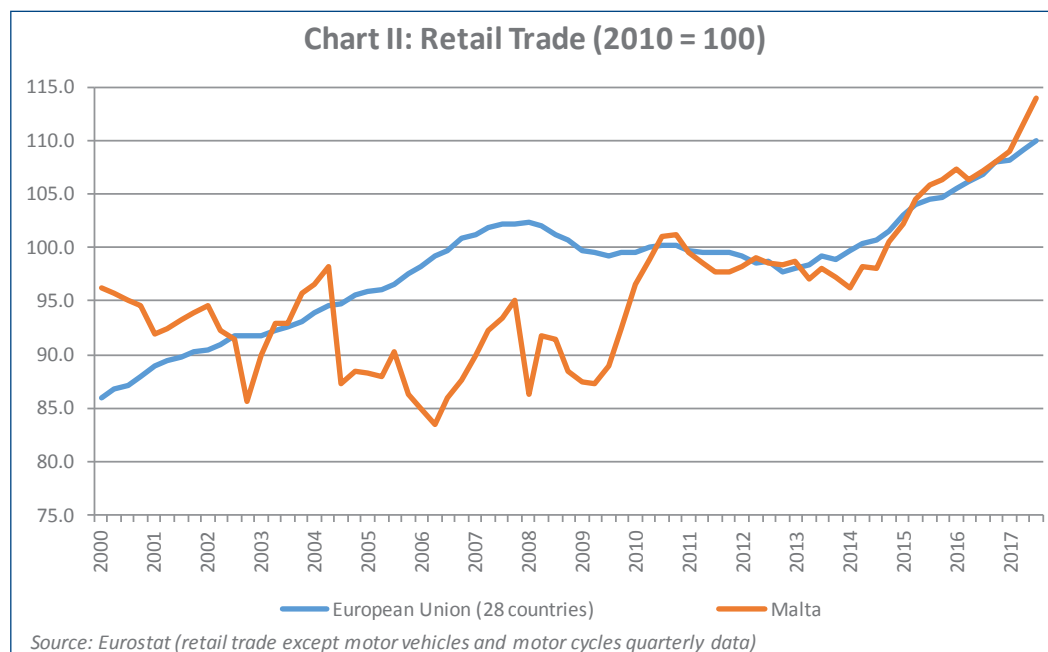


Chart II above provides an indication of the trend in performance of the overall retail sector in Malta as compared to the European Union (2010 being the base year = 100). According to the EU trend line above, retail trade increased at a steady pace till early 2008, which was followed by a decline that lasted until mid-2013. Thereafter, the EU retail sector experienced a constant rate of growth and has now reached a level of almost 8 percentage points above the pre-financial crisis high (Q1 2008).

During the 17 years under review, retail activity in Malta increased by almost 18 percentage points and since Q4 2016 has performed better than the EU average. Further analysis shows that between the years 2004 and 2009, the Maltese retail sector lagged behind the EU average. Post 2009, retail sales generated in Malta recovered to some extent while the EU average reflected lower activity levels. From 2010 to 2016, the Maltese retail sector maintained a similar trajectory when compared to the EU average.

2.6 TREND ANALYSIS AND BUSINESS STRATEGY

The retail market in Malta is subject to stiff competition, both from local retailers as well as from online sales (through the internet). In addition, retailers face competition for consumers' disposable income from gastronomy outlets, the property market and consumers' propensity to save. Furthermore, the retail industry continues to evolve due to shifts in consumer preferences, product trends and shopping habits. Despite such challenges, Malta's economy has continued to perform well, resulting in an expansion of the labour market and higher income levels, to the benefit of retailers. In this regard, the Malta Group remains focused on adapting to the aforementioned trends and the Directors feel that the business strategy of the Malta Group is aligned to capitalise on these opportunities in the future.

The Malta Group's strong focus is to provide a high level of customer service and use information systems to maintain tight controls over inventory and operating costs. The retail stores are connected by brand in a way that gives them access to inventory across the entire chain. This means that if a store does not have a particular size or style of an item desired by a customer, store personnel can locate the item in another store. The Directors believe that having strong logistics support is a critical element of the Malta Group's growth strategy and is central to the business to maintain a low cost operating structure and optimal inventory levels.

A key objective of the Malta Group is to continue to strengthen recognition of each of its brands within their respective target markets through advertising campaigns, sponsorships and customer loyalty schemes. At the same time, the Directors will continue to explore opportunities to invest in other retail concepts that offer features that are attractive to the Malta Group in terms of benefits from possible synergies and revenue expansion.

Additionally, the Malta Group plans to launch an e-commerce platform in the near future, thus enabling the Malta Group to engage with customers specifically in the digital commerce channel. Although revenue generation through retail stores will continue to be a cornerstone of the Malta Group's strategy, the e-commerce initiative will provide a platform to ensure an outstanding customer experience regardless of channel.

