

## SECURITIES NOTE

Dated 3 December 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 Secured Bonds being issued by Best Deal Properties Holding p.l.c. The Listing Authority has approved the admission to listing and trading of the Secured 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:

### €16,000,000 4.25% Secured Bonds 2024

of a nominal value of €100 per Bond issued at par (the "Secured Bonds" or "Bonds")

By



**BEST DEAL PROPERTIES HOLDING P.L.C.**

**A PUBLIC LIMITED LIABILITY COMPANY REGISTERED IN MALTA WITH COMPANY REGISTRATION NUMBER C 88974**

**with the joint and several Guarantee\* of Best Deal Developments Limited (C 89191)**

**ISIN:- MT0002121201**

\*Prospective investors are to refer to the Guarantee contained in Annex II of the Securities Note and section 7 of the Registration Document for a description of the Guarantee and the Security. Reference should also be made to the sections entitled "Risk Factors" contained in this Summary Note, the Registration Document and the Securities Note for a discussion of certain risk factors which should be considered by prospective investors in connection with the Bonds and the Guarantee provided by the Guarantor.

Legal Counsel

Sponsor, Manager & Registrar

Security Trustee

**MAMO TCV**  
A D V O C A T E S

**CHARTS**  
A DIVISION OF MEDIRECT BANK (MALTA) PLC

  
**FINCO TRUST SERVICES LIMITED**

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

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

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

APPROVED BY THE DIRECTORS

Christopher Attard

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John Buttigieg

Pierre Bartolo

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## IMPORTANT INFORMATION

THIS SECURITIES NOTE CONTAINS INFORMATION ON AN ISSUE BY BEST DEAL PROPERTIES HOLDING PLC (THE “**ISSUER**”) OF €16,000,000 SECURED BONDS 2024 OF A NOMINAL VALUE OF €100 PER BOND ISSUED AT PAR AND BEARING INTEREST AT THE RATE OF 4.25% PER ANNUM PAYABLE ANNUALLY ON 12 DECEMBER OF EACH YEAR, GUARANTEED BY BEST DEAL DEVELOPMENTS LIMITED (THE “**GUARANTOR**”). THE NOMINAL VALUE OF THE BOND WILL BE REPAYABLE IN FULL AT MATURITY ON THE REDEMPTION DATE UNLESS OTHERWISE PREVIOUSLY REPURCHASED FOR CANCELLATION (THE “**BONDS**” OR “**SECURED BONDS**”); AND

THIS SECURITIES NOTE:

- A. CONTAINS INFORMATION ABOUT THE ISSUER, THE GUARANTOR AND THE SECURED 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 SECURED BONDS ARE ISSUED BY THE COMPANY AND ACQUIRED BY A BONDHOLDER WHICH TERMS SHALL REMAIN BINDING UNTIL THE REDEMPTION DATE OF THE SECURED 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 GUARANTOR OR THEIR RESPECTIVE DIRECTORS TO ISSUE ANY ADVERTISEMENT OR TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THE SALE OF SECURED 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 GUARANTOR 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 SECURED 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.

IT IS THE RESPONSIBILITY OF ANY PERSONS IN POSSESSION OF THIS DOCUMENT AND ANY PERSONS WISHING TO APPLY FOR ANY SECURED 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 SECURED 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 SECURED 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 SECURED 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 SECURED 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 THIS DOCUMENT 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 ISSUER'S WEBSITE OR ANY WEBSITE DIRECTLY OR INDIRECTLY LINKED TO THE ISSUER'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 SECURED BONDS.

ALL THE ADVISORS TO THE ISSUER AND THE GUARANTOR NAMED IN THE PROSPECTUS UNDER THE HEADING "IDENTITY OF DIRECTORS, ADVISORS, SECURITY TRUSTEE AND AUDITORS" UNDER SECTION 4 OF THE REGISTRATION DOCUMENT HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER AND THE GUARANTOR IN RELATION TO THIS ISSUE AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION TOWARDS ANY OTHER PERSON 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 SECURED 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 SECURED 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, expressed 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:

<b>Act or Companies Act</b>	the Companies Act (Cap. 386 of the Laws of Malta);
<b>Applicant/s</b>	a person or persons whose name or names (in the case of joint applicants) appear in the registration details of an Application Form;
<b>Application/s</b>	the application/s to subscribe for Secured Bonds made by an Applicant/s by completing an Application Form/s and delivering same to any of the Authorised Financial Intermediaries;
<b>Application Form</b>	the form of application of subscription for Secured Bonds, a specimen of which is contained in Annex I of this Securities Note;
<b>Authorised Financial Intermediaries</b>	<ul style="list-style-type: none"><li>Charts (a division of MeDirect Bank (Malta) plc), The Centre, Tigné Point Sliema TPO 0001 (tel: 2557 4400);</li><li>FINCO Treasury Management Ltd, The Bastions Office No. 2, Emvin Cremona Street, Floriana FRN 1281 (tel: 2122 0002);</li></ul>
<b>BDP Group or Group</b>	means the Issuer and any company or entity in which the Issuer has a controlling interest;
<b>Bond Issue or Offer</b>	the issue of the Secured Bonds;
<b>Bond Issue Price</b>	the price of €100 per Bond;
<b>Bondholder/s</b>	a holder of Secured Bonds;
<b>Business Day</b>	any day between Monday and Friday (both days included) on which commercial banks in Malta settle payments and are open for normal banking business;
<b>Collateral or Security Interest</b>	the Initial Security Interest, monies received from time to time by the Security Trustee from sales of residential units, and any other security which may be held in trust for the Bondholders under the terms of the Trust Deed, including any undertaking, guarantee, mandate, pledge, title, transfer, grant, privilege or hypothec or the placing of property (including money) in possession or control of the Security Trustee with rights of retention and/or sale;
<b>Company or Issuer</b>	Best Deal Properties Holding p.l.c., a public limited liability company registered under the Laws of Malta bearing company registration number C 88974 and having its registered office at 63, J.L. Buildings, Office 5, Luqa Road, Paola PLA 9045, Malta;
<b>CSD</b>	the Central Securities Depository of the Malta Stock Exchange having its address at Garrison Chapel, Castille Place, Valletta, VLT 1063;
<b>Euro or €</b>	the lawful currency of the Republic of Malta;
<b>Exchange, Malta Stock Exchange or MSE</b>	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;
<b>Guarantee</b>	the joint and several guarantee dated 3 December 2018 granted by the Guarantor as security for the punctual performance of the Issuer's payment obligations under the Bond Issue, subject to the terms and conditions contained in the Security Trust Deed and as the same is held on trust for the benefit of the Bondholders by the Security Trustee. A copy of the Guarantee is appended to the Securities Note as Annex II thereto;
<b>Guarantor</b>	Best Deal Developments Limited, a private limited liability company registered in Malta with company number C 89191 having its registered office at 63, J.L. Buildings, Office 5, Luqa Road, Paola PLA 9045, Malta
<b>Hypothecated Property</b>	the immovable properties included hereinafter: (i) the residential property with numbers 102 and 103 in Triq Mediterran c/w Triq Gabriele Henin, Pembroke, built on a plot of land having a superficial area of approximately 380m <sup>2</sup> , which existing property is set to be demolished and 8

residential units shall be developed constituting the Pembroke Development, as further described in section 5.5 of the Registration Document, which property is to be acquired by the Guarantor;

- (ii) the plots of land known as Tal-Hawlija, Ta' Masrija and Tas-Salib having an aggregate superficial area of approximately 1,249m<sup>2</sup>, in Mellieha, together with the improvements made and to be made thereon, over which there shall be developed the Mellieha Development as better described in section 5.5 of the Registration Document, which site is to be acquired by the Guarantor;
- (iii) the plot of land known as Il-Wilga tal-Imnigiel having an aggregate superficial area of approximately 4,149m<sup>2</sup>, in Zabbar, together with the improvements made and to be made thereon, over which there shall be developed the Zabbar Development as better described in section 5.5 of the Registration Document, which site is to be acquired by the Guarantor;

<b>Initial Security Interest</b>	the security to be constituted prior to or upon the final deeds of sale and acquisition of the sites upon which the New Developments will be constructed and developed consisting of: <ul style="list-style-type: none"> <li>(i) the first ranking general hypothec for the full nominal value of the Secured Bonds and interests thereon over all the present and future property of the Issuer and Guarantor;</li> <li>(ii) the first ranking special hypothec for the full nominal value of the Secured Bonds and interests thereon over the land on which each of the Pembroke Development, Mellieha Development and Zabbar Development is to be developed together with all and any constructions to be developed thereon;</li> <li>(iii) the special privilege in accordance with the provisions of article 2010(c) of Chapter 16 of the Laws of Malta for the amounts of: (a) <i>circa</i> €0.8 million (or such other amount according to law) over the site in Pembroke over which the Pembroke Development shall be constructed; (b) <i>circa</i> €3.2 million (or such other amount according to law) over the site in Mellieha over which the Mellieha Development shall be constructed; and (c) <i>circa</i> €7.6 million (or such other amount according to law) over the site in Zabbar over which the Zabbar Development shall be constructed; and</li> <li>(iv) the Guarantee;</li> </ul>
<b>Interest Payment Date</b>	12 December of each year between and including each of the years 2019 and the year 2024, 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;
<b>Issue Date</b>	expected on 27 December 2018;
<b>Listing Authority</b>	the Board of Governors of the MFSA, appointed as Listing Authority for the purposes of the Malta Financial Services Authority Act (Cap. 330 of the Laws of Malta);
<b>Listing Rules</b>	the listing rules of the Listing Authority, as may be amended from time to time;
<b>Mellieha Development</b>	the construction, development and finishing, over the site known as Tal-Hawlija, Ta' Masrija and Tas-Salib measuring in aggregate approximately 1,249m <sup>2</sup> , of a total of 50 garages, 3 maisonettes, 39 apartments and 7 penthouses, as better described in section 5.5 of the Registration Document;
<b>MFSA</b>	the Malta Financial Services Authority, established in terms of the Malta Financial Services Authority Act (Cap. 330 of the Laws of Malta);
<b>New Developments</b>	the construction and development of each of the Pembroke Development, Mellieha Development and Zabbar Development;
<b>Pembroke Development</b>	the construction, development and finishing, over the corner site situated at 102 and 103 in Triq Mediterran c/w Triq Gabriele Henin, Pembroke, having a footprint measuring approximately 380m <sup>2</sup> , of 6 garages, 2 maisonettes, 4 3-bedroom apartments and 2 duplex penthouses, as better described in section 5.5 of the Registration Document;
<b>Placement Date</b>	12 December 2018;
<b>Official List</b>	the list prepared and published by the Malta Stock Exchange as its official list in accordance with the Malta Stock Exchange Bye-Laws;
<b>Projects</b>	the construction and development of the New Developments and Target Property (if any) and the completion of Crystal Court - Marsascala, Blue Moon Court – Marsascala and Garnet Court – Mqabba and sale of the remaining unsold units therein;
<b>Prospectus</b>	collectively the Registration Document, Summary Note and this Securities Note (each as defined in this Securities Note);



<b>Prospectus Directive</b>	Directive 2003/71/EC of the European Parliament and of the Council of 4th November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC, as may be amended from time to time;
<b>Redemption Date</b>	12 December 2024;
<b>Redemption Value</b>	the nominal value of each Bond (€100 per Secured Bond);
<b>Registration Document</b>	the registration document issued by the Issuer dated 3 December 2018, forming part of the Prospectus;
<b>Regulation</b>	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 supplementing Directive 2003/71/EC of the European Parliament and of the Council with regard to regulatory technical standards for publication of supplements to the prospectus; and Commission Delegated Regulation (EU) No. 2016/301 of 30 November 2015 supplementing Directive 2003/71/EC of the European Parliament and of the Council with regard to regulatory technical standards for publication of the prospectus and dissemination of advertisements and amending Commission Regulation (EC) No. 809/2004;
<b>Secured Bonds or Bonds</b>	the €16,000,000 Secured 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 4.25% per annum, as detailed in this Securities Note;
<b>Securities Note</b>	this document in its entirety;
<b>Security Trust Deed or Trust Deed</b>	the trust deed signed between the Issuer, the Guarantor and the Security Trustee dated 3 December 2018;
<b>Security Trustee or Trustee</b>	Finco Trust Services Limited having company registration number C 13078 and registered office at The Bastions Office No. 2, Emvin Cremona Street, Floriana FRN 1281, Malta, licensed by the MFSA to act as trustee and provide general corporate fiduciary services, or any other duly authorised person as may be appointed to act as security trustee in terms of the Trust Deed;
<b>Sponsor, Manager &amp; Registrar</b>	MeDirect Bank (Malta) plc having company registration number C 34125 and registered office at The Centre, Tigné Point, Sliema TPO 001, Malta, licensed by the MFSA and is a member of the MSE. The role of sponsor, manager & registrar is conducted by the corporate finance division of MeDirect Bank (Malta) plc, which operates under the brand name 'Charts'. The use of the logo 'Charts' in the Prospectus shall be construed accordingly;
<b>Summary Note</b>	the summary note issued by the Issuer dated 3 December 2018, forming part of the Prospectus;
<b>Target Property</b>	one or more additional property which shall be considered by the Security Trustee to be held as Security Interest, subject to the restrictions provided in the Trust Deed;
<b>Terms and Conditions</b>	the terms and conditions of the Secured Bonds set out in sections 4.3, 5 and 7 of this Securities Note;
<b>Zabbar Development</b>	the construction, development and finishing, over the site known as Il-Wilga tal-Imniegel measuring approximately 4,149m <sup>2</sup> , of a total of 198 garages, 24 maisonettes, 81 apartments and 22 penthouses, spread over 10 blocks, as better described in section 5.5 of the Registration Document.

