

## SUMMARY NOTE

Dated 3 December 2018

This Summary Note is issued in accordance with the provisions of Chapter 4 of the Listing Rules issued by the Listing Authority and in accordance with the provisions of Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements, as amended by Commission Delegated Regulation (EU) No. 486/2012 of 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.

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



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

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

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

APPROVED BY THE DIRECTORS

  
Christopher Attard

  
Erskine Vella

  
John Buttigieg

  
Pierre Bartolo

  
Mario P. Galea

  
James Bullock

  
Marlene Seychell

## IMPORTANT INFORMATION

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

NO BROKER, DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORISED BY THE ISSUER, 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 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, THEIR RESPECTIVE DIRECTORS, OR ADVISORS.

IT IS THE RESPONSIBILITY OF ANY PERSON IN POSSESSION OF THIS DOCUMENT 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 SECURITIES AND ANY APPLICABLE EXCHANGE CONTROL REQUIREMENTS AND TAXES IN THE COUNTRIES OF THEIR NATIONALITY, RESIDENCE OR DOMICILE.

A COPY OF THIS DOCUMENT HAS BEEN SUBMITTED TO THE LISTING AUTHORITY AND THE MSE, AND HAS BEEN DULY FILED WITH THE REGISTRAR OF COMPANIES. APPLICATION HAS BEEN MADE TO THE MSE FOR THE BONDS TO BE ADMITTED TO THE OFFICIAL LIST OF THE MSE. **A PROSPECTIVE INVESTOR SHOULD BE AWARE OF THE POTENTIAL RISKS IN INVESTING IN THE ISSUER AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION AND CONSULTATION WITH HIS OR HER OWN INDEPENDENT FINANCIAL ADVISOR.**

THE CONTENTS OF THE ISSUER'S WEBSITE OR ANY WEBSITE DIRECTLY OR INDIRECTLY LINKED TO THE ISSUER'S WEBSITE DO NOT FORM PART OF THIS DOCUMENT. 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 GUARANTOR HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER AND GUARANTOR IN RELATION TO THIS PROSPECTUS AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION OR RESPONSIBILITY TOWARDS ANY OTHER PERSON. NONE OF THE ADVISORS ACCEPT ANY RESPONSIBILITY TO ANY INVESTOR OR ANY OTHER PERSON WHOMSOEVER IN RELATION TO THE CONTENTS OF, AND ANY INFORMATION CONTAINED IN, THE PROSPECTUS, ITS COMPLETENESS OR ACCURACY OR ANY OTHER STATEMENT MADE IN CONNECTION THEREWITH.

THE DIRECTORS OF THE ISSUER CONFIRM THAT WHERE INFORMATION INCLUDED IN THIS PROSPECTUS HAS BEEN SOURCED FROM A THIRD PARTY, SUCH INFORMATION HAS BEEN ACCURATELY REPRODUCED, AND AS FAR AS THE DIRECTORS OF THE ISSUER ARE AWARE AND ARE ABLE TO ASCERTAIN FROM INFORMATION PUBLISHED BY THAT THIRD PARTY, NO FACTS HAVE BEEN OMITTED WHICH WOULD RENDER THE REPRODUCED INFORMATION INACCURATE OR MISLEADING.

THE VALUE OF INVESTMENTS CAN RISE OR FALL AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. IF YOU NEED ADVICE WITH RESPECT TO THE BOND ISSUE, YOU SHOULD CONSULT A LICENSED STOCKBROKER OR AN INVESTMENT ADVISOR LICENSED UNDER THE INVESTMENT SERVICES ACT, CAP. 370 OF THE LAWS OF MALTA.

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

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

**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 HOWEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THE PROSPECTUS.**

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

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

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

## SECTION A INTRODUCTION AND WARNINGS

**A.1** Prospective investors are hereby warned that:

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

**A.2** Consent required in connection with the use of the Prospectus by the Authorised Financial Intermediaries

Prospective investors are hereby informed that:

- i. for the purposes of any subscription for Secured Bonds through any of the Authorised Financial Intermediaries and any subsequent resale, placement or other offering of Bonds by such Authorised Financial Intermediaries in circumstances where there is no exemption from the requirement to publish a prospectus under the Prospectus Directive, the Issuer consents to the use of this Prospectus (and accepts responsibility for the information contained therein) with respect to any such subsequent resale or placement or other offering of Secured Bonds, provided this is limited only:
  - a. in respect of Secured Bonds subscribed for through Authorised Financial Intermediaries;
  - b. to any resale or placement of Secured Bonds subscribed for as aforesaid taking place in Malta;
  - c. to any resale or placement of Secured Bonds subscribed for as aforesaid, taking place within the period of 60 days from the date of the Prospectus.
- ii. **in the event of a resale, placement or other offering of Secured Bonds by an Authorised Financial Intermediary, the Authorised Financial Intermediary shall be responsible to provide information to investors on the terms and conditions of the resale, placement or other offering at the time such is made.**

## SECTION B ISSUER AND GUARANTOR

**B.1** The legal and commercial name of the Issuer is Best Deal Properties Holding p.l.c. The legal and commercial name of the **B.19** the Guarantor is Best Deal Developments Limited.