PART 2 – PERFORMANCE REVIEW

3. FINANCIAL INFORMATION – HUDSON GROUP

The Issuer has entered into a loan agreement dated 13 March 2018 with HHL pursuant to which the Issuer shall advance to HHL the amount of €4,500,000 from the net proceeds of the Bond Issue. In terms of this loan agreement, interest shall be payable annually in arrears on 6 March of each year at the rate of 5.5% per annum. In addition, HHL has bound itself to repay the loan in accordance with a pre-agreed repayment schedule, which includes a 3-year moratorium period, and shall effect the final repayment by not later than 6 March 2026.

As an entity external to the Issuer and the Malta Group, HHL is not bound by the continuing obligations of the Listing Rules. Therefore, the board of directors of HHL has resolved to publish on an annual basis HHL's audited consolidated financial statements, by not later than two months after the publication of the Issuer's audited financial statements, through a company announcement. Furthermore, condensed financial information relating to HHL and the Hudson Group shall be provided in the annual publication of the Issuer's financial analysis summary. This commitment is being made so as to provide Bondholders and prospective investors with full access to financial information on the Hudson Group.

The tables and discussion included below contain certain alternative performance measures (as defined by the European Securities and Markets Authority (ESMA)), including EBIT and EBITDA, that the Hudson Group's management and other competitors in the industry use. These non-IFRS financial measures are presented as supplemental information as (i) they represent measures that the Directors believe may be relevant for certain investors, securities analysts and other parties in assessing the Hudson Group's operating and financial performance and may contribute to a fuller understanding of the Hudson Group's cash generation capacity and the growth of its business; and (ii) they may be used by the Hudson Group's management as a basis for strategic planning and forecasting.

The following financial information is extracted from the consolidated audited financial statements of Hudson Holdings Limited ("HHL") for the three years ended 31 December 2014 to 31 December 2016, and from the consolidated unaudited financial statements of HHL for the interim period 1 January 2017 to 30 June 2017.

Audited consolidated financial information for the financial years ended 31 December 2014, 2015 and 2016

Hudson Holdings Limited

Consolidated Statement of Comprehensive Income

for the year ended 31 December

	2014	2015	2016
	€'000	€'000	€'000
Revenue	41,832	42,504	58,759
<i>Revenue from Malta Group</i>	<i>23,299</i>	<i>26,217</i>	<i>34,409</i>
<i>Revenue from the remaining Hudson Group companies</i>	<i>18,533</i>	<i>16,287</i>	<i>24,350</i>
Cost of sales	(29,689)	(29,464)	(42,391)
Gross profit	12,143	13,040	16,368
Net operating costs	(9,918)	(11,887)	(13,685)
EBITDA¹	2,225	1,153	2,683
<i>EBITDA from Malta Group</i>	<i>1,468</i>	<i>1,886</i>	<i>2,286</i>
<i>EBITDA from the remaining Hudson Group companies</i>	<i>757</i>	<i>(733)</i>	<i>397</i>
Depreciation & amortisation	(700)	(732)	(949)
EBIT²	1,525	421	1,734
Loss on disposal of investment in subsidiary	(292)	-	-
Net finance costs	(162)	(296)	(375)
Profit before tax	1,071	125	1,359
Taxation	(550)	(369)	(548)
Profit/(loss) for the year	521	(244)	811
Other comprehensive income			
Currency translation differences	611	703	183
Fair value movements on available-for-sale financial investments, net of deferred tax	-	-	721
	611	703	904
Total comprehensive income	1,132	459	1,715

¹ EBITDA - Earnings before Interest, Tax, Depreciation and Amortisation.

² EBIT - Earnings before Interest and Tax.

Hudson Holdings Limited
Consolidated Statement of Financial Position
as at 31 December

	2014	2015	2016
	€'000	€'000	€'000
ASSETS			
Non-current assets			
Intangible assets	1,334	1,292	1,278
Property, plant & equipment	2,993	2,985	4,570
Available for sale investments	-	313	1,200
Receivables	587	727	662
Deferred tax assets	257	323	371
	<u>5,171</u>	<u>5,640</u>	<u>8,081</u>
Current assets			
Inventories	3,988	6,470	15,822
Trade and other receivables	14,085	8,966	11,367
Other current assets	28	39	201
Cash and cash equivalents	3,060	4,597	4,952
	<u>21,161</u>	<u>20,072</u>	<u>32,342</u>
Total assets	<u>26,332</u>	<u>25,712</u>	<u>40,423</u>
EQUITY			
Capital and reserves			
Share capital	67	67	67
Reserves	1,072	1,595	2,456
Retained earnings	4,230	4,214	4,712
Non-controlling interest	1,564	1,516	1,552
	<u>6,933</u>	<u>7,392</u>	<u>8,787</u>
LIABILITIES			
Non-current liabilities			
Borrowings	1,711	1,802	2,752
Other non-current liabilities	1,199	982	1,388
	<u>2,910</u>	<u>2,784</u>	<u>4,140</u>
Current liabilities			
Bank overdrafts	1,252	1,581	1,876
Borrowings	977	2,561	2,126
Trade and other payables	14,012	11,298	23,162
Other current liabilities	248	96	332
	<u>16,489</u>	<u>15,536</u>	<u>27,496</u>
	<u>19,399</u>	<u>18,320</u>	<u>31,636</u>
Total equity and liabilities	<u>26,332</u>	<u>25,712</u>	<u>40,423</u>