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 also the feminine gender and vice-versa;
- c. The word "may" shall be construed as permissive and the word "shall" shall be construed as imperative.
- d. The word "person" shall refer to both natural and legal persons.

## 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 SECURED BONDS WILL BE REPAYABLE IN FULL UPON MATURITY ON THE REDEMPTION DATE UNLESS THE SECURED BONDS ARE PREVIOUSLY RE-PURCHASED AND CANCELLED. THE ISSUER SHALL REDEEM THE SECURED BONDS ON THE REDEMPTION DATE.

AN INVESTMENT IN THE SECURED 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 SECURED 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 SECURED 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 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 SECURED BONDS, SHOULD PURCHASE ANY SECURED 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 Secured 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 Secured 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 Secured Bonds, the merits and risks of investing in the Secured 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 Secured 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 Secured Bonds and be familiar with the behaviour of any relevant indices and financial markets; and
- d) be 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 Secured Bonds

#### • Orderly and Liquid Market

The existence of an orderly and liquid market for the Secured Bonds depends on a number of factors, including but not limited to the presence of willing buyers and sellers of the Issuer’s Secured Bonds at any given time and the general economic conditions in the market in which the Secured 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 Secured 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 Secured Bonds at or above the Bond Issue Price or at all.



- **Subsequent Changes in Interest Rates**

Investment in the Secured Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Secured Bonds. By buying the Secured Bond, the bondholder is committing to receiving a fixed rate of return the term of the Secured Bond. Should the market interest rate rise from the date of the bond's purchase, the bond's price is likely to fall accordingly and the Secured Bond may trade at a discount to reflect the lower return that an investor will make on the Secured Bond. Market interest rates are a function of several factors such as the demand for, and supply of, money in the economy, the inflation rate, the stage that the business cycle is in as well as general monetary and fiscal policies.

- **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 Secured 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 Secured Bonds prevailing from time to time. If such changes take place they could have an adverse effect on the market price for the Secured Bonds.

- **Security Interest and the Guarantee**

The Secured Bonds, as and when issued and allotted, shall constitute the general, direct, unconditional and secured obligations of the Issuer, guaranteed by the Guarantor and shall at all times rank *pari passu* without any priority or preference among themselves.

The Secured Bonds shall be secured by the Security Interest and accordingly, shall rank with priority or preference over other present and future unsecured obligations of the Issuer and the Guarantor. Notwithstanding that the Bonds constitute the general, direct, unconditional and secured obligations of the Issuer, as guaranteed by the Guarantor, they may rank after causes of preference which may be constituted by operation of law. There can be no guarantee that privileges accorded by law in specific situations will not arise during the course of the business of each of the Issuer and the Guarantor which may rank with priority or preference to the Security Interest.

In view of the fact that the Secured Bonds are being guaranteed by the Guarantor on a joint and several basis, the Security Trustee, for the benefit of the Bondholders, shall be entitled to request the Guarantor to pay both the interest due and the principal amount under said Secured Bonds if the Issuer fails to meet any amount, when due in terms of the Prospectus.

The joint and several Guarantee also entitles the Security Trustee to take action against the Guarantor without having to first take action against the Issuer. The strength of this undertaking on the part of the Guarantor and therefore, the level of recoverability by the Security Trustee from the Guarantor of any amounts due under any of the Secured Bonds, is dependent upon and directly linked to the financial position and solvency of the Guarantor. The Guarantee is further supported by, *inter alia*, the Collateral over those parts of the Hypothecated Property belonging to the Guarantor. Whilst this grants the Security Trustee a right of preference and priority for repayment over the relative Hypothecated Property, there can be no guarantee that the value of the relevant Hypothecated Property over the term of the Secured Bonds will be sufficient to cover the full amount of interest and principal outstanding under the Bonds. This may be caused by a number of factors not least of which general economic factors that could have an adverse impact on the value of the relevant Hypothecated Property. If such circumstances were to arise or subsist at the time that the Security Interest is to be enforced by the Trustee, it could have a material adverse effect on the recoverability of all the amounts that may be outstanding under the Secured Bonds.

- **Conditions Precedent**

The attention of prospective investors in the Secured Bonds is drawn to the concluding paragraph of section 4.1 of this Securities Note, which provides that the issue and allotment of the Secured Bonds is conditional upon the Secured Bonds being fully subscribed, the Secured Bonds being admitted to the Official List and on the Initial Security Interest being constituted in favour of the Security Trustee, and that in the event that either of the aforesaid conditions is not satisfied, the Security Trustee shall return Bond Issue proceeds to Bondholders.

- **Terms of the Trust Deed**

By acquiring the Bonds, the Bondholder is considered to be bound by the terms of the Trust Deed as if he had been a party to it. The Trust Deed contains a number of provisions, which prospective investors ought to be aware of prior to acquiring the Bonds. For instance, in terms of the Trust Instrument:

- a. the Security Trustee is not liable for any loss or expense attributable to any action taken or omitted to be taken by the Security Trustee, or any person appointed by the Security Trustee, unless the loss or expense is shown to have been caused by the gross negligence or misconduct of the Security Trustee or the person so appointed;
- b. the Security Trustee is not bound to take any such steps or proceedings or take any other action to enforce the security constituted by the Security Interest unless the Security Trustee shall have been indemnified to its satisfaction against all actions, proceedings, claims and demands to which it may thereby render itself liable and all costs, charges, damages and expenses which it may incur by so doing;
- c. the Security Trustee is not bound to declare the Bonds to have become immediately due and repayable in the case of an event of default, described in section 5.9 of this Securities Note, unless requested to do so by a resolution passed by Bondholders holding not less than seventy-five per centum (75%) in nominal value of the Bonds then outstanding at a meeting of the Bondholders; and
- d. the Security Trustee may pay itself out of the trust fund all sums owing to it in respect of the remuneration costs, charges, expenses or interest or by virtue of any indemnity from the Company to which it is entitled under the Trust Deed or by law or by virtue of any release or indemnity granted to it and all such sums as aforesaid shall be so retained and paid in priority to the claims of the Bondholders and shall constitute an additional charge upon the property charged with the Collateral.

- **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 5.12 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.

- **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 described above could have a material adverse effect on the liquidity and value of the Bonds.

- **Property Valuations**

The valuations referred to in the Prospectus are prepared by an independent qualified architect in accordance with the UK Royal Institution of Chartered Surveyors Appraisal and Valuation Manual. In providing a market value of the respective properties, the independent architect has made certain assumptions which ultimately may cause the actual values to be materially different from any future values that may be expressed or implied by such forward looking statements or anticipated on the basis of historical trends as reality may not match the assumptions. There can be no assurance that such property valuations and property-related assets will reflect actual market values.

### 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. All of the directors of the Issuer, whose names appear under the sub-heading "Directors" under the heading "Identity of Directors, Advisors, Security Trustee and Auditors" in Section 4 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.

#### 3.1 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 Secured Bonds through any of the Authorised Financial Intermediaries in terms of this Securities Note and any subsequent resale, placement or other offering of Secured 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 Secured Bonds, provided this is limited only:

- i. in respect of Secured Bonds subscribed for through Authorised Financial Intermediaries of this Securities Note pursuant to the placement agreement, as detailed in section 7.4 below;
- ii. to any resale or placement of Secured Bonds taking place in Malta;
- iii. to any resale or placement of Secured Bonds taking place within the period of 60 days from the date of the Prospectus.

None of the Issuer, the Sponsor, Manager & Registrar, the Security Trustee 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 Secured 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 Secured 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 Secured 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 Secured 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 Secured 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.bestdealholdings.com](http://www.bestdealholdings.com)

## 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 €15,600,000, will be on-lent to the Guarantor pursuant to a loan agreement between the Issuer and Guarantor, and shall be used for the following purposes, in the amounts and order of priority set out below:

- i. the amount of *circa* €913,000 for the purposes of part-funding the acquisition, by the Guarantor, of the site in Pembroke over which the Pembroke Development will be developed, and related costs of acquisition;
- ii. the amount of *circa* €3,410,000 for the purposes of financing the acquisition, by the Guarantor, of the site in Mellieha over which the Mellieha Development will be developed, and related costs of acquisition;
- iii. the amount of *circa* €8,532,000 for the purposes of financing the acquisition, by the Guarantor, of the site in Zabbar over which the Zabbar Development will be developed, and related costs of acquisition;
- iv. the amount of *circa* €2,745,000 shall be retained by the Security Trustee to be disbursed to contractors, on behalf of the Guarantor, engaged to undertake excavation and construction works relating to the Mellieha Development and Zabbar Development, once the Mellieha and Zabbar sites are acquired as indicated in (ii) and (iii) above.

The issue and allotment of the Secured Bonds is conditional upon: (a) the Bond Issue being fully subscribed; (b) confirmation of admission of the Secured Bonds to the Official List; and (c) the Initial Security Interest being constituted in favour of the Security Trustee. In the event that any of the aforesaid conditions (a) to (c) is not satisfied, the Security Trustee shall return Bond Issue proceeds to the Bondholders. The Bonds shall not be included on the Official List of the Malta Stock Exchange unless the Initial Security Interest has been perfected.

### 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 €400,000. There is no particular order of priority with respect to such expenses.

### 4.3 ISSUE STATISTICS

Amount:	€16,000,000;
From:	The Secured 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:	MT0002121201;
Minimum amount per subscription:	Minimum of €2,000 and multiples of €100 thereafter;
Redemption Date:	12 December 2024;
Plan of Distribution:	The Secured Bonds are open for subscription by all categories of investors, including the general public;
Placement Agreement:	The Issuer has reserved the full amount of the Bond Issue for subscription by Authorised Financial Intermediaries through placement agreements which shall be submitted by Authorised Financial Intermediaries by latest 12:00 hours on 12 December 2018 as further detailed in section 7.4 of this Securities Note;
Bond Issue Price:	At par (€100 per Bond);
Status of the Bonds:	The Secured Bonds, as and when issued and allotted, shall constitute the general, direct, unconditional and secured obligations of the Issuer and the Guarantor, and shall at all times rank <i>pari passu</i> , without any priority or preference among themselves. Save for such exceptions as may be provided by applicable law, the Secured Bonds shall be secured by the Security Interest and accordingly, shall rank with priority or preference over other present and future unsecured obligations of the Issuer and the Guarantor;

Listing:	The Listing Authority has approved the Secured 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 Secured Bonds to be listed and traded on its Official List;
Placement Date:	12 December 2018;
Interest:	4.25% per annum;
Interest Payment Date(s):	Annually on 12 December as from 12 December 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 Bonds.

#### 4.4 INTEREST OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Save for the possible subscription for Secured Bonds by Authorised Financial Intermediaries (which includes Charts (a division of MeDirect Bank (Malta) plc) and Finco Treasury Management Ltd), and any fees payable in connection with the Bond Issue to Charts (a division of MeDirect Bank (Malta) plc) as Sponsor, Manager & Registrar, Finco Trust Services Ltd as Security Trustee and Finco Treasury Management Ltd as Financial Advisors, so far as the Issuer is aware no person involved in the Bond Issue has an interest material to the Bond Issue.

#### 4.5 SECURITY

The Secured Bonds are secured and Bondholders shall have the benefit of the following initial security:

- (a) a first ranking general hypothec over all the assets of the Issuer and Guarantor;
- (b) a first ranking special hypothec over the Hypothecated Property;
- (c) a special privilege for the amounts transferred to the Guarantor to acquire the Hypothecated Property; and
- (d) the Guarantee.

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

The Issuer and the Guarantor have entered into a Trust Deed with the Security Trustee which consists of the covenants of the Issuer and the Guarantor to repay the principal amount under the Secured Bonds on the Redemption Date and interest thereon and to observe all the covenants and obligations undertaken by the Issuer and the Guarantor under the Trust Deed and the Prospectus, as secured by the Security Interest. The Security Interest will be vested in the Security Trustee for the benefit of the Bondholders in proportion to their respective holding of Secured Bonds.

The Security Trustee's role includes holding of the Security Interest for the benefit of the Bondholders and the enforcement of the Security Interest upon the happening of certain events. The Security Trustee shall have no payment obligations to Bondholders under the Secured Bonds which remain exclusively the obligations of the Issuer (or, in the case of default by the Issuer, of the Guarantor), save to the extent that the Security Trustee shall apply any amounts available in terms of the Security Interest held by it towards the redemption of the Secured Bonds on the Redemption Date or upon enforcement of the Security Interest upon the happening of certain events as aforesaid.

**The terms and conditions of the Trust Deed shall, upon subscription or purchase of any Bonds, be binding on such subscriber or purchaser as a beneficiary under the trust as if the Bondholders had been a party to the Trust Deed and as if the Trust Deed contained covenants on the part of each Bondholder to observe and be bound by all the provisions therein, and the Security Trustee is authorised and required to do the things required of it by the Trust Deed.**

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

Each Secured Bond shall be issued on the terms and conditions set out in this Securities Note and, by subscribing to or otherwise acquiring the Secured Bonds, the Bondholders are deemed to have knowledge of all the terms and conditions of the Secured 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 4.25% Secured Bonds 2024 of a nominal value of €100 per Bond issued by the Issuer at par up to the principal amount of €16,000,000 (except as otherwise provided under section 5.11 "Further Issues"). The Issue Date of the Bonds is 27 December 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: MT0002121201
- c. Unless previously re-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 Secured Bonds other than as specified in section 5.3 hereunder.

### 5.2 RANKING OF THE SECURED BONDS

The Bonds shall constitute the general, direct, and unconditional secured obligations of the Issuer, guaranteed by the Guarantor. The payment of the principal under the Bonds and interest thereon shall be secured by the Security Interest, which shall, *inter alia*, initially comprise a first-ranking general hypothec over the Issuer's and Guarantor's assets and a first-ranking special hypothec over the Hypothecated Property which the Guarantor has agreed to constitute in favour of the Security Trustee for the benefit of Bondholders, and the Guarantee.