**B.2** The Issuer was registered in Malta in terms of the Act on 23 October 2018 as a public limited liability company. The Issuer is **B.19** domiciled in Malta. The Guarantor was registered in Malta in terms of the Act on 31 October 2018 as a private limited liability company and is domiciled in Malta.

**B.4b** The following is an overview of the most significant recent trends affecting the Issuer and the Guarantor and the market in **B.19** which BDP Group operates:

The strong response from investors for the initial three residential projects of the Group (namely, Crystal Court, Marsascala; Blue Moon Court, Marsascala; and Garnet Court, Mqabba) 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.

In the immediate term, BDP Group will be primarily focused on completing the above-mentioned projects, and on developing three new sites in Pembroke, Mellieha and Zabbar described in section B.15 of this Summary Note (the “**New Developments**”). During same period, the Group will also be active in marketing the new properties on offer.

**B.5** The diagram below illustrates the organisational structure of BDP Group:

**B.19**



The above subsidiary companies of the Issuer are property holding companies and have their registered office at 63, J.L. Buildings, Office 5, Luqa Road, Paola PLA 9045, Malta. Elite Developments Limited is engaged in the development of Crystal Court and Blue Moon Court, both located in Marsascala, whilst PJCE Properties Limited is involved in the construction of Garnet Court in Mqabba.

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 in terms of the Securities Note. The Guarantor is not dependent on other entities within BDP Group. The Guarantor operates exclusively in and from Malta.

**B.9** 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.

**B.19**

**Best Deal Properties Holding p.l.c.  
Projected Consolidated Income Statement  
for the years ending 31 December**

	<b>2018 Forecast €'000</b>	<b>2019 Projection €'000</b>	<b>2020 Projection €'000</b>
Revenue	4,741	7,043	11,924
Cost of sales	(3,758)	(5,014)	(8,363)
Gross profit	983	2,029	3,561
Administration expenses	(114)	(624)	(592)
Net finance costs	(1)	(14)	(35)
Profit before taxation	868	1,391	2,934
Taxation	(335)	(530)	(930)
<b>Profit for the year</b>	<b>533</b>	<b>861</b>	<b>2,004</b>

**Best Deal Properties Holding p.l.c.**  
**Projected Consolidated Statement of Financial Position**  
**as at 31 December**

	<b>2018 Forecast €'000</b>	<b>2019 Projection €'000</b>	<b>2020 Projection €'000</b>
<b>ASSETS</b>			
Non-current assets	1	1	801
Current assets	25,986	26,956	27,309
<b>Total assets</b>	<b>25,987</b>	<b>26,957</b>	<b>28,110</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	250	250	250
Shareholders' loans	2,675	2,675	2,675
Retained earnings	507	1,368	3,372
	<b>3,432</b>	<b>4,293</b>	<b>6,297</b>
<b>Liabilities</b>			
Non-current liabilities	20,789	19,097	15,796
Current liabilities	1,766	3,567	6,017
<b>Total liabilities</b>	<b>22,555</b>	<b>22,664</b>	<b>21,813</b>
<b>Total equity and liabilities</b>	<b>25,987</b>	<b>26,957</b>	<b>28,110</b>

**Best Deal Properties Holding p.l.c.**  
**Projected Consolidated Cash Flow Statement**  
**for the years ending 31 December**

	<b>2018 Forecast €'000</b>	<b>2019 Projection €'000</b>	<b>2020 Projection €'000</b>
Cash flow from operating activities	(15,039)	(498)	4,039
Cash flow from financing activities	19,410	(1,745)	(4,183)
Net movement in cash and cash equivalents	4,371	(2,243)	(144)
Cash and cash equivalents at the beginning of year	83	4,454	2,211
<b>Cash and cash equivalents at end of year</b>	<b>4,454</b>	<b>2,211</b>	<b>2,067</b>

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 Summary Note, 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.

**B.10** Not Applicable: the audit reports on the audited financial statements of Elite Developments Limited, a wholly owned subsidiary of the Issuer, for the financial period 9 February 2016 (being date of incorporation) to 31 December 2016 and for the financial year ended 31 December 2017 do not contain any material qualifications.