Hudson Holdings Limited
Consolidated Cash Flow Statement
for the year ended 31 December

	2014	2015	2016
	€'000	€'000	€'000
Net cash from operating activities	370	380	2,271
Net cash from investing activities	(2,467)	(1,013)	(2,429)
Net cash from financing activities	2,938	1,841	218
Net movement in cash and cash equivalents	841	1,208	60
Cash and cash equivalents at beginning of year	967	1,808	3,016
Cash and cash equivalents at end of year	1,808	3,016	3,076

Hudson Holdings Limited
Key Accounting Ratios

	FY2014	FY2015	FY2016
Gross profit margin (Gross profit/revenue)	29%	31%	28%
Operating profit margin (EBITDA/revenue)	5%	3%	5%
Interest cover (times) (EBITDA/net finance cost)	13.73	3.90	7.15
Net profit margin (Profit after tax/revenue)	1%	-1%	1%
Earnings per share (€) (Profit after tax/number of shares)	18.12	-8.49	28.21
Return on equity (Profit after tax/shareholders' equity)	8%	-3%	9%
Return on capital employed (EBITDA/total assets less current liabilities)	23%	11%	21%
Return on assets (Profit after tax/total assets)	2%	-1%	2%
Liquidity ratio (times) (Current assets/current liabilities)	1.28	1.29	1.18
Gearing ratio (Total net debt/net debt and shareholders' equity)	11%	15%	17%

Source: Charts Investment Management Service Limited

In **FY2015**, the Hudson Group generated aggregate revenue of €42.5 million, an increase of €0.7 million (+2%) when compared to the prior year. During the aforesaid year, the Hudson Group operated 22 stores (FY2014: 15 stores), 15 of which were located in Malta and operated by the Malta Group (FY2014: 14 stores), whilst the remaining 7 stores were located in Morocco, Italy and Spain (FY2014: 1 store). Apart from store operations, the Hudson Group is involved in wholesale and distribution of goods, being the predominant business activity of the Hudson Group when excluding the operations of the Malta Group. This business is relatively dependent on large consignments which tend to fluctuate from one year to another. In FY2015, revenue generated from the 'remaining Hudson Group companies' decreased by €2.2 million (-12%) over FY2014, principally due to trading volatility in the wholesale operations.

EBITDA in FY2015 was lower by €1.1 million when compared to FY2014 and amounted to €1.1 million (FY2014: €2.2 million). EBITDA derived from the 'remaining Hudson Group companies' resulted in a loss of €0.7 million (FY2014: positive EBITDA of €0.8 million), primarily on account of provision on receivables relating to operations in Libya (which operation was subsequently closed) and one-time costs incurred prior to being awarded the Nike distributorship contract for the North Africa region. As a consequence, the Hudson Group reported a loss of €0.2 million in FY2015 as compared to a profit of €0.5 million a year earlier. After accounting for a gain in currency differences, comprehensive income amounted to €0.5 million (FY2014: €1.1 million).

During **FY2016**, the Hudson Group operated 30 stores in 5 countries (FY2015: 22 stores) and employed 326 staff members. All 8 new store openings in FY2016 were located in Malta. Revenue increased by 38% from €42.5 million in 2015 to €58.8 million in 2016, driven by new distribution business and additional retail stores. The improved turnover positively impacted the Hudson Group's profitability of the aforesaid financial year as it reported an increase in EBITDA of €1.5 million, from €1.2 million in 2015 to €2.7 million in 2016. Overall, in FY2016, the Hudson Group reported a profit after tax of €0.8 million (FY2015: loss of €0.2 million).

Unaudited consolidated interim financial information for the period 1 January 2017 to 30 June 2017

Hudson Holdings Limited		
Consolidated Statement of Comprehensive Income		
for the interim period 1 January to 30 June	2016	2017
	€'000	€'000
Revenue	25,699	51,960
<i>Revenue from Malta Group</i>	<i>14,907</i>	<i>16,590</i>
<i>Revenue from the remaining Hudson Group companies</i>	<i>10,792</i>	<i>35,370</i>
Cost of sales	(18,188)	(38,541)
Gross profit	7,511	13,419
Net operating costs	(6,994)	(8,569)
EBITDA¹	517	4,850
<i>Revenue from Malta Group</i>	<i>712</i>	<i>904</i>
<i>Revenue from the remaining Hudson Group companies</i>	<i>(195)</i>	<i>3,946</i>
Depreciation & amortisation	(410)	(591)
EBIT²	107	4,259
Net finance costs	(125)	(14)
Profit/(loss) before tax	(18)	4,245
Taxation	-	(1,486)
Profit/(loss) for the period	(18)	2,759
Other comprehensive income		
Currency translation differences	8	-
Total comprehensive income	(10)	2,759

¹ EBITDA - Earnings before Interest, Tax, Depreciation and Amortisation.

² EBIT - Earnings before Interest and Tax.