The Security Interest shall be held by the Security Trustee for the benefit of the Bondholders, and accordingly, the Bonds shall rank with priority or preference over other present and future unsecured obligations of the Issuer and Guarantor. Notwithstanding the aforesaid, privileges or similar charges accorded by law in specific situations may arise during the course of the business of each of the Issuer and Guarantor which may rank with priority or preference to the Bonds and/or the Security Interest, as applicable. It is further noted that in terms of the Trust Deed, the Security Trustee may pay itself out of the trust fund all sums owing to it in respect of the remuneration costs, charges, expenses or interest or by virtue of any indemnity from the Company to which it is entitled under the Trust Deed or by law or by virtue of any release or indemnity granted to it, and all such sums as aforesaid shall be so retained and paid in priority to the claims of the Bondholders and shall constitute an additional charge upon the property charged with the Security Interest.

During the course of construction of the New Developments and Target Property (if any), situations may arise whereby the contractors or suppliers may become entitled by law to register a special privilege over the Hypothecated Property and/or Target Property, thereby obtaining a priority in ranking over the Security Trustee. In this respect, each contractor engaged by the Guarantor to work on the development of the Hypothecated Property and/or Target Property and having a contract value (or the cumulative value of a series of contracts) above €250,000 shall, *inter alia*, renounce its right to register any special privilege or any other cause of preference or security over the relevant Project until such time that the indebtedness under the Secured Bonds has been settled and repaid in full and the Security Interests granted in favour of the Security Trustee and referred to in the Prospectus have been discharged. Whilst this is intended to minimise the possibility that any real rights are created over the afore-mentioned development that would have the effect of diminishing the value of the Security Interests registered in favour of the Security Trustee, there can be no guarantee that a sub-contractor conducting works on one or more of the afore-mentioned development does not constitute a special privilege or secure any other preference or security according to law.

Accordingly, following the issue of the Bonds and application of the proceeds as set out above, the Security Trustee for the benefit of Bondholders will have the benefit of a special hypothec over each of the Hypothecated Properties for the full amount of €16,000,000 (sixteen million Euro) and interests thereon in addition to the general hypothec over all assets, present and future, of the Issuer and Guarantor for the full amount of €16,000,000 (sixteen million Euro) and interests thereon and the Guarantee. In addition to the above, the Security Trustee shall also obtain the special privilege competent to it pursuant to article 2010 (c) of the Civil Code (Chapter 16 of the Laws of Malta), for the aggregate amount of *circa* €11.6 million over the sites on which the New Developments will be constructed. The Guarantor shall also grant a pledge over the proceeds from insurance policies taken out in respect of the said Hypothecated Properties.



### 5.3 RIGHTS ATTACHING TO THE SECURED 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 Secured Bonds, including:

- i. the repayment of capital;
- ii. the payment of interest;
- iii. the benefit of the Security Interest through the Security Trustee;
- iv. the right to attend, participate in and vote at meetings of Bondholders in accordance with the Terms and Conditions of the Bond Issue; and
- v. enjoy all such other rights attached to the Secured Bonds emanating from the Prospectus.

### 5.4 INTEREST

The Secured Bonds shall bear interest from and including 12 December 2018 at the rate of 4.25% per annum on the nominal value thereof, payable annually in arrears on each Interest Payment Date. The first interest payment will be effected on 12 December 2019 (covering the period 12 December 2018 to 11 December 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 Secured 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 three hundred and sixty (360) day year consisting of twelve (12) months of thirty (30) days each, and in the case of an incomplete month, the number of days elapsed.

### 5.5 YIELD

The gross yield calculated on the basis of the Interest, the Bond Issue Price and the Redemption Value of the Secured Bonds is 4.25% per annum.

### 5.6 REGISTRATION, FORM, DENOMINATION AND TITLE

Certificates will not be delivered to Bondholders in respect of the Secured Bonds. The entitlement to Secured 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, and any other relevant information as required from time to time, of the Bondholders and particulars of the Secured Bonds held by them respectively, and the Bondholders shall have, at all reasonable times during business hours, access to the register of bondholders held at the CSD for the purpose of inspecting information held on their respective account.

The CSD will issue, upon a request by a Bondholder, a statement of holdings to such Bondholder evidencing his/her/its entitlement to Secured 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 the afore-mentioned website.

The Secured Bonds will be issued in fully registered form, without interest coupons, in denominations of any integral multiple of €100 provided that on subscription the Secured Bonds will be issued for a minimum of €2,000 per individual Bondholder. Authorised Financial Intermediaries subscribing to the Secured 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 Secured Bonds may be transferred as provided below under the heading "Transferability of the Bonds" in section 5.10 of this Securities Note.

## 5.7 PAYMENTS

Payment of the principal amount of Secured Bonds will be made in Euro by the Issuer to the person in whose name such Secured Bonds are registered, with interest accrued up to the Redemption Date, by means of direct credit transfer into such bank account as the Bondholder may designate from time to time, provided such bank account is denominated in Euro and held with any licensed bank in Malta. Such payment shall be effected within seven (7) days of the Redemption Date. The Issuer shall not be responsible for any charges, loss or delay in transmission. Upon payment of the Redemption Value the Secured Bonds shall be redeemed and the appropriate entry made in the electronic register of the Secured Bonds at the CSD.

In the case of Secured 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 Secured 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 fifteen (15) days prior to the Interest Payment Date, by means of a direct credit transfer into such bank account as the Bondholder may designate, from time to time, which is denominated in Euro and held with any licensed bank in Malta. Such payment shall be effected within seven (7) days of the Interest Payment Date. The Issuer shall not be responsible for any loss or delay in transmission.

All payments with respect to the Secured 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 Secured 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.

## 5.8 REDEMPTION AND PURCHASE

Unless previously re-purchased and cancelled the Secured Bonds will be redeemed at their nominal value (together with interest accrued to the date fixed for redemption) on 12 December 2024.

Subject to the provisions of this section 5.8, the Issuer may at any time purchase Secured Bonds in the open market or otherwise at any price. Any purchase by tender shall be made available to all Bondholders alike.

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

## 5.9 EVENTS OF DEFAULT

Pursuant to the Trust Deed, the Security Trustee may in its absolute and uncontrolled discretion, and shall upon the request in writing of not less than seventy five per cent (75%) in nominal value of the Secured Bonds then outstanding, by notice in writing to the Issuer and Guarantor declare the Secured Bonds to have become immediately due and repayable at their principal amount together with accrued interest, upon the happening of any of the following events ("**Events of Default**"):

- (a) the Issuer fails to effect the payment of interest under the Bonds on an Interest Payment Date and such failure continues for a period of sixty (60) days after written notice thereof by the Security Trustee to the Issuer;
- (b) the Issuer fails to pay the principal amount of a Bond on the date fixed for its redemption and such failure continues for a period of sixty (60) days after written notice thereof by the Security Trustee to the Issuer;
- (c) the Issuer fails duly to perform or shall otherwise be in breach of any other material obligation contained in the Prospectus and such failure shall continue for sixty (60) days after written notice thereof shall have been given to the Issuer by a Bondholder;
- (d) in terms of section 214(5) of the Act, a Court order or other judicial process is levied or enforced upon or sued out against any part of the property of the Issuer and is not paid out, withdrawn or discharged within one month;
- (e) the Issuer stops payment of its debts or ceases or threatens to cease to carry on its business;
- (f) the Issuer or Guarantor is unable to pay its debts within the meaning of section 214(5) of the Act, or any statutory modification or re-enactment thereof;

- (g) a judicial or provisional administrator is appointed upon the whole or any part of the property of the Issuer or Guarantor; and such appointment is certified by the Security Trustee to be prejudicial, in its opinion, to the Bondholders;
- (h) an order is made or an effective resolution is passed for winding up of the Issuer or Guarantor, except for the purpose of a reconstruction, amalgamation or division, the terms of which have been approved in writing by the Security Trustee;
- (i) the Issuer or Guarantor commits a breach of any of the covenants or provisions contained in the Trust Deed and on its part to be observed and performed and the said breach still subsists for thirty (30) days after having been notified by the Security Trustee (other than any covenant for the payment of interests or principal monies owing in respect of the Bonds);
- (j) the security constituted by any hypothec, pledge or charge upon the whole or any part of the undertaking or assets of the Issuer or Guarantor shall become enforceable and steps are taken to enforce the same and the taking of such steps shall be certified in writing by the Security Trustee to be in its opinion prejudicial to the Bondholders;
- (k) any representation or warranty made or deemed to be made or repeated by or in respect of the Issuer or Guarantor is or proves to have been incorrect in any material respect in the sole opinion of the Security Trustee;
- (l) any material indebtedness of the Issuer or Guarantor is not paid when properly due or becomes properly due and payable or any creditor of the Issuer or Guarantor (as the case may be) becomes entitled to declare any such material indebtedness properly due and payable prior to the date when it would otherwise have become properly due or any guarantee or indemnity of the Issuer or Guarantor in respect of indebtedness is not honoured when properly due and called upon; PROVIDED THAT for the purposes of this provision, material indebtedness shall mean an amount exceeding €1,000,000 (one million Euro);
- (m) the Issuer or Guarantor repudiates, or does or causes or permits to be done any act or thing evidencing an intention to repudiate the Bonds and/or the Trust Deed; or
- (n) all, or in the sole opinion of the Security Trustee, a material part, of the undertakings, assets, rights, or revenues of or shares or other ownership interests in the Issuer or Guarantor are seized, nationalised, expropriated or compulsorily acquired by or under the authority of any government.

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

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

## **5.10 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 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.

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

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

The Issuer will not take into account the transfer or transmission of Bonds for a period of fifteen (15) days preceding the due date for any payment of interest on the Bonds.

## **5.11 FURTHER ISSUES**

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

The Issuer may, with the consent of the Security Trustee, incur further indebtedness on a short to medium term basis that may rank *pari passu* with the Bonds for the purpose of bridging any cash flow shortfalls arising from the proceeds of sales from the New Developments and/or Target Property.

## **5.12 MEETINGS OF BONDHOLDERS**

The Issuer may, through the Security Trustee, from time to time call meetings of Bondholders for the purpose of consultation with Bondholders or for the purpose of 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.

A meeting of Bondholders shall be called by the Directors by giving the Security Trustee not less than twenty one (21) days' notice in writing. Upon receiving due notice from the Directors, the Security Trustee shall call such meeting by giving all Bondholders listed on the register of Bondholders as at a date being not more than thirty (30) days preceding the date scheduled for the meeting, not less than fourteen (14) days' notice in writing. Such notice shall set out the time, place and date set for the meeting and the matters to be discussed or decided thereat, including, if applicable, sufficient information on any amendment of the 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 5.12 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 Terms and Conditions contained in this Securities Note 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 (2) Bondholders present, in person or by proxy, representing not less than 50% in nominal value of the Bonds then outstanding, shall constitute a quorum. If a quorum is not present within thirty (30) minutes from the time scheduled for the commencement of the meeting as indicated on the notice convening same, the meeting shall stand adjourned to a place, date and time as shall be communicated by the Directors to the Bondholders present at that meeting. The Issuer shall within two (2) days from the date of the original meeting publish by way of a company announcement the date, time and place where the adjourned meeting is to be held. An adjourned meeting shall be held not earlier than seven (7) days, and not later than fifteen (15) days, following the original meeting. At an adjourned meeting, the number of Bondholders present, 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 and the Security Trustee.

The proposal placed before a meeting of Bondholders shall only be considered approved if at least 75% in nominal value of the Bondholders present at the meeting, or at any adjourned meeting, as the case may be, 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.

### **5.13 AUTHORISATIONS AND APPROVALS**

The Board of Directors of the Issuer authorised the Bond Issue pursuant to a board of directors' resolution passed on 13 November 2018. The Guarantee being given by the Guarantor in respect of the Secured Bonds has been authorised by a resolution of the board of directors of the Guarantor dated 13 November 2018.

### **5.14 REPRESENTATIONS AND WARRANTIES**

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

- i. it is duly incorporated and validly existing under the laws of Malta and has the power to carry on its business as it is now being conducted and to hold its property and other assets under legal title; 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 Guarantor 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 Guarantor, their respective businesses and financial position, the omission of which would, in the context of issue of the Secured Bonds, make any statement in the Prospectus misleading or inaccurate in any material respect.

### **5.15 NOTICES**

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

### **5.16 GOVERNING LAW AND JURISDICTION**

The Secured 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 Guarantor arising out of or in connection with the Secured 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 disposal as well as any income/gains derived therefrom or made on their disposal. The following is a summary of the anticipated tax treatment applicable to 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 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 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 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. Furthermore, such tax should not be available as a credit against the recipient's tax liability or for a refund, as the case may be, for the relevant year of assessment in Malta. The Issuer will render an account to the Maltese Commissioner for Revenue of all amounts so deducted, including 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 Maltese income tax return and be subject to tax on such interest 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. Any such election made by a resident Bondholder at the time of subscription may be subsequently changed by giving notice in writing to the Issuer. Such election or revocation will be effective within the time limit set out in the Income Tax Act.

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

## **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”, no 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 Maltese 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. Application Forms available to the general public	5 December 2018
2. Placement date	12 December 2018
3. Commencement of interest on the Secured Bonds	12 December 2018
4. Expected completion date for the constitution of Security	21 December 2018
5. Expected date of announcement of basis of acceptance	21 December 2018
6. Refunds of unallocated monies	21 December 2018
7. Expected dispatch of allotment advices	27 December 2018
8. Expected date of admission of the securities to listing	27 December 2018
9. Expected date of commencement of trading in the securities	28 December 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 Guarantor on the one hand and the Security Trustee and Bondholders on the other.