Hudson Holdings Limited
Consolidated Statement of Financial Position

as at	31 Dec'16 €'000	30 Jun'17 €'000
ASSETS		
Non-current assets		
Property, plant & equipment	4,570	4,593
Other non-current assets	3,511	3,489
	<u>8,081</u>	<u>8,082</u>
Current assets		
Inventories	15,822	14,699
Trade and other receivables	11,568	21,082
Cash and cash equivalents	4,952	6,382
	<u>32,342</u>	<u>42,163</u>
Total assets	<u>40,423</u>	<u>50,245</u>
EQUITY		
Capital and reserves		
Share capital	67	67
Reserves	2,456	2,423
Retained earnings	4,712	6,584
Non-controlling interest	1,552	2,440
	<u>8,787</u>	<u>11,514</u>
LIABILITIES		
Non-current liabilities		
Borrowings	2,752	3,139
Other non-current liabilities	1,388	-
	<u>4,140</u>	<u>3,139</u>
Current liabilities		
Bank overdrafts	1,876	1,209
Borrowings	2,126	7,383
Trade and other payables	23,162	24,520
Other current liabilities	332	2,480
	<u>27,496</u>	<u>35,592</u>
	<u>31,636</u>	<u>38,731</u>
Total equity and liabilities	<u>40,423</u>	<u>50,245</u>

Hudson Holdings Limited
Consolidated Cash Flow Statement
for the interim period 1 January to 30 June

	2016	2017
	€'000	€'000
Net cash from operating activities	915	(2,348)
Net cash from investing activities	(1,587)	(1,165)
Net cash from financing activities	(720)	5,609
Net movement in cash and cash equivalents	(1,392)	2,096
Cash and cash equivalents at beginning of period	3,016	3,077
Cash and cash equivalents at end of period	1,624	5,173

Hudson Holdings Limited
Key Accounting Ratios

	FP2016	FP2017
Gross profit margin (Gross profit/revenue)	29%	26%
Operating profit margin (EBITDA/revenue)	2%	9%
Net profit margin (Profit after tax/revenue)	0%	5%

Source: Charts Investment Management Service Limited

In the first six months of 2017, the Hudson Group registered an increase in revenue of €26.3 million over the corresponding period the year before. This increase was primarily due to significant growth in the wholesale and distribution business. As a consequence, the Hudson Group reported an increase in EBITDA of €4.3 million, from €0.5 million in 2016 to €4.8 million in the initial half of 2017. During the period under review, the Hudson Group registered a profit after tax of €2.8 million compared to a loss of €18,000 reported in the first half of 2016.

4. FINANCIAL INFORMATION – MALTA GROUP

The historical financial information included hereinafter is extracted from the audited combined financial statements of the Guarantors for the financial years ended 31 December 2014, 2015 and 2016 (together, the “Combined Financial Statements”). The Guarantors were only recently acquired by the Issuer and as such, did not operate as a separate group of entities during the above-mentioned historical financial years. Combined financial statements serve a similar purpose to consolidated financial statements, to present financial data appertaining to a group of companies as if the companies concerned constitute a single enterprise as at the date of the combined financial statements.

The Malta Group in its current state has only been in existence since 10 November 2017 and therefore, the financial information for FY2017 represents pro forma forecast consolidated financial statements. This pro forma information presents what the Issuer’s forecast consolidated financial statements would have looked like had the Malta Group existed in its current form, comprising all its current constituent components, for the financial year 1 January 2017 to 31 December 2017. No adjustments to the results, financial position and cash flow statements of the constituent sub-groups were necessary for the purposes of arriving at the pro forma forecast consolidated financial statements except solely to reflect the entries necessary in any process of accounting consolidation.

The projected financial statements for FY2018 relate to events in the future and are based on assumptions which the Hudson Group believes to be reasonable. Consequently, the actual outcome may be adversely affected by unforeseen situations and the variation between forecast and actual results may be material.

The tables and discussion included below contain certain alternative performance measures (as defined by the European Securities and Markets Authority (ESMA)), including EBIT and EBITDA, that the Malta Group’s management and other competitors in the industry use. These non-IFRS financial measures are presented as supplemental information as (i) they represent measures that the Directors believe may be relevant for certain investors, securities analysts and other parties in assessing the Malta Group’s operating and financial performance and may contribute to a fuller understanding of the Malta Group’s cash generation capacity and the growth of the combined business; and (ii) they may be used by the Malta Group’s management as a basis for strategic planning and forecasting.

Hudson Malta p.l.c.					
Statement of Comprehensive Income					
for the year ended 31 December					
	2014	2015	2016	2017	2018
	Combined	Combined	Combined	Pro forma	Projection
	€'000	€'000	€'000	€'000	€'000
Revenue	23,299	26,217	34,409	35,549	37,773
<i>Retail</i>	<i>13,797</i>	<i>16,354</i>	<i>21,913</i>	<i>24,843</i>	<i>27,012</i>
<i>Wholesale and other income</i>	<i>9,502</i>	<i>9,863</i>	<i>12,496</i>	<i>10,706</i>	<i>10,761</i>
Cost of sales	(15,652)	(17,716)	(23,536)	(23,340)	(24,836)
Gross profit	7,647	8,501	10,873	12,209	12,937
Net operating costs	(6,179)	(6,615)	(8,587)	(9,823)	(10,035)
EBITDA¹	1,468	1,886	2,286	2,386	2,902
Depreciation & amortisation	(509)	(530)	(629)	(922)	(1,130)
EBIT²	959	1,356	1,657	1,464	1,772
Net finance costs	(123)	(89)	(122)	(61)	23
Profit before tax	836	1,267	1,535	1,403	1,795
Taxation	(313)	(269)	(636)	(491)	(628)
Profit for the year	523	998	899	912	1,167
Total comprehensive income	523	998	899	912	1,167

¹ EBITDA - Earnings before Interest, Tax, Depreciation and Amortisation.