- 7.2.1** The issue and allotment of the Secured Bonds is conditional upon: (i) the Bond Issue being fully subscribed; (ii) the Secured Bonds being admitted to the Official List of the MSE; and (iii) the Initial Security Interest being constituted in favour of the Security Trustee. In the event that either of the aforesaid conditions is not satisfied within 15 Business Days from the Placement Date, any Application monies received by the Issuer will be returned without interest by direct credit into the Applicant's bank account indicated by the Applicant on the relative Application Form.
- 7.2.2** The general public may subscribe for Bonds by completing an Application Form and lodging same with any of the Authorised Financial Intermediaries, by not later than 12:00 hours on 12 December 2018.
- 7.2.3** The Secured Bonds will be issued in multiples of €100. The minimum subscription amount of Secured Bonds that can be subscribed for by Applicants is €2,000. Submission of Application Forms to any of the Authorised Financial Intermediaries must be accompanied by the full price of the Secured Bonds applied for, in Euro. Payment may be made either in cash, bank transfer 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 processing said subscription shall reserve the right to invalidate the relative Application Form.
- 7.2.4** 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 respective Authorised Financial Intermediary and Issuer 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).

- 7.2.5** 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.
- 7.2.6** 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.
- 7.2.7** Applications in the name of a corporation or corporate entity or association of persons, need to include a valid Legal Entity Identifier ("LEI") in the space provided on the Application Form. Failure to include a valid LEI code, will result in the Application being cancelled by the respective Authorised Financial Intermediary or the Issuer acting through the Sponsor, Manager & Registrar and subscription monies will be returned to the Applicant.
- 7.2.8** 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.
- 7.2.9** 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).
- 7.2.10** Applications in the name and for the benefit of minors shall be allowed provided that they are signed by both parents or the legal guardian/s and accompanied by a Public Registry birth certificate of the minor in whose name and for whose benefit the Application Form is submitted. Any Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest and redemption monies payable to the parents / legal guardian/s signing the Application Form until such time as the minor attains the age of eighteen (18) years, following which all interest and redemption monies shall be paid directly to the registered holder, provided that the Issuer has been duly notified in writing of the fact that the minor has attained the age of eighteen (18) years.
- 7.2.11** 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.
- 7.2.12** 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.
- 7.2.13** 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.
- 7.2.14** Subject to all other terms and conditions set out in the Prospectus, the Authorised Financial Intermediaries reserve 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 Intermediaries, 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.
- 7.2.15** By not later than 21 December 2018, the Issuer shall announce the result of the Issue through a company announcement.

- 7.2.16** 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 (5) Business Days from the date of final allocation. The Authorised Financial Intermediaries and the Issuer shall not be responsible for any charges, loss or delay arising in connection with such direct credit transfer.
- 7.2.17** 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) and the General Data Protection Regulation (GDPR)(EU) 2016/679 for the purposes and within the terms of the MSE's data protection and privacy policy as published from time to time.
- 7.2.18** It shall be incumbent on the respective Authorised Financial Intermediary to ascertain that all other applicable regulatory requirements relating to subscription of Bonds by an Applicant are complied with, including without limitation the obligation to comply with all applicable MiFIR requirements as well as applicable MFSA Rules for investment services providers.
- 7.2.19** 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 Guarantor 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, the Sponsor, Manager & Registrar 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) and the General Data Protection Regulation (GDPR)(EU) 2016/679. The Applicant has the right to request access to and rectification of the personal data relating to him/her as processed in relation to the Bond Issue. Any such requests must be made in writing and sent to the MSE. 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 Bond 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 (a division of MeDirect Bank (Malta) plc) as Authorised Financial Intermediary, Charts (a division of MeDirect Bank (Malta) plc) 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 (a division of MeDirect Bank (Malta) plc) 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 are open for subscription to all categories of investors. The minimum subscription amount of Secured Bonds that can be subscribed for by Applicants is €2,000 and subscription amounts shall be in multiples of €100. Subscriptions may be made through any of the Authorised Financial Intermediaries.

It is expected that an allotment letter will be issued by the Issuer to Applicants by latest 27 December 2018. 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 Secured Bonds shall not commence prior to: (i) the Secured Bonds being admitted to the Official List; and (ii) the Initial Security Interest being constituted in favour of the Security Trustee.

### **7.4 PLACING AGREEMENT**

The Issuer has reserved the full amount of the Bond Issue for subscription by Authorised Financial Intermediaries through placement agreements, whereby the Issuer will bind itself to allocate the Bonds to such Authorised Financial Intermediaries in accordance with the terms of such placement agreements. The Authorised Financial Intermediaries will in turn bind 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 and the Initial Security Interest being constituted in favour of the Security Trustee.

The placement agreements, which are subject to the terms of the Prospectus, will become binding on all parties thereto on the date of signing of the placement agreement and need to be submitted by latest 12:00 hours on 12 December 2018, being the placement date, subject to the Issuer having received all subscription proceeds in cleared funds by the placement date. Such agreements shall become unconditional upon admission of the Bonds to trading on the Official List.

In terms of the placement agreements, 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 to the Registrar, 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 as the case may be.

### **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 agreements entered into with the Issuer, details of which can be found in section 7.4 above.

## **7.7 ADMISSION TO TRADING**

- i. The Listing Authority has authorised the Secured Bonds as admissible to Listing pursuant to the Listing Rules by virtue of a letter dated 3 December 2018.
- ii. Application has been made to the Malta Stock Exchange for the Secured Bonds being issued pursuant to the Prospectus to be listed and traded on the Official List of the Malta Stock Exchange.
- iii. The Bonds are expected to be admitted to the Malta Stock Exchange with effect from 27 December 2018 and trading is expected to commence on 28 December 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 (a division of MeDirect Bank (Malta) plc) 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 (a division of MeDirect Bank (Malta) plc) does not have any material interest in the Issuer or the Guarantor. 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



€16,000,000 4.25% SECURED BONDS 2024

## APPLICATION FORM

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

B Title (MR/MRS/MS/....)		Full Name & Surname / Registered Name	
Address			Postcode
MSE A/C No. (if applicable)	I.D. Card / Passport / Company Registration No.	Document Type	Country of Issue
LEI (Legal Entity Identifier) (if applicant is NOT an individual)	Date of Birth	Nationality	Mobile No.

☐ PLEASE REGISTER ME FOR E-PORTFOLIO (mobile number is mandatory for e-portfolio registration)

### C ADDITIONAL (JOINT) APPLICANTS (see note 3) (please use additional Application Forms if space is not sufficient)

Title (MR/MRS/MS/....)	Full Name & Surname	I.D. Card / Passport No.
Document Type	Country of Issue	Date of Birth
		Nationality

### D MINOR'S PARENTS / LEGAL GUARDIAN/S (see note 4) (to be completed ONLY if the Applicant is a minor)

Title (MR/MRS/MS/....)	Full Name & Surname	I.D. Card / Passport No.
Document Type	Country of Issue	Date of Birth
		Nationality
Title (MR/MRS/MS/....)	Full Name & Surname	I.D. Card / Passport No.
Document Type	Country of Issue	Date of Birth
		Nationality

### E I/WE APPLY TO PURCHASE AND ACQUIRE (see note 8)

Amount in figures  
€

Amount in words

Best Deal Properties Holding p.l.c. (the "Bonds") (minimum €2,000 and in multiples of €100 thereafter) at the Bond Issue Price (at par), as defined in the Prospectus dated 3 December 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 receive interest NET of FWT ☐ I/We elect to receive interest GROSS (i.e. without FWT)

### G NON-RESIDENT – DECLARATION FOR TAX PURPOSES (see notes 2 to 10) (to be completed ONLY if the Applicant is a Non-Resident)

TAX COUNTRY	CITY OF BIRTH
TIN (TAX IDENTIFICATION NO.)	COUNTRY OF BIRTH

☐ NOT resident in Malta but resident in the European Union. ☐ NOT resident in Malta and NOT resident in the European Union.

### H INTEREST AND REDEMPTION MANDATE (see note 11) (completion of this panel is mandatory)

BANK

IBAN

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

I/We hereby authorise the Company to forward the details to the Malta Stock Exchange for the purposes of registering the Bonds in my/ our MSE account, to register for the e-portfolio (where applicable) and to enable the reporting of all necessary transaction and personal information provided in this Application Form in compliance with Article 26 of MIFIR (Markets in Financial Instruments Regulation) to the Malta Financial Services Authority as competent authority ("Transaction Reporting"). Furthermore, I/we understand and acknowledge that the Company may require additional information for Transaction Reporting purposes and agree that such information will be provided.

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 3 December 2018 regulating the Bond Issue

1. This Application is governed by the general Terms and Conditions of Application contained in Section 7.2 of the Securities Note dated 3 December 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. Applicants who are non-residents of 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.
3. Applicants are to insert full personal details in Panel B. In the case of an Application by more than one person (including husband and wife) full details of all individuals 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 6 below). Applications by more than two persons are to use the Addendum to the Application Form.**

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 may be found on <https://eportfolio.borzamalta.com.mt/Help>.

4. Applications in the name and for the benefit of minors shall be allowed provided that they are signed by both parents or by the legal guardian/s and accompanied by a Public Registry birth certificate of the minor in whose name and for whose benefit the Application Form is submitted (the birth certificate is not required if the minor already holds securities which are listed on the MSE). The relative box in Panel A must also be marked appropriately. Any Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest and redemption proceeds payable to the parents or legal guardian/s signing the Application Form until such time as the minor attains the age of eighteen (18) years, following which all interest and redemption proceeds shall be payable directly to the registered holder, provided that the Issuer has been duly notified in writing of the fact that the minor has attained the age of eighteen (18) years.
5. 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. A valid Legal Entity Identifier ("LEI") needs to be inserted in Panel B. **Failure to include a valid LEI code, will result in the Application being cancelled by the Registrar. Applications must be signed by duly authorised representatives indicating the capacity in which they are signing.**
6. **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 AFFECTED.**
7. Where a decision to invest is taken by a third party authorised to transact on behalf of the Applicant (a "decision maker"), such as an individual that holds a power of attorney to trade on the Applicant's account or applications under a discretionary account, details of the decision maker need to be included in the space provided on the Addendum to Application Form.
8. Applications must be for a minimum subscription of €2,000 and thereafter in multiples of €100 and must be accompanied by the relevant subscription amount in Euro.
9. 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 nonresidents 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).
10. 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.

*The contents of Notes 9 and 10 above do not constitute tax advice by the Issuer and Applicants are to consult their own independent tax advisors in case of doubt.*

11. 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.
12. 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 hours on 12 December 2018. The Issuer reserves the right to refuse any Application which appears to be in breach of the Terms and Conditions of Application as contained in the Prospectus.
13. By completing and delivering an Application Form you (as the Applicant(s)) acknowledge that:
  - a. the Issuer or its duly appointed agents including the CSD and the Registrar, 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) and the General Data Protection Regulation (GDPR)(EU) 2016/679 as amended from time to time;
  - 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: Finco Trust Services Limited  
The Bastions Office No. 2,  
Emvin Cremona Street,  
Floriana FRN 1281 – MALTA

**(hereinafter together with its lawful successors and assigns referred to as the “Security Trustee”).**

3 December 2018

Dear Sirs,

**Re: GUARANTEE & INDEMNITY**

**We, Best Deal Developments Limited (C 89191) (hereinafter together with our lawful successors and assigns referred to as the “Guarantor”), having noted that:**

- I. by virtue of a prospectus dated 3 December 2018 issued by Best Deal Properties Holding p.l.c. (the **“Issuer”**) in connection with the issue of €16 million 4.25% Secured Bonds 2024 (as the same may be amended, varied or supplemented hereinafter referred to as the **“Prospectus”**) the Issuer shall, under the joint and several guarantee of the Guarantor, issue up to €16,000,000 in Secured Bonds at an annual interest rate of 4.25% to be redeemed and finally repaid on 12 December 2024 subject to the terms and conditions of the Prospectus (the **“Secured Bonds”**);
- II. the Guarantor is a subsidiary company of the Issuer;
- III. in connection with the issue of the Secured Bonds, the Guarantor has agreed to grant and execute this Guarantee and Indemnity (hereinafter referred to as **“Guarantee”**) in favour of the Security Trustee for the benefit of the Bondholders; and
- IV. the Guarantor has agreed to the conclusion and execution of this Guarantee in favour of the Security Trustee for the benefit of the Bondholders;

NOW, THEREFORE, THE GUARANTOR IS HEREBY COVENANTING IN FAVOUR OF THE SECURITY TRUSTEE AS FOLLOWS:

### **1. 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 Secured Bonds to the Bondholders 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;
- (c) **“writing”** or **“in writing”** shall mean any method of visual representation and shall include facsimile transmissions, telexes and other such electronic methods.

## **2. GUARANTEE**

### **2.1 COVENANT TO PAY**

In satisfaction of the conditions for the issuance of the Secured Bonds, and in consideration of the Bondholders acquiring the Secured Bonds, the Guarantor, as duly authorised and as primary obligor, hereby jointly and severally with the Issuer, unconditionally and irrevocably guarantees to the Security Trustee, for the benefit of the Bondholders, the payment of, and undertakes on first demand in writing made by the Security Trustee on the Guarantor, to pay the Indebtedness or any balance thereof at any time due or owing under the Secured Bonds to the Security Trustee in the event that the Issuer fails to pay any sum payable by it to the Bondholders pursuant to the terms of the Secured Bonds as and when same shall become due.