² EBIT - Earnings before Interest and Tax.

Hudson Malta p.l.c.
Cash Flow Statement
for the year ended 31 December

	2014	2015	2016	2017	2018
	Combined	Combined	Combined	Pro forma	Projection
	€'000	€'000	€'000	€'000	€'000
Net cash from operating activities	798	1,374	1,611	195	1,589
Net cash from investing activities	(1,540)	(1,275)	(1,205)	(258)	(488)
Net cash from financing activities	494	242	288	(1,149)	3,014
Net movement in cash and cash equivalents	(248)	341	694	(1,212)	4,115
Cash and cash equivalents at beginning of year	(135)	(383)	(42)	652	(560)
Cash and cash equivalents at end of year	(383)	(42)	652	(560)	3,555

Hudson Malta p.l.c.
Statement of Financial Position
as at 31 December

	2014	2015	2016	2017	2018
	Combined	Combined	Combined	Pro forma	Projection
	€'000	€'000	€'000	€'000	€'000
ASSETS					
Non-current assets					
Property, plant & equipment	2,041	2,180	2,890	2,306	2,236
Other non-current assets	1,626	2,455	2,472	2,296	2,296
Loan to HHL	-	-	-	-	4,500
Advance to BD Int. Group Ltd	-	-	-	-	2,250
	<u>3,667</u>	<u>4,635</u>	<u>5,362</u>	<u>4,602</u>	<u>11,282</u>
Current assets					
Inventories	1,753	2,488	3,958	4,415	4,731
Trade and other receivables	4,553	3,205	3,742	3,845	3,952
Amounts due from related parties	783	549	1,047	3,012	3,012
Other current assets	-	-	151	87	87
Cash and cash equivalents	649	1,117	2,117	1,127	3,555
	<u>7,738</u>	<u>7,359</u>	<u>11,015</u>	<u>12,486</u>	<u>15,337</u>
Total assets	<u>11,405</u>	<u>11,994</u>	<u>16,377</u>	<u>17,088</u>	<u>26,619</u>
EQUITY					
Capital and reserves					
Share capital and reserves	205	205	204	4,148	4,148
Retained earnings	1,917	2,916	3,815	1,686	2,853
	<u>2,122</u>	<u>3,121</u>	<u>4,019</u>	<u>5,834</u>	<u>7,001</u>
LIABILITIES					
Non-current liabilities					
Borrowings and bonds	1,488	1,579	1,764	188	11,808
Current liabilities					
Bank overdrafts	1,032	1,159	1,465	1,687	-
Borrowings	261	413	581	1,828	-
Trade and other payables	6,300	5,662	8,216	7,177	7,436
Other current liabilities	202	60	332	374	374
	<u>7,795</u>	<u>7,294</u>	<u>10,594</u>	<u>11,066</u>	<u>7,810</u>
	<u>9,283</u>	<u>8,873</u>	<u>12,358</u>	<u>11,254</u>	<u>19,618</u>
Total equity and liabilities	<u>11,405</u>	<u>11,994</u>	<u>16,377</u>	<u>17,088</u>	<u>26,619</u>

Hudson Malta p.l.c.					
Key Accounting Ratios	FY2014	FY2015	FY2016	FY2017	FY2018
Gross profit margin (Gross profit/revenue)	33%	32%	32%	34%	34%
Operating profit margin (EBITDA/revenue)	6%	7%	7%	7%	8%
Interest cover (times) (EBITDA/net finance cost)	11.93	21.19	18.74	39.11	n/a
Net profit margin (Profit after tax/revenue)	2%	4%	3%	3%	3%
Earnings per share (€) (Profit after tax/number of shares)	0.03	0.06	0.05	0.06	0.07
Return on equity (Profit after tax/shareholders' equity)	25%	32%	22%	16%	17%
Return on capital employed (EBITDA/total assets less current liabilities)	41%	40%	40%	40%	15%
Return on assets (Profit after tax/total assets)	5%	8%	5%	5%	4%
Liquidity ratio (times) (Current assets/current liabilities)	0.99	1.01	1.04	1.13	1.96
Gearing ratio (Total net debt/net debt and shareholders' equity)	50%	39%	30%	31%	54%

Source: Charts Investment Management Service Limited

The principal business activities of the Guarantors include the operation of retail stores in Malta, and distribution of Nike products to Urban Jungle Italy and a number of third party stores (operating under the Urban Jungle franchise) in Malta.