### **2.2 MAXIMUM LIABILITY**

This is a continuing guarantee for the whole amount due or owing under the Secured Bonds from time to time or which may hereafter at any time become due or owing under the Secured Bonds by the Issuer but the amount due by the Guarantor to the Security Trustee under this Guarantee shall be up to and shall not be in excess of

**€16,000,000 (sixteen 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 Security Trustee's rights against the Issuer and/or Guarantor which shall be additional to the maximum sum herein stated.

### **2.3 INDEMNITY**

As a separate and independent stipulation, the Guarantor agrees to indemnify the Security Trustee on demand for any damages, losses (excluding loss of profit), costs and expenses arising from any failure on the part of the Issuer to perform any obligation to the Security Trustee.

## **3. CONTINUING AND UNCONDITIONAL LIABILITY**

The liability of the Guarantor under this Guarantee shall be continuing until such time as the Indebtedness is fully repaid or until such time as the Guarantor is released from the Guarantee by the Security Trustee, and shall in no way be prejudiced or effected, 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
- (c) any change in the name, style, constitution, any amalgamation or reconstruction of either the Issuer or Guarantor; or
- (d) the Security Trustee 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 exact payment from the Issuer or any other person liable.

The Guarantor is hereby expressly consenting to any assignments and transfers made by the Issuer in accordance with the Prospectus and this without the need of any prior or subsequent notice to the Guarantor and without any prejudice to the rights of the Security Trustee hereunder.

#### **4. WAIVER OF THE GUARANTOR'S RIGHTS AND GUARANTOR'S WARRANTIES**

**4.1** This Guarantee shall be for the full amount of the Indebtedness due from time to time. The liability of the Guarantor under this Guarantee shall be decreased from time to time to the extent, if any, that the Issuer or the Guarantor shall have made any irrevocable payment of the Indebtedness.

**4.2** Until the Indebtedness has been paid in full the Guarantor agrees that it will not, without the prior written consent of the Security Trustee:

- (a) exercise any rights of subrogation, reimbursement and indemnity against the Issuer or any other person liable for the Indebtedness; or
- (b) demand or accept repayment, in whole or in part, of any indebtedness now or hereafter due to the Guarantor either from the Issuer or from any other person liable for the Indebtedness or demand any collateral in respect of same or dispose of same; or
- (c) take any step to enforce any right against the Issuer or any other person liable for the Indebtedness; or
- (d) claim any set-off or counter-claim against the Issuer or any other person liable for the Indebtedness nor shall the Guarantor claim or prove in competition with the Security Trustee in the liquidation of the Issuer or any other person liable for the Indebtedness or benefit or share any payment from or in composition with the Issuer or any other person liable for the Indebtedness.

#### **5. ADDITIONAL GUARANTEE**

This Guarantee is to be construed as being in addition to and in no way prejudicing any other securities or guarantees which the Security Trustee may now or hereafter hold from or on account of the Issuer and is to be binding on the Guarantor as a continuing Guarantee until full and final settlement of all the Issuer's Indebtedness or until such time the Guarantor is released from the Guarantee by the Security Trustee. Moreover, the remedies provided in this Guarantee are cumulative and are not exclusive of any remedies provided by law.

#### **6. NO ASSIGNMENT**

The Guarantor shall not be entitled to assign or transfer any of its obligations under this same Guarantee.

#### **7. REPRESENTATIONS AND WARRANTIES**

**7.1** The 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 or regulation, to which the Guarantor is or may be subject;

- (v) 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.

**7.2** As from the date of this Guarantee, until such time as the Indebtedness is paid in full to the Security Trustee or until such time as the Guarantor is released from the Guarantee by the Security Trustee, 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.

## **8. DEMANDS AND PAYMENTS**

**8.1** All the Indebtedness shall be due by the Guarantor under this Guarantee as a debt, certain, liquidated and due on the sixtieth (60th) day following the Security Trustee's first written demand to the Guarantor to pay in the case of an Event of Default under the Prospectus. All demands shall be sent to the address or facsimile or other numbers as are stated below in Article 9 as the same may be changed by notice in writing by one party to the other.

The demand shall be accompanied by a statement by the Security Trustee confirming that to the best of its knowledge there exist, at the time of the demand, circumstances which constitute an Event of Default under the Prospectus or such that may render the underlying obligations of the Issuer to the Security Trustee invalid and unenforceable for any reason whatsoever.

**8.2** The statement by the Security Trustee of the amount due under this Guarantee shall be binding on the Guarantor and shall be conclusive evidence of the sum due, saving only manifest error.

**8.3** All payments shall be made to the Security Trustee 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 Guarantor by the Issuer or the Security Trustee.

## **9. 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 (7) days after posting and if by facsimile, at the time of transmission of the facsimile.

For the purposes of this Guarantee, the proper addresses and contact numbers of the Parties are:

### **Best Deal Properties Holding p.l.c.**

Address: 63, J.L. Buildings, Office 5, Luqa Road, Paola PLA 9045, Malta  
Mobile No: 7909 4686  
Contact Person: Christopher Attard

### **Best Deal Developments Limited**

Address: 63, J.L. Buildings, Office 5, Luqa Road, Paola PLA 9045, Malta  
Mobile No: 9944 4606  
Contact Person: Erskine Vella

### **Finco Trust Services Limited**

Address: The Bastions Office No. 2, Emvin Cremona Street, Floriana FRN 1281, Malta  
Telephone No: 2122 0002  
Contact Person: Arthur Galea Salomone

Provided that each party may at any time change such address or telefax number by giving seven (7) days' prior written notice to the other party. Every notice, request, demand, letter or other communication hereunder shall be in writing and shall be delivered by hand or by post or through any other communication methods including telex, telefax or otherwise and shall be deemed to be received in case of post within seven (7) days of dispatch or in case of other methods immediately upon confirmed transmission.

### 13. APPLICABLE LAW AND JURISDICTION

This Guarantee shall be governed by and 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 referred to and finally resolved by arbitration under the UNCITRAL Rules of Arbitration in accordance with the provisions of Part V (International Arbitration) of the Arbitration Act, 1996. Any arbitration commenced pursuant to this clause shall take place in Malta and be administered by the Malta Arbitration Centre. The number of arbitrators shall be three (3), one arbitrator to be appointed by each of the Parties or, in default, by the Malta Arbitration Centre, whereas the third arbitrator shall be appointed by the first two arbitrators or, if they fail to agree on such an appointment, by the Malta Arbitration Centre. No appeal shall lie from any such award given.

Yours faithfully,

*The original copy has been signed by*

\_\_\_\_\_  
Name: Christopher Attard  
duly authorised, for and on behalf of  
**Best Deal Properties Holding p.l.c.**

Yours faithfully,

*The original copy has been signed by*

\_\_\_\_\_  
Name: John Buttigieg  
duly authorised, for and on behalf of  
**Best Deal Developments Limited**

WE ACCEPT.

*The original copy has been signed by*

\_\_\_\_\_  
Name: Arthur Galea Salomone  
duly authorised, for and on behalf of  
**Finco Trust Services Limited**



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## Financial Analysis Summary

### 3 December 2018

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**Issuer** Best Deal Properties Holding p.l.c. (C 88974)

**Guarantor** Best Deal Developments Limited (C 89191)

The Directors  
Best Deal Properties Holding p.l.c.  
63 J.L. Buildings, Office 5,  
Luqa Road,  
Paola, PLA 9045,  
Malta

3 December 2018

Dear Sirs

### **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 (the "**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 Best Deal Properties Holding p.l.c. (the "**Issuer**" or "**Company**" or "**BDP Group**") and Best Deal Developments Limited (the "**Guarantor**"). The data is derived from various sources or is based on our own computations as follows:

- (a) Historical financial data for the period 9 February 2016 to 31 December 2016 and for the financial year ended 31 December 2017 has been extracted from the audited consolidated financial statements of Elite Developments Limited.
- (c) The projected consolidated financial data relating to the Issuer for the years ending 31 December 2018, 31 December 2019 and 31 December 2020 have been provided by management.
- (d) Our commentary on the results of BDP Group and on its financial position is based on the explanations provided by management.
- (e) The ratios quoted in the Analysis 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 Issuer's securities and potential investors by summarising the more important financial data of BDP 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 Issuer and should not be interpreted as a recommendation to invest in any of the Issuer'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 independent professional financial advice before investing in the Issuer's securities.

Yours faithfully,



**Evan Mohnani**  
Head – Corporate Finance

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### **CHARTS**

A division of MeDirect Bank (Malta) plc, The Centre, Tigné Point, Sliema TPO 0001, Malta – Tel: 2557 4400

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## PART 1 – INFORMATION ABOUT BDP GROUP

### 1. HISTORY AND PRINCIPAL ACTIVITIES OF BDP GROUP

The founding shareholders of BDP Group comprise Christopher Attard, Erskine Vella, John Buttigieg and Pierre Bartolo, and their partnership commenced in 2016 through the incorporation of Elite Developments Limited, with the principal scope of acquiring the sites over which two residential apartment blocks - Crystal Court, Marsascale and Blue Moon Court, Marsascale – have been constructed. In 2018, a second company – PJCE Properties Limited – was established to acquire and develop Garnet Court in Mqabba.

Christopher Attard has over 20 years' experience in the property development business, whilst Erskine Vella worked as an estate agent for *circa* 14 years before setting up the Best Deal Properties brand with Mr Attard in 2011 to market property in Malta (the establishment and operation of the said brand is unrelated to BDP Group). Their business development strategy is to engage in property developments through own companies or entities established with third party investors. In all cases, projects involving Mr Attard and Mr Vella are marketed through the Best Deal Properties brand, which is particularly known for its offerings to first-time and mid-tier property buyers in the south of Malta.

John Buttigieg and Pierre Bartolo were mainly involved in the catering industry, through their stakes in Buttigieg Holdings Ltd, before venturing into property development in 2016. Buttigieg Holdings Ltd was fully acquired in same year by International Hotel Investments p.l.c. (a public company listed on the Malta Stock Exchange). On 9 November 2018, John Buttigieg transferred his equity holding in Elite Developments Limited and PJCE Properties Limited to RCJ Investments Limited (C 88743), a company owned by his three children.

For the purpose of a re-organisation of BDP Group, the Company was established on 23 October 2018, as a public limited liability company registered under the Act, and each existing shareholder subscribed to 15,000 fully paid up ordinary shares of €1 each (being €60,000 in aggregate). On 13 November 2018, the Company became the parent company of Elite Developments Limited and PJCE Properties Limited through a share-for-share exchange. Pursuant to the above, the issued share capital of the Company amounts to €250,000, divided into 250,000 ordinary shares of a nominal value of €1 each, fully paid up.

Furthermore, through two assignment of debt agreements both dated 31 October 2018, shareholders' loans amounting to €2.5 million (in aggregate) were transferred from Elite Developments Limited and PJCE Properties Limited to the Company. The said shareholders' loans have no fixed redemption date, do not carry any right to any interest and are ranked as subordinated debt.

On 31 October 2018, the Guarantor was set up as a wholly-owned subsidiary of the Company to acquire the sites and develop the following three projects:

- (i) **Pembroke Development** – the construction, development and finishing, over the corner site situated at 102 and 103 in Triq Mediterran c/w Triq Gabriele Henin, Pembroke, having a footprint measuring approximately 380m<sup>2</sup>, of 6 garages, 2 maisonettes, 4 three-bedroomed apartments and 2 penthouses;
- (ii) **Mellieha Development** - the construction, development and finishing, over the site known as Tal-Hawlija, Ta' Masrija and Tas-Salib measuring in aggregate approximately 1,249m<sup>2</sup>, of a total of 50 garages and 7 levels of residential units above street level;
- (iii) **Zabbar Development** - the construction, development and finishing, over the site known as Il-Wilga tal-Imniegel measuring approximately 4,149m<sup>2</sup>, of a total of 198 garages, 24 maisonettes, 81 apartments and 22 penthouses, spread over ten blocks.

Following the completion of the deed of acquisition for the sites over which the Pembroke Development, Mellieha Development and Zabbar Development (the "**New Developments**") will be constructed, which is expected to take place following the Bond Issue, the Company will have the indirect legal and beneficial interest and control over each of the above-mentioned New Developments.

With regards to marketing and sales, each project is promoted through the Best Deal Properties brand, which is operated by Best Deal Properties Limited, a company external to BDP Group and owned by Christopher Attard. In terms of a services agreement dated 1 November 2018, between Best Deal Properties Limited (the service provider) and the Guarantor, the former company shall charge an aggregate fixed fee of €60,000 for the provision of marketing services (including services rendered by the sales team, and advertising expenses) in relation to the Pembroke, Mellieha and Zabbar Developments. Furthermore, an administration fee of €1,500 for each unit (excluding garages) forming part of the New Developments shall be due by the Guarantor to Best Deal Properties Limited for support services in connection with the Group's business operations.

## **2. DIRECTORS AND MANAGEMENT STRUCTURE**

### **2.1 DIRECTORS OF THE ISSUER**

The Company's governance principally lies in its Board of Directors, responsible for the general governance of the Company and to set its strategic aims, for its proper administration and management and for the general supervision of its affairs. Its responsibilities include the oversight of the Company's internal control procedures and financial performance, and the review of the Company's business risks, thus ensuring such risks are adequately identified, evaluated, managed and minimised. The Board members of the Company as at the date of this report are included hereunder:

Christopher Attard	Executive Director
Pierre Bartolo	Executive Director
John Buttigieg	Executive Director
Erskine Vella	Executive Director
James Bullock	Independent Non-Executive Director
Mario P. Galea	Independent Non-Executive Director
Maria Carmela k/a Marlene Seychell	Independent Non-Executive Director

### **2.2 DIRECTORS OF THE GUARANTOR**

A board of four directors (listed below) is entrusted with the Guarantor's day-to-day management and is responsible for the execution of the Guarantor's investments and the funding thereof, and awarding of project contracts for the development of the Guarantor's properties.