Revenue for the year ended 31 December **2015** amounted to €26.2 million, an increase of €2.9 million (+13%) from the previous year (FY2014: €23.3 million), primarily as a result of new openings. Turnover generated from the operation of retail stores amounted to €16.4 million (or 62% of aggregate income) in FY2015 as compared to €13.8 million (or 59% of aggregate income) in FY2014. Wholesale revenue marginally increased from €9.5 million in FY2014 to €9.9 million in FY2015.

The increase in revenue reflected positively on EBITDA, which increased by €0.4 million from €1.5 million in FY2014 to €1.9 million in FY2015. Furthermore, yearly profit doubled in FY2015 to €1.0 million (FY2014: €0.5 million).

In **FY2016**, revenue generated from retail operations increased by €5.6 million (+34%) from €16.4 million in FY2015 to €21.9 million, primarily on account of new store openings, whilst wholesale income amounted to €12.5 million, an increase of €2.6 million (+27%) when compared to a year earlier. In aggregate, revenue in FY2016 was higher than in FY2015 by €8.2 million (+31%) and amounted to €34.4 million.

EBITDA improved by 21% or €0.4 million (year-on-year) to €2.3 million in FY2016 (FY2015: €1.9 million). Profit before tax also reflected a year-on-year increase of 21% to €1.5 million (similar to EBITDA) given that depreciation charge and net finance costs were relatively stable in FY2016 when compared to the prior year. In contrast, profit after tax was marginally lower in FY2016 by €0.1 million to €0.9 million as a result of an increase in taxation of €0.37 million (from €0.27 million in FY2015 to €0.64 million in FY2016).

Non-current assets in the statement of financial position as at 31 December 2016 amounted to €5.4 million (2015: €4.6 million, 2014: €3.7 million), principally made up of intangible assets as to €1.2 million (being goodwill and registered trademarks),

and property, plant & equipment of €2.9 million. The latter amount primarily comprises furniture, fixtures and improvements to stores. The Malta Group does not own any properties and as such leases all stores from third party owners.

Current assets as at 31 December 2016 amounted to €11.0 million (2015: €7.4 million, 2014: €7.7 million) and principally comprise inventory, trade receivables, related party and cash balances. Current assets have increased on a yearly basis in line with the increase in the number of stores and growth in turnover. Current liabilities have also increased as a consequence of increased trading activities and as at 31 December 2016 amounted to €10.6 million (2015: €7.3 million, 2014: €7.8 million). The liquidity ratio (which is measured by dividing current assets by current liabilities and indicates a company's ability to pay its current liabilities from its current assets) has improved over the reviewed years from 0.99 times as at 31 December 2014 to 1.01 times as at 31 December 2015 and 1.04 times as at 31 December 2016.

Non-current liabilities mainly include bank loans and as at 31 December 2016 amounted to €1.8 million (2015: €1.6 million, 2014: €1.5 million).

In 2016, share capital was reduced from €205,000 to €204,000 in order to offset a long term balance due by one of the shareholders. Retained earnings as at 31 December 2016 amounted to €3.8 million, an increase of €0.9 million when compared to the prior year (2015: €2.9 million). Capital and reserves have also doubled in the three year period from €2.1 million as at 31 December 2014 to €4.0 million as at 31 December 2016.

In the cash flow statement, net cash generated from operating activities in FY2016 amounted to €1.6 million as compared to €1.4 million in FY2015 and €0.8 million in FY2014. Net cash used in investing activities mainly represents improvements to stores and purchases of fixtures and fittings. In FY2016, the afore-mentioned capital expenditure amounted to €1.2 million (FY2015: €1.3 million, FY2014: €1.5 million). Net cash from financing activities in FY2016 amounted to €0.3 million (FY2015: €0.2 million, FY2014: €0.5 million) and primarily comprised movements in bank borrowings and related party balances.

On a pro forma basis, revenue for the financial year ended 31 December **2017** is expected to amount to €35.5 million, 70% of which being generated by retail stores, and the remaining balance from wholesale revenue primarily relating to the sale of sports retail products to third party retailers in Malta and Urban Jungle franchisees in Italy. When compared to the prior year, retail revenue is expected to increase by €2.9 million (+13%), principally due to the impact of a full year's operating performance of 8 stores which commenced operations during 2016 and the opening of 4 new stores (two of which are franchised stores) in 2017, whilst wholesale revenue is projected to decrease from €12.3 million in 2016 to €10.7 million, entirely due to a decline in sales to Urban Jungle Italy.

EBITDA for FY2017 is projected to amount to €2.4 million, marginally higher when compared to the prior year. After taking into account depreciation & amortisation of €0.9 million, which is expected to increase by 47% (year-on-year) due to an increase in store openings, EBIT is anticipated to amount to €1.5 million (FY2016: €1.7 million). Profit for the year is expected to remain unchanged at €0.9 million (FY2016: €0.9 million).

The Malta Group's statement of financial position as at 31 December 2017 is projected to comprise total assets of €17.1 million, primarily made up of intangible assets and property, plant & equipment as to €4.6 million, inventories, trade & other receivables and related party balances of €11.4 million and cash balances amounting to €1.1 million.