Christopher Attard	Director
Pierre Bartolo	Director
John Buttigieg	Director
Erskine Vella	Director

### **2.3 EMPLOYEES AND MANAGEMENT STRUCTURE**

The Issuer and Guarantor have no employees and are managed directly by their respective board of directors. In managing each project, the directors of the Guarantor are supported by a number of external consultants who are appointed as required.

### 3. ORGANISATIONAL STRUCTURE

The diagram hereunder illustrates the organisational structure of BDP Group.



The principal object of the Issuer is that of a holding company and to promote, including through subsidiaries, the acquisition and development of real estate properties. As such, the Issuer is mainly dependent on the business prospects of its operating subsidiaries.

At present, the Issuer, through Elite Developments Limited and PJCE Properties Limited, is involved in the construction and development of two residential projects, namely Blue Moon Court in Marsascala and Garnet Court in Mqabba, following the successful completion of Crystal Court situated in Marsascala.

The Guarantor's principal objective is to purchase properties for the development of residential units. In the immediate term, the Guarantor shall acquire the sites relating to the New Developments, and to construct and develop the said projects. The Guarantor is dependent on the Issuer as to the amount of Bond Issue net proceeds that will be on-lent to it by the Issuer. The Guarantor is not dependent on other entities within BDP Group.

### 4. PROJECTS IN THE COURSE OF DEVELOPMENT

#### 4.1 CRYSTAL COURT - MARSASCALA

Elite Developments Limited embarked on developing Crystal Court in June 2016, when it acquired the land situated at Triq Salvu Buhagiar c/w Triq il-Gemmugha c/w Triq il-Qrempuc, Marsascala, which area is located on the outskirts of Marsascala overlooking The Family Park.

Construction and development of the above-mentioned property is practically complete and includes two blocks comprising 30 garages, 5 maisonettes at ground floor, 7 two-bedroomed apartments, 11 three-bedroomed apartments and 2 three-bedroomed penthouses. The total cost (including land acquisition) of Crystal Court amounted to *circa* €3.4 million, all of which has been incurred except for *circa* €7,500 as at the date of this report. The expenditure was financed principally through a bank loan of €1.9 million and the remaining balance from own funds.

As at 31 October 2018, the company had entered into sale contracts for 21 units and 21 garages for an aggregate value of €4.0 million, whilst the remaining units and garages (except for 1 garage valued at €40,000) are subject to promise of sale agreements. The total gross revenue expected to be generated upon execution of the sale contracts in relation to the afore-mentioned promise of sale agreements is €0.8 million.

All units at Crystal Court are vertically connected by a common staircase and a lift which extends from the penthouse down to the lower basement level. Units are finished with the installation of all electrical, plumbing and drainage systems and connected to the main network. Internally, the aforesaid units are completed to high specifications with gypsum plastering, ceramic floor tiles and skirting, internal apertures and bathrooms, a heating stove and a solar water heater.



#### 4.2 BLUE MOON COURT - MARSASCALA

In 2017, Elite Developments Limited acquired a second property situated in Triq il-Grigal c/w Triq is-Sajjieda, Marsascala, and initiated construction of two blocks consisting of 19 garages, 5 maisonettes at ground floor level, 15 three-bedroomed apartments and 3 penthouses. As at 31 October 2018, *circa* 60% of construction works were completed and it is envisaged that full completion will be achieved by Q2 2019.

The total cost, including acquisition of the *circa* 950m<sup>2</sup> site and completion of the project, is estimated at €4.6 million, which is being funded through a €3.1 million bank loan and the remaining balance from internally generated funds.

The maisonettes comprise an open-plan kitchen/dining/living overlooking the front garden, four of which are designed as three-bedroomed dwellings, whilst the fifth unit has two bedrooms. The apartments and penthouses are being constructed as three-bedroomed units with an open-plan kitchen/dining/living area adjacent to a front terrace. The front terrace of each of the 3 penthouses will be somewhat larger to include a pool.

All units will be completed in a finished state including *inter alia* air conditioning units for the open plan space and bedrooms, lifts connecting the garages up to penthouse level, installation of tempered glass railing in the front terrace, and insulated façade. Aggregate revenue receivable from this project is expected to amount to €7.1 million. As at 31 October 2018, 22 residential units out of 23 units and all garages are subject to preliminary sale agreements.

#### 4.3 GARNET COURT - MQABBA

In March 2018, PJCE Properties Limited acquired the legal title of two portions of land for the amount of €1.9 million, measuring *circa* 978m<sup>2</sup> and situated in Triq il-Familja Brancati, Mqabba. On 30 October 2018, the company purchased another plot of land of *circa* 200m<sup>2</sup>, which is adjacent to the afore-mentioned property, for the amount of €162,000. The plots are located on the boundary of development in Mqabba and front a green area.

The project is in its initial stages, with site clearance and excavation works having just commenced, and the target date for completion is Q3 2020. The issuance of the Planning Authority permit in December 2017 was based on the first acquired portions of land and as such, a revised Planning Authority application had to be submitted to encompass the second land acquisition, which was purchased mainly to improve the layout of proposed units. The revised development plans were approved by Planning Authority on 21 November 2018.

The proposed development shall comprise 33 garages, 2 maisonettes at ground floor level, 23 two-bedroomed and three-bedroomed apartments and 3 penthouses. Similar to the previous two projects, all units will be sold finished in a complete state, including all common areas. The project will be spread over three blocks of units, each with separate entrances and served with passenger lifts accessing the residential units and underlying garage levels.

The estimated cost to develop Garnet Court is *circa* €3.1 million, being €1.4 million for excavation and construction and €1.7 million for finishes and professional fees. This capital expenditure will be funded from bank borrowings, deposits received from execution of promise of sale agreements and Group cash flows.

Notwithstanding that the said project is in the initial phase of development, most of the residential units and garages are already committed through preliminary agreements. As at 31 October 2018, only 2 apartments and 7 garages are unsold. Revenue that PJCE Properties Limited is expected to generate from sales of units at Garnet Court is *circa* €7.3 million.

## 5. NEW DEVELOPMENTS

### 5.1 PEMBROKE DEVELOPMENT

The property comprises a corner plot of land with unobstructed sea and country views situated in Triq il-Mediterran c/w Triq Gabriele Henin, Pembroke, which presently includes a terraced house. The acquisition cost (excluding deposits already settled) of *circa* €1.4 million shall be funded out of Bond Issue proceeds as to €0.9 million and the balance of €0.5 million shall be settled in kind, through the assignment of a penthouse at Blue Moon Court. It was agreed by both parties that until completion of the afore-mentioned penthouse, the vendors shall be permitted to continue to reside in the Pembroke property.

The project is covered by a full development permit to construct 6 garages, 2 maisonettes, 6 three-bedroomed apartments and 1 two-bedroomed penthouse. The Group has submitted revised development plans to Planning Authority to sanction the construction of 6 garages, 2 maisonettes, 4 three-bedroomed apartments and 2 three-bedroomed duplex penthouses. The respective application has been validated at Planning Authority and is at vetting process stage (PA 09513/18). The timing of issuance of permit for the afore-said revised plans will not impact the Group's schedule of works.

Development is set to commence in April 2019 and is expected to be completed by October 2020 (18 months) at an estimated cost of *circa* €1.0 million. Revenue that the Group is expected to generate from sales of units in the Pembroke Development is *circa* €4.7 million.

### 5.2 ZABBAR DEVELOPMENT

The site measures *circa* 4,149m<sup>2</sup> and is situated in Triq Ta' Lanza c/w New Street in Triq il-Kahwiela c/w Triq il-Kahwiela, Zabbar and positioned on three roads. The contract of acquisition is due to be executed pursuant to the Bond Issue and the outstanding balance of consideration of €7.6 million will be funded from Bond Issue net proceeds.

A full development permit is in place for the construction of ten blocks consisting of 96 garages, 23 maisonettes, 69 apartments (spread on three floors) and 19 penthouses. Four of the afore-mentioned ten blocks will enjoy open country views from the front terraces as they face an ODZ area. The approved plans were recently revised by the Group to accommodate one additional level of garages and thereby increase garages by 102 to 198 units, add one maisonette to 24 units, increase 12 apartments to 81 units, and add three more penthouses to 22 units. The amended drawings have been submitted to the Planning Authority and are presently awaiting validation (tracking number 215226). The timing of issuance of permit for the afore-said revised plans will not impact the Group's schedule of works.

Development of the project is planned to span over 36 to 48 months from commencement of works and will be spread over a number of phases. It is envisaged that excavation works will commence in January 2019. The total cost of development is projected to amount to *circa* €15.1 million and will be financed from Bond Issue proceeds as to €1.8 million, whilst the remaining amount will be funded from cash flows generated from unit sales of other projects of the Group and from sales of units generated from the initial phases of this project. Aggregate revenue from the Zabbar Development is estimated at €33.9 million.

### 5.3 MELLIEHA DEVELOPMENT

The plot of land measuring *circa* 1,249m<sup>2</sup> is located in Triq Ta' Masrija and New Street off Triq il-Mithna L-Qadima, Mellieha, with full development permit in hand. The proposed project will be split in three blocks and will have 2 levels of garages (50 garages) and 3 maisonettes at ground floor level, 39 apartments spread over 5 floor levels and 7 penthouses. The units will comprise a mix of one-bedroomed, two-bedroomed and three-bedroomed apartments and panoramic views will be visible from the sixth and seventh levels.

The works on the approved development are expected to commence in February 2019 and should be completed within 24 to 30 months at an aggregate cost of *circa* €5.1 million. Such expenditure will principally be financed from Bond Issue proceeds, revenue generated from the Mellieha Development and other sources of funds of the Group. This project is expected to generate *circa* €14.2 million in total revenue.

#### 5.4 OUTLOOK

The strong response from investors for the initial three projects (described in section 4 above) of the Group has shown that there is active demand for real estate in Malta, which is supporting a steady increase in prices notwithstanding the rise in the number of developments undertaken in Malta in the last few years and others which are due to commence in the near term. As such, the Directors are of the view that the property market in Malta should remain buoyant provided the general economy continues to register a robust annual growth trajectory.

The Directors believe that, given the property locations, unit layouts and proposed level of finishes, the New Developments will be a competitive offering for prospective buyers wishing to acquire a residential property. The target buyers are principally first-time to mid-tier Maltese customers, and may also appeal to investors wishing to maximise rental income potential.

As with the current projects, the New Developments will be marketed under the Best Deal Properties brand, and will thus have exposure on the brand's website - [www.bestdealmalta.com](http://www.bestdealmalta.com) and benefit from other media coverage. The Directors have acquired considerable knowledge in developing and marketing similar projects and accordingly, are confident that the actual outcome of the New Developments will at least be in line with expectations.

#### 6. TARGET PROPERTY

In line with the corporate strategy of BDP Group, the Directors may from time to time identify and consider for acquisition other property sites (in addition to the sites forming part of the New Developments) for construction and development. As such, the Trust Deed makes provision for a situation where the Issuer proposes one or more property for consideration by the Security Trustee to be held as Security Interest. Accordingly, the Security Trustee shall assess and consider property that *inter alia* adheres to the following restrictions:

- (a) the proposed additional property shall comprise a property in Malta, earmarked for the purpose of constructing and developing residential units and garages for subsequent disposal, in accordance with the operational activities of BDP Group;
- (b) the acquisition value of one or more proposed additional property (comprising land cost, stamp duty, notarial fees and other associated charges) as well as the estimated cost of development shall not exceed the aggregate amount of €12,500,000;
- (c) each proposed additional property shall have the necessary development permits in place;
- (d) the projected timeline covering the period of development of the proposed additional property and the subsequent sale of the constructed units and garages shall not exceed 14 June 2024, being six months before the redemption of the Bonds; and
- (e) any such additional property, which is approved for purchase by the Group and Security Trustee, shall be acquired specifically by the Guarantor.

## 7. SECURITY AND THE RESERVE ACCOUNT

### 7.1 SECURITY

The Company agreed to grant to the Security Trustee, for the benefit and in the interest of Bondholders, a first ranking general hypothec for the amount of €16 million and interests thereon over all its assets present and future. Furthermore, the Guarantor agreed to jointly and severally guarantee the punctual performance by the Company of the Bond obligations by entering into the Guarantee. The Guarantor has agreed to further support the joint and several guarantee under the Guarantee as follows:

- by virtue of a first ranking general hypothec for the amount of €16 million and interests thereon over all its assets present and future;
- by virtue of a first ranking special hypothec for the amount of €16 million and interests thereon over the land on which each of the Pembroke Development, Mellieha Development and Zabbar Development is to be developed together with all and any constructions to be developed thereon;
- by virtue of the special privilege in accordance with the provisions of article 2010(c) of the Civil Code (Chapter 16 of the Laws of Malta) for the amounts of: (a) *circa* €0.9 million (or such other amount according to law) over the site in Pembroke over which the Pembroke Development shall be constructed; (b) *circa* €3.2 million (or such other amount according to law) over the site in Mellieha over which the Mellieha Development shall be constructed; and (c) *circa* €7.6 million (or such other amount according to law) over the site in Zabbar over which the Zabbar Development shall be constructed.

The Security Trustee shall retain the amount of €2.8 million out of Bond Issue net proceeds to be disbursed to contractors undertaking works on the Mellieha Development (amounting to €0.8 million) and Zabbar Development (amounting to €2.0 million). A contract for the preservation of the special privilege, in relation to the above-mentioned amounts, shall be entered into between the Guarantor and the Security Trustee in accordance with the provisions of article 2010(b) of the Civil Code (Chapter 16 of the Laws of Malta).