Total liabilities are set to amount to €11.3 million and mainly include trade & other payables of €7.2 million and bank borrowings & overdraft facilities of €3.7 million. The Issuer's gearing ratio (being net debt/net debt and shareholders' equity) as at 31 December 2017 is projected at 31%.

Net movement in cash and cash equivalents in the cash flow statement is expected to amount to an outflow of €1.2 million in FY2017 (FY2016: +€0.7 million), principally due to repayments made to banks and related parties of €1.2 million and capital expenditure of €0.3 million.

It is projected that the Malta Group's revenue will increase by €2.2 million in **FY2018** to €37.8 million when compared to the previous year, principally in consequence of expected improvements in performance of the Group's retail stores and new openings. EBITDA is projected to increase y-o-y by €0.5 million (+22%) to €2.9 million as the Group expects to improve operating margin from 7% in FY2017 to 8% to FY2018. Due to an increase in depreciation of €0.2 million and taxation of €0.1 million, profit for the year is projected to increase by 28% from €0.9 million in FY2017 to €1.2 million in FY2018.

The Malta Group's gearing ratio is set to increase from 31% in FY2017 to 54% in FY2018 following the issuance of €12 million in bonds, the proceeds of which will be utilised to increase the number of stores, reduce bank borrowings, finance the development of a distribution centre in Malta and advance €4.5 million to the Hudson Group.

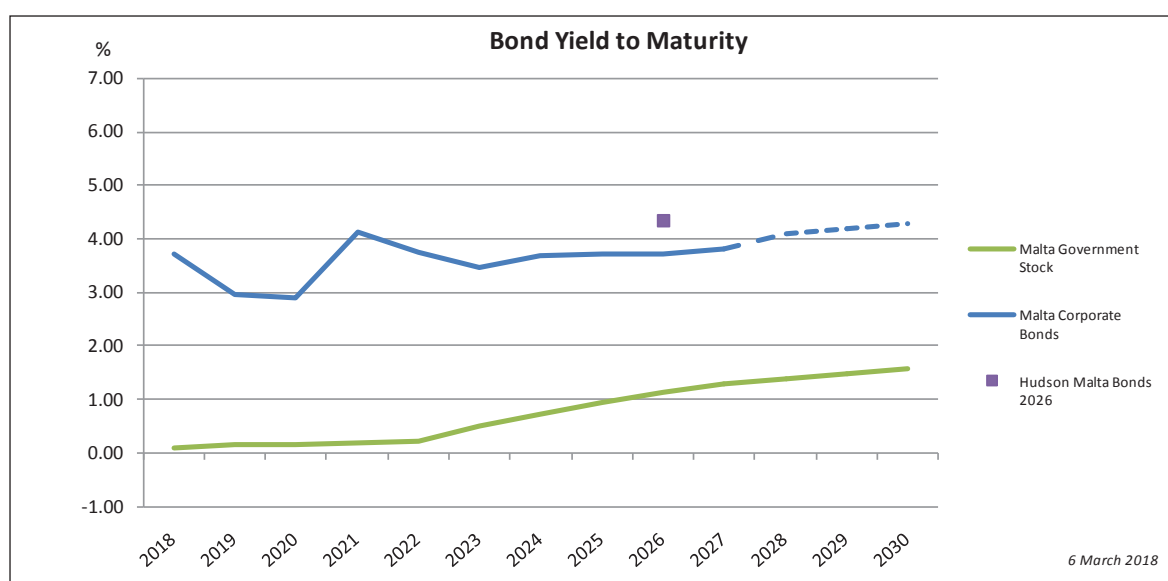
PART 3 - COMPARABLES

The table below compares the Malta Group and the Issuer's bond issue to other debt issuers listed on the Malta Stock Exchange and their respective debt securities. Although there are significant variances between the activities of the Malta Group and other issuers (including different industries, principal markets, competition, capital requirements etc.), and material differences between the risks associated with the Malta Group's business and that of other issuers, the comparative analysis provides an indication of the financial performance and strength of the Malta Group.

Comparative Analysis	Nominal Value (€)	Yield to Maturity (%)	Interest Cover (times)	Total Assets (€'000)	Net Asset Value (€'000)	Gearing Ratio (%)
5.5% Pendergardens Dev. plc Secured € 2020 Series I	15,000,000	2.91	1.49	63,273	11,488	63.23
6% Pendergardens Dev. plc Secured € 2022 Series II	27,000,000	3.74	1.49	63,273	11,488	63.23
4.25% Gap Group plc Secured € 2023	40,000,000	3.45	2.48	57,086	6,004	86.39
5.3% United Finance Plc Unsecured € Bonds 2023	8,500,000	4.20	2.05	18,153	3,796	73.85
6% AX Investments Plc Unsecured € 2024	40,000,000	3.91	4.44	286,318	173,323	26.09
5.3% Mariner Finance plc Unsecured € 2024	35,000,000	3.67	4.25	72,117	30,380	52.06
5% Hal Mann Vella Group plc Secured Bonds € 2024	30,000,000	4.04	0.02	82,096	32,298	54.54
5.1% 1923 Investments plc Unsecured € 2024	36,000,000	4.39	1.59	71,711	4,751	89.91
4.5% Hili Properties plc Unsecured € 2025	37,000,000	3.73	1.40	97,042	28,223	66.81
4.25% Corinthia Finance plc Unsecured € 2026	40,000,000	3.67	1.86	1,389,627	665,357	42.18
4.0% International Hotel Invest. plc Secured € 2026	55,000,000	3.44	2.46	1,220,254	646,822	36.39
4.0% MIDI plc Secured € 2026	50,000,000	3.36	0.59	203,780	67,359	40.62
3.75% Premier Capital plc € Unsecured Bonds 2026	65,000,000	3.21	7.60	193,351	41,630	58.76
4.35% Hudson Malta plc Unsecured 2026	12,000,000	4.35	39.11	17,088	5,835	30.63
4.35% SD Finance plc € Unsecured Bonds 2027	65,000,000	3.82	5.46	217,599	65,698	47.74
4.0% Eden Finance plc Unsecured 2027	40,000,000	3.78	3.98	165,496	92,620	34.60
4% Stivala Group Finance plc Secured 2027	45,000,000	3.50	6.21	199,560	121,041	31.54

6 March '18

Source: Malta Stock Exchange, Audited Accounts of Listed Companies, Charts Investment Management Service Limited



To date, there are no corporate bonds which have a redemption date beyond 2027 and therefore a trend line has been plotted (denoted in the above chart by the dashed line). The Malta Government Stock yield curve has also been included since it is the benchmark risk-free rate for Malta.

PART 4 - EXPLANATORY DEFINITIONS

INCOME STATEMENT

Revenue	Total revenue generated by the Group from its business activities during the financial year, including retail and distribution of branded fashion and sportswear.
Cost of sales	Cost of sales includes inventory, labour expenses and all other direct expenses.
EBITDA	EBITDA is an abbreviation for earnings before interest, tax, depreciation and amortisation. EBITDA can be used to analyse and compare profitability between companies and industries because it eliminates the effects of financing and accounting decisions.
EBIT	EBIT is an abbreviation for earnings before interest and tax. EBIT is a measure of a firm's profit that includes all expenses except interest and income tax expenses. It is the difference between operating revenues and operating expenses.
Profit after tax	Profit after tax is the profit made by the Group during the financial year both from its operating as well as non-operating activities.

PROFITABILITY RATIOS

Operating profit margin	Operating profit margin is operating income or EBITDA as a percentage of total revenue.
Net profit margin	Net profit margin is profit after tax achieved during the financial year expressed as a percentage of total revenue.

EFFICIENCY RATIOS

Return on equity	Return on equity (ROE) measures the rate of return on the shareholders' equity of the owners of issued share capital, computed by dividing profit after tax by shareholders' equity.
Return on capital employed	Return on capital employed (ROCE) indicates the efficiency and profitability of a company's capital investments, estimated by dividing operating profit by capital employed.
Return on Assets	Return on assets (ROA) is computed by dividing profit after tax by total assets.

EQUITY RATIOS

Earnings per share	Earnings per share (EPS) is the amount of earnings per outstanding share of a company's share capital. It is computed by dividing net income available to equity shareholders by total shares outstanding as at balance sheet date.
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CASH FLOW STATEMENT

Cash flow from operating activities	Cash generated from the principal revenue-producing activities of the Group.
Cash flow from investing activities	Cash generated from activities dealing with the acquisition and disposal of long-term assets and other investments of the Group.
Cash flow from financing activities	Cash generated from the activities that result in change in share capital and borrowings of the Group.

BALANCE SHEET

Non-current assets	Non-current asset are the Group's long-term investments, which full value will not be realised within the accounting year. Non-current assets are capitalised rather than expensed, meaning that the Group allocates the cost of the asset over the number of years for which the asset will be in use, instead of allocating the entire cost to the accounting year in which the asset was purchased. Such assets include intangible assets; property, plant & equipment; and loans receivable.
Current assets	Current assets are all assets of the Group, which are realisable within one year from the balance sheet date. Such amounts include accounts receivable, inventory, and cash and bank balances.
Current liabilities	All liabilities payable by the Group within a period of one year from the balance sheet date, and include accounts payable and short-term debt.
Net debt	Borrowings before unamortised issue costs less cash and cash equivalents.
Non-current liabilities	The Group's long-term financial obligations that are not due within the present accounting year. The Group's non-current liabilities include long-term borrowings, bonds and deferred taxation.
Total equity	Total equity includes share capital, reserves & other equity components, retained earnings and minority interest.

FINANCIAL STRENGTH RATIOS

Liquidity ratio	The liquidity ratio (also known as current ratio) is a financial ratio that measures whether or not a company has enough resources to pay its debts over the next 12 months. It compares a company's current assets to its current liabilities.
Interest cover	The interest coverage ratio is calculated by dividing a company's EBITDA of one period by the company's interest expense of the same period.
Gearing ratio	The gearing ratio indicates the relative proportion of shareholders' equity and debt used to finance a company's assets, and is calculated by dividing a company's net debt by net debt plus shareholders' equity.