In order to further protect the Security Interests of the Security Trustee for the benefit of Bondholders and to preserve their ranking over the assets of the Company and Guarantor, each principal contractor shall irrevocably renounce to its right to register a special privilege in terms of article 2010(b) of the Civil Code (Chapter 16 of the Laws of Malta). In addition, each contractor shall covenant that it shall only be allowed to subcontract to other subcontractors on condition that a similar waiver of rights is documented.

Furthermore, the Guarantor shall take out an insurance policy in relation to the hypothecated property and pledge such policy in favour of the Security Trustee.

### 7.2 RELEASING SECURITY AND THE RESERVE ACCOUNT

All sales of residential units and garage spaces forming part of the Hypothecated Property (listed in section 7.1 above) are expected to be executed on the basis that units are sold free and unencumbered, and accordingly released of all hypothecary rights and privileges encumbering those units. For this purpose, the Security Trustee is authorised and empowered, pursuant to the Trust Deed, to release individual units of the Hypothecated Property from the Security Interest encumbering such unit/s upon receipt by it from the Company or Guarantor or from a prospective purchaser of a fixed portion of the purchase price of each residential unit, as described below.

The Security Trustee, Issuer and Guarantor have agreed on a list of projected prices for each residential unit (the “**Projected Sales Price**”) and then established a fixed allocation of the Projected Sales Price from each residential unit in each project forming part of the Hypothecated Property, based on a percentage allocation of the Projected Sales Price. The Trustee shall only be bound to release the Security Interests registered in its favour over a particular residential unit against receipt by it of the agreed fixed amount that is attributed to that unit in the Trust Deed. This is intended to ensure that the security created for the interest of Bondholders is only reduced against a cash payment made by the Issuer to the credit of the Reserve Account to be held by the Security Trustee for the benefit of Bondholders.

The proceeds from the sale of a residential unit can be classified as follows: (a) the deposit paid by a buyer on account of the purchase consideration which shall not exceed 10% of the gross sale price of that residential unit (the "**Payment on Account**"); and (b) the outstanding balance of the purchase consideration, after deducting commissions payable by the Guarantor (and VAT on commissions) and provisional tax on the full sales price (the "**Net Balance of Price**").

Pursuant to the Trust Deed, allocations of sales proceeds shall be made as provided hereunder:

- i. all Payments on Account shall be allocated to the Guarantor for application in meeting the overall development costs of the New Developments;
- ii. the amounts of €159,250, €88,000 and €82,000 out of the Net Balance of Price in relation to the Pembroke Development, Mellieha Development and Zabbar Development respectively shall be allocated to the Security Trustee for the benefit of the Reserve Account; and
- iii. the remaining balance of the Net Balance of Price shall be allocated to the Guarantor and shall be applied to meet the overall development costs of the New Developments and Target Property, if any;

In the event that the Security Trustee accepts one or more Target Property from the Guarantor as Secured Property, the Security Trustee shall be empowered to reduce the amounts of Net Balance of Price expected to be credited to the Reserve Account to not lower than €100,000 and €55,000 with regards to the Pembroke Development and Mellieha Development respectively, to the extent that such reductions will be fully replaced by the allocation to the Reserve Account of a portion of proceeds emanating from the sale of residential units from the above-mentioned Target Property.

In the absence of unforeseen circumstances and subject to there being no material adverse changes in circumstances, the Directors are of the view that the portion of Projected Sales Price of residential units in the Hypothecated Property allocated to the Security Trustee from available cash flows that will be credited to the Reserve Account will be sufficient to cover the redemption of the Secured Bonds on the Redemption Date.

It is the intention of the Issuer and Security Trustee to apply part of the funds standing to the credit of the Reserve Account to re-purchase Bonds in the market, thus reducing the total value of Bonds outstanding prior to the Redemption Date. The funds standing to the credit of the Reserve Account which are not utilised to re-purchase Bonds in the market shall be invested in line with the investment parameters set out in the Trust Deed and which are summarised hereinafter. Interest or other income from such investments will accrue to the credit of the Reserve Account.

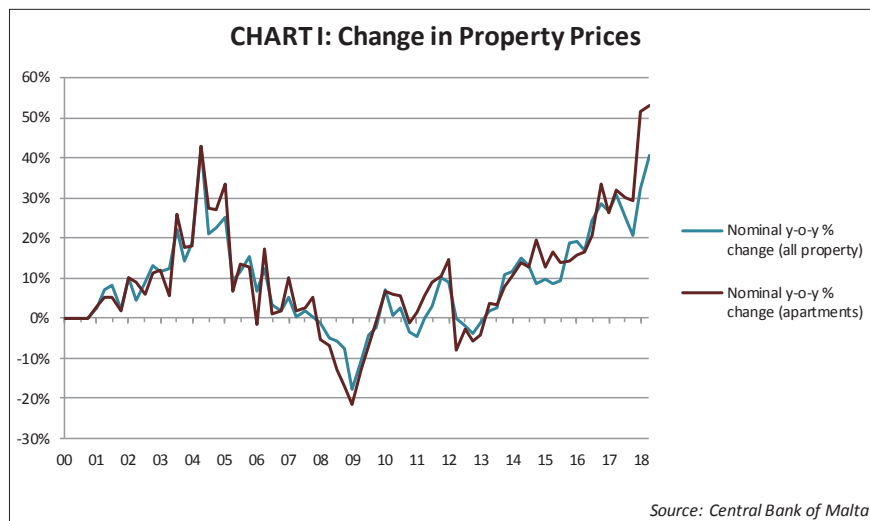
During the term of the Bonds, the Security Trustee shall be empowered to manage the Reserve Account and invest the amounts standing to the credit of the Reserve Account in its discretion, subject to, *inter alia*, the following restrictions:

- i. Any amount out of the Reserve Account may be held on deposit with a Bank licensed as a credit institution in Malta or any Member State of the European Union, provided that not more than 50 per cent of any amount standing to the credit of the Reserve Account, from time to time, shall be deposited with the same institution if the amount of the deposit exceeds the sum of €8 million; and/or
- ii. Any amount out of the Reserve Account may be invested in debt securities, with a credit rating of BBB- or above, issued by or guaranteed by the Government of Malta or other member state of the European Union or the EEA; and/or
- iii. Amounts not exceeding €5 million (in aggregate) may be invested in debt securities admitted to listing and trading on a Regulated market in the European Union, provided that not more than €1 million may be exposed to one or more debt securities issued by the same issuer; and provided that such investment will not expose the Reserve Account to any currency exchange risk.

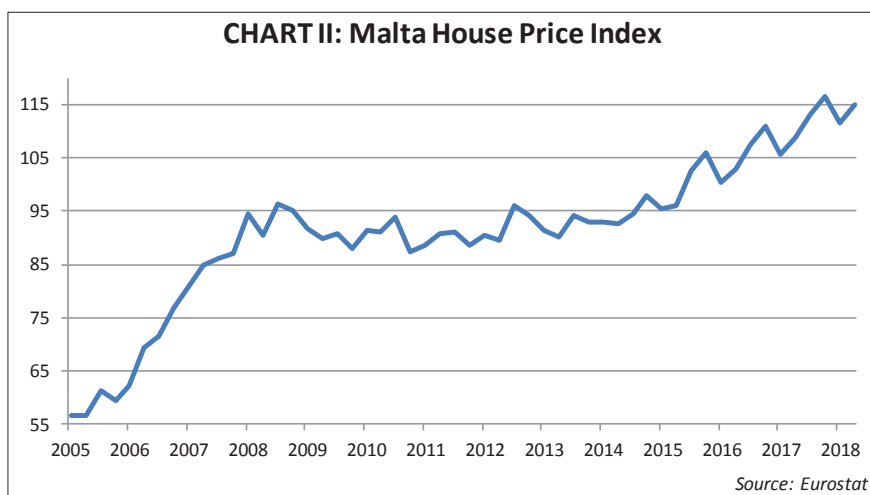
## 8. TREND INFORMATION AND BUSINESS STRATEGY

### 8.1 PROPERTY MARKET IN MALTA

Property prices of residential property in Malta increased substantially by 16.9% in the 12 months to the end of June 2018 compared to a year earlier (see Chart I below), mainly due to a 21.3% increase in prices of apartments. This positive trend was witnessed in the last 5 years - during which property prices registered an increase of 66.2% (Q2 2013 to Q2 2018) – primarily due to a strong economy and a robust labour market (such data mainly provides trend information as advertised property prices may not accurately reflect the prices at which sales actually take place).<sup>1</sup>



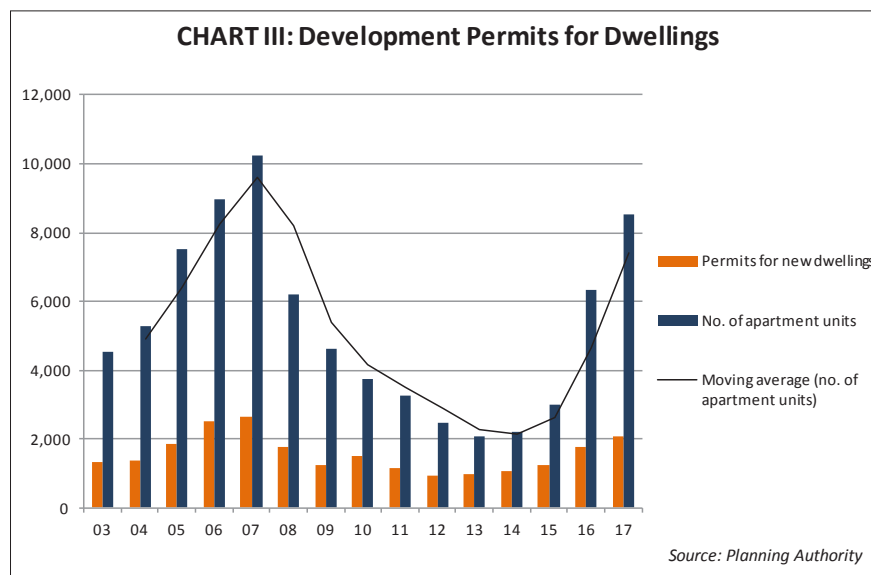
Eurostat's House Price Index for Malta – which is based on transactions covering terraced houses, apartments and maisonettes – also indicates that residential property prices increased. The latest data available refers to Q2 2018 and shows that said prices increased by 5.7% compared with the same quarter of 2017 (vide Charts II below).



With regard to the number of permits, Planning Authority issued 9,822 permits during 2017 (statistics for 2018 have yet to be published), 30.8% more than in 2016. This followed growth of 90.2% in 2016, marking four consecutive years of growth following a period of decline. The increase in permits issued in 2017 was mostly driven by the largest residential category, namely apartments, which accounted for 86.7% of total permits granted.

<sup>1</sup> Central Bank of Malta, Property Price Index





The gross value added from the construction industry rose by 9.2% in 2017 (in nominal terms), from €327.4 million in 2016 to €357.6 million), following GVA from the construction industry remaining constant in 2016 compared to 2015. During 2015, a y-o-y increase of 8.8% or €26.6 million increase was registered.

## 8.2 ECONOMIC PERFORMANCE

Malta's real Gross Domestic Product ("GDP") rose by 6.4% in 2017, one of the highest growth rates within the EU, while the solid performance of the internationally-oriented services sector contributed to maintain Malta's sizeable current account surplus. Growth is set to remain robust but to moderate over the forecast horizon. The economic momentum is expected to further support employment creation, on the back of record-low unemployment and increasing labour supply (resulting from the inflows of foreign workers and the rising participation of women in the labour market). Overall, real GDP is forecast to increase by 5.4% in 2018 and 5.0% in 2019.<sup>2</sup>

## 8.3 STRATEGY

In the immediate term, BDP Group will be primarily focused on completing the Projects and on developing the New Developments described in sections 4 and 5 above. During same period, the Group will also be active in marketing the new properties on offer.

Furthermore, the Directors will utilise their industry relationships and network of contacts to identify new investment opportunities, targeting properties earmarked for the development of residential units. As such, BDP Group may acquire a Target Property in accordance with the parameters included in section 6 above. As to funding requirements, Target Property may be financed solely from profits generated from the sale of units of the Projects and/or cash flows injected by BDP Group shareholders.

<sup>2</sup> European Commission, European Economic Forecast Summer 2018 (interim), July 2018

## PART 2 – BDP GROUP PERFORMANCE REVIEW

### 9. FINANCIAL HIGHLIGHTS

The Issuer was registered and incorporated on 23 October 2018 as a special purpose vehicle to act as the parent holding company of BDP Group. The Guarantor was established on 31 October 2018 as a property holding company, initially to acquire the sites over which the New Developments will be constructed. Each of the Issuer and Guarantor has, to date, not conducted any business and has no trading record.

The historical financial information included hereinafter is extracted from the audited financial statements of Elite Developments Limited for the period 9 February 2016 to 31 December 2016 and for the financial year ended 31 December 2017. Elite Developments Limited is the only Group company which has prepared and published audited financial statements.

The forecast for 2018 and the financial projections relating to the years 2019 to 2020 have been extracted from the projected consolidated financial statements of the Issuer for the 3 years ending 31 December 2020. **The projected financial statements relate to events in the future and are based on assumptions which BDP 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 EBITDA, that BDP 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 BDP Group's operating and financial performance and may contribute to a fuller understanding of BDP Group's cash generation capacity and the growth of its business; and (ii) they may be used by BDP Group's management as a basis for strategic planning and forecasting.*

<b>Best Deal Properties Holding plc</b>					
<b>Condensed Consolidated Income Statement</b>					
<b>for the years ending 31 December</b>					
	<b>FP2016</b>	<b>FY2017</b>	<b>FY2018</b>	<b>FY2019</b>	<b>FY2020</b>
	<b>Actual</b>	<b>Actual</b>	<b>Forecast</b>	<b>Projection</b>	<b>Projection</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
Revenue	-	-	4,741	7,043	11,924
Cost of sales	-	-	(3,758)	(5,014)	(8,363)
Administrative expenses	(10)	(15)	(114)	(624)	(592)
<b>EBITDA</b>	<b>(10)</b>	<b>(15)</b>	<b>869</b>	<b>1,405</b>	<b>2,969</b>
Net finance costs	-	(1)	(1)	(14)	(35)
<b>Profit/(loss) before tax</b>	<b>(10)</b>	<b>(16)</b>	<b>868</b>	<b>1,391</b>	<b>2,934</b>
Taxation	-	-	(335)	(530)	(930)
<b>(Loss)/profit for the year</b>	<b>(10)</b>	<b>(16)</b>	<b>533</b>	<b>861</b>	<b>2,004</b>

**Best Deal Properties Holding plc**
**Condensed Consolidated Cash Flow Statement  
for the years ending 31 December**

	<b>FY2016</b>	<b>FY2017</b>	<b>FY2018</b>	<b>FY2019</b>	<b>FY2020</b>
	<b>Actual</b>	<b>Actual</b>	<b>Forecast</b>	<b>Projection</b>	<b>Projection</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
Net cash from operating activities	(868)	(3,324)	(15,039)	(498)	4,039
Net cash from investing activities	-	(1)	-	-	-
Net cash from financing activities	891	3,385	19,410	(1,745)	(4,183)
<b>Net movement in cash and cash equivalents</b>	<b>23</b>	<b>60</b>	<b>4,371</b>	<b>(2,243)</b>	<b>(144)</b>
Cash and cash equivalents at beginning of year	-	23	83	4,454	2,211
<b>Cash and cash equivalents at end of year</b>	<b>23</b>	<b>83</b>	<b>4,454</b>	<b>2,211</b>	<b>2,067</b>

**Best Deal Properties Holding plc**
**Condensed Consolidated Statement of Financial Position  
as at 31 December**

	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
	<b>Actual</b>	<b>Actual</b>	<b>Forecast</b>	<b>Projection</b>	<b>Projection</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	-	1	1	1	1
Sinking fund reserve	-	-	-	-	800
	-	1	1	1	801
<b>Current assets</b>					
Inventories	1,056	4,517	21,148	24,424	24,927
Trade and other receivables	47	393	384	321	315
Cash and cash equivalents	23	83	4,454	2,211	2,067
	1,126	4,993	25,986	26,956	27,309
<b>Total assets</b>	<b>1,126</b>	<b>4,994</b>	<b>25,987</b>	<b>26,957</b>	<b>28,110</b>
<b>EQUITY</b>					
<b>Capital and reserves</b>					
Called up share capital	40	40	250	250	250
Shareholders' loans	790	1,630	2,675	2,675	2,675
Retained earnings	(10)	(27)	507	1,368	3,372
	820	1,643	3,432	4,293	6,297
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Bonds	-	-	15,689	15,742	15,796
Borrowings	-	1,596	5,100	3,355	-
	-	1,596	20,789	19,097	15,796
<b>Current liabilities</b>					
Other creditors: deposits	107	534	1,102	2,942	4,333
Borrowings	74	1,046	-	-	-
Trade and other payables	125	175	664	625	1,684
	306	1,755	1,766	3,567	6,017
	306	3,351	22,555	22,664	21,813
<b>Total equity and liabilities</b>	<b>1,126</b>	<b>4,994</b>	<b>25,987</b>	<b>26,957</b>	<b>28,110</b>

#### Key Accounting Ratios

	FY2016 Actual	FY2017 Actual	FY2018 Forecast	FY2019 Projection	FY2020 Projection
Operating profit margin (EBITDA/revenue)	n/a	n/a	18%	20%	25%
Interest cover (times) (EBITDA/net finance cost)	n/a	n/a	4.02	1.64	4.11
Net profit margin (Profit(loss) after tax/revenue)	n/a	n/a	11%	12%	17%
Earnings per share (€) (Profit(loss) after tax/number of shares)	-0.00	-0.04	0.21	0.34	0.80
Return on equity (Profit(loss) after tax/shareholders' equity)	-1%	-1%	16%	20%	32%
Return on capital employed (EBITDA/total assets less current liabilities)	-1%	0%	4%	6%	13%
Return on assets (Profit(loss) after tax/total assets)	-1%	0%	2%	3%	7%
Gearing ratio (Total net debt/net debt and shareholders' equity)	6%	61%	83%	80%	69%

In FP2016 and FY2017, the business activities of BDP Group (through Elite Developments Ltd) primarily involved the acquisition of two sites in Marsascala and the development of Crystal Court and Blue Moon Court. During the reviewed period, Elite Developments Limited entered into a number of promise of sale agreements, but no revenue was reported in the income statement. According to the company's accounting policies, revenue is recognised on completion of development and delivery of respective residential unit/s and upon signing of contracts of sale. Overall, the company incurred losses in FP2016 and FY2017 of €10,067 and €16,361 respectively.

As at 31 December 2016, the company's inventory (being costs incurred in the development of residential property) amounted to €1.1 million. This expenditure was mainly financed from shareholders' contributions amounting to €790,000 and deposits of €106,592 received on execution of promise of sale agreements.

Inventory as at 31 December 2017 increased to €4.5 million as further progress was registered in the construction of Crystal Court and Blue Moon Court. As to funding, shareholders' contributions increased from €790,000 in FP2016 to €1,629,750, whilst drawdown from bank loan facilities amounted to €2,642,499. Furthermore, deposits received from promise of sale agreements as at 31 December 2017 amounted to €533,682 (FP2016: €106,592).

BDP Group is projecting to generate revenue of €23.7 million over the 3 financial years ending 31 December 2020. More specifically, revenue in FY2018 and FY2019 is expected to amount to €4.7 million and €7.0 million respectively, which will be mainly generated from sale of units in Crystal Court and Blue Moon Court respectively. In FY2019, revenue is projected to amount to €11.9 million and will be primarily derived from unit sales in Garnet Court and from the Pembroke Development. Save for the Pembroke Development, as at the date of this report, the majority of developed units (in aggregate, 76 residential units and 82 garages) are subject to promise of sale agreements. Net profit to be generated over the 3 year period is projected to amount to €3.4 million, which will be retained to further strengthen the Group's capital base.

The Group's statement of financial position as at 31 December 2018 is projected to comprise total assets of €26.0 million, primarily made up of inventory (being work-in-progress on Projects) and cash balances. The composition of total assets is expected to remain broadly unchanged in FY2019 and FY2020, except that in the latter year, the Group is projected to commence building the sinking fund reserve for the redemption of the Bonds with an initial contribution of €800,000.

Total equity is projected to increase progressively from €3.4 million in FY2018 to €6.3 million in FY2020. As to external borrowings, the Group's debt as at 31 December 2018 will be composed of Bonds amounting to €15.7 million and bank loans of €5.1 million. The aggregate debt balance of €20.8 million in FY2018 is expected to decline to €15.8 million by end FY2020.

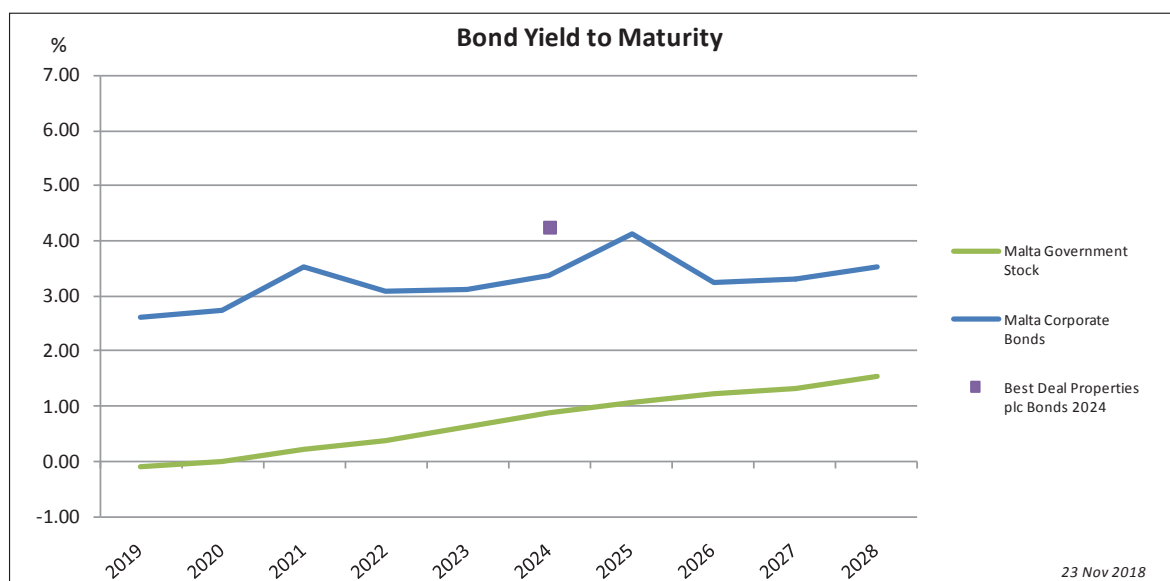
### PART 3 - COMPARABLES

The table below compares the Issuer and its bond issue to other debt issuers listed on the Malta Stock Exchange and their respective debt securities. The list includes issuers (excluding financial institutions) that have listed bonds. Although there are significant variances between the activities of the Issuer and other issuers (including different industries, principal markets, competition, capital requirements etc), and material differences between the risks associated with BDP Group's business and that of other issuers, the comparative analysis provides an indication of the financial performance and strength of BDP 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	2.74	6.29	68,589	14,418	66.04
6% Pendergardens Dev. plc Secured € 2022 Series II	27,000,000	3.07	6.29	68,589	14,418	66.04
4.25% Gap Group plc Secured € 2023	40,000,000	3.12	2.61	56,906	6,696	85.08
5.3% United Finance Plc Unsecured € Bonds 2023	8,500,000	3.83	1.19	21,625	4,844	69.04
6% AX Investments Plc Unsecured € 2024	40,000,000	3.47	4.44	286,318	173,323	26.09
5.3% Mariner Finance plc Unsecured € 2024	35,000,000	3.38	4.42	77,088	38,701	45.62
5% Hal Mann Vella Group plc Secured Bonds € 2024	30,000,000	3.67	3.05	107,801	39,813	54.01
<b>4.25% Best Deal Properties Holding plc Secured 2024</b>	<b>16,000,000</b>	<b>4.25</b>	<b>4.02</b>	<b>25,986</b>	<b>3,432</b>	<b>82.64</b>
5.1% 1923 Investments plc Unsecured € 2024	36,000,000	4.33	1.69	118,490	33,711	58.11
4.5% Hili Properties plc Unsecured € 2025	37,000,000	3.83	1.26	135,879	39,974	68.23
5.1% 6PM Holdings plc Unsecured € 2025	13,000,000	4.83	-	6,191	19,896	-
4.25% Corinthia Finance plc Unsecured € 2026	40,000,000	3.62	2.59	1,765,072	901,595	40.43
4.0% International Hotel Invest. plc Secured € 2026	55,000,000	3.40	3.03	1,602,317	884,632	36.36
4.0% MIDI plc Secured € 2026	50,000,000	3.25	0.98	235,302	86,621	39.27
3.75% Premier Capital plc € Unsecured Bonds 2026	65,000,000	3.18	7.90	161,128	47,607	57.32
4.35% Hudson Malta plc Unsecured 2026	12,000,000	3.69	39.11	17,088	5,835	30.63
4.35% SD Finance plc € Unsecured Bonds 2027	65,000,000	3.78	5.93	229,882	63,771	50.15
4.0% Eden Finance plc Unsecured 2027	40,000,000	3.32	4.46	169,936	90,162	36.52
4% Stivala Group Finance plc Secured 2027	45,000,000	3.48	6.21	199,560	121,041	31.54
3.85% Hili Finance Company plc Unsecured 2028	40,000,000	3.54	3.27	408,204	82,870	73.40

23 Nov '18

Source: Malta Stock Exchange, Audited Accounts of Listed Companies, Charts



The Malta Government Stock yield curve has also been included as the benchmark risk-free rate for Malta.



## PART 4 - EXPLANATORY DEFINITIONS

### INCOME STATEMENT

Revenue	Total revenue generated by the Issuer from its business activities during the financial year.
Cost of sales	Operating expenses include the cost of construction and other related 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.
Profit after tax	Operating profit margin is operating income or EBITDA as a percentage of total revenue.

### 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.

### 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 activities dealing with the acquisition and disposal of long-term assets and other investments of the Issuer.
Cash flow from financing activities	Cash generated from the activities that result in change in share capital and borrowings of the Issuer.

### BALANCE SHEET

Non-current assets	Non-current asset are the Issuer'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 Issuer amortises 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 acquired. Such assets include property, plant & equipment and sinking fund reserve.
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Current assets	Current assets are all assets of the Issuer, which are realisable within one year from the balance sheet date. Such amounts include development stock (inventories), accounts receivable, cash and bank balances.
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Current liabilities	All liabilities payable by the Issuer within a period of one year from the balance sheet date, and include accounts payable and short-term debt, including current portion of bank loans.
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Non-current liabilities	The Issuer's long-term financial obligations that are not due within the present accounting year. The Issuer's non-current liabilities include long-term borrowings and debt securities.
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Total equity	Total equity includes share capital, reserves & other equity components, and retained earnings.
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#### FINANCIAL STRENGTH RATIOS

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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.
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Interest cover	The interest coverage ratio is calculated by dividing a company's operating profit of one period by the company's interest expense of the same period.
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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.
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