**B.12** 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. As such, there were no significant changes to the financial or trading position of each of the Issuer and Guarantor since incorporation to the date of the Prospectus.

**B.19**

## ANNUAL HISTORICAL FINANCIAL INFORMATION

Set out below are highlights 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.

### Elite Developments Limited Income Statement

	Jan – Dec 2017	Feb – Dec 2016
	€	€
Operating loss	(15,771)	(10,033)
Net finance costs	(674)	(34)
Loss before taxation	(16,445)	(10,067)
Taxation	84	-
<b>Loss for the year/period</b>	<b>(16,361)</b>	<b>(10,067)</b>

### Elite Developments Limited Balance Sheet as at 31 December

	2017	2016
	€	€
<b>ASSETS</b>		
Non-current assets	1,084	-
Current assets	4,992,926	1,126,376
<b>Total assets</b>	<b>4,994,010</b>	<b>1,126,376</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	40,000	40,000
Shareholders' loans	1,629,750	790,000
Accumulated losses	(26,428)	(10,067)
	<b>1,643,322</b>	<b>819,933</b>
<b>Liabilities</b>		
Non-current liabilities	1,596,000	-
Current liabilities	1,754,688	306,443
<b>Total liabilities</b>	<b>4,980,438</b>	<b>1,096,443</b>
<b>Total equity and liabilities</b>	<b>4,994,010</b>	<b>1,126,376</b>

### Elite Developments Limited Cash Flow Statement

	Jan – Dec 2017	Feb – Dec 2016
	€	€
Cash flow from operating activities	(3,323,561)	(868,237)
Cash flow from investing activities	(1,246)	-
Cash flow from financing activities	3,384,833	890,876
Net movement in cash and cash equivalents	60,026	22,639
Cash and cash equivalents at the beginning of year	22,639	-
<b>Cash and cash equivalents at end of year/period</b>	<b>82,665</b>	<b>22,639</b>

In FP2016 and FY2017, the business activities of Elite Developments Limited primarily involved the acquisition of two sites in Marsascala and the development of Crystal Court and Blue Moon Court. During the reviewed period, the company 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).

## INTERIM HISTORICAL FINANCIAL INFORMATION

The financial information included hereinafter is extracted from the combined financial statements of Elite Developments Limited and PJCE Properties Limited for the interim period 1 January 2018 to 30 June 2018. PJCE Properties Limited was incorporated on 22 February 2018, for the purpose of acquiring a site in Mqabba and to develop Garnet Court.

The above-mentioned companies were only recently acquired by the Issuer and as such, did not operate as a separate group of entities during the above-stated interim period. Combined financial statements serve a similar purpose to consolidated financial statements, to present financial data appertaining to a group of companies as if the companies concerned constitute a single enterprise as at the date of the combined financial statements. No adjustments to the income statement, balance sheet and cash flow statement of Elite Developments Limited and PJCE Properties Limited were necessary for the purpose of arriving at the combined interim financial statements.

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

#### Combined Income Statement

for the six months period 1 January to 30 June

	2018 €	2017 €
Revenue	494,373	-
Cost of sales	(395,973)	-
Gross profit	98,400	-
Administration expenses	(8,275)	(7,962)
Net finance costs	(24)	(6)
Profit/(loss) before taxation	90,101	(7,968)
Taxation	(34,152)	-
<b>Profit/(loss) for the period</b>	<b>55,949</b>	<b>(7,968)</b>

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

#### Combined Balance Sheet

as at 30 June

	2018 €	2017 €
<b>ASSETS</b>		
Non-current assets	1,582	-
Current assets	8,332,371	2,173,230
<b>Total assets</b>	<b>8,333,953</b>	<b>2,173,230</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	190,000	40,000
Shareholders' loans	2,099,750	1,184,750
Retained earnings	29,521	(18,035)
	<b>2,319,271</b>	<b>1,206,715</b>
<b>Liabilities</b>		
Non-current liabilities	3,024,917	652,087
Current liabilities	2,989,765	314,428
<b>Total liabilities</b>	<b>6,014,682</b>	<b>966,515</b>
<b>Total equity and liabilities</b>	<b>8,333,953</b>	<b>2,173,230</b>

**Best Deal Properties Holding p.l.c.**  
**Combined Cash Flow Statement**  
**for the six month period 1 January to 30 June**

	<b>2018</b>	<b>2017</b>
	<b>€</b>	<b>€</b>
Cash flow from operating activities	(2,508,410)	(1,062,284)
Cash flow from investing activities	(664)	-
Cash flow from financing activities	2,656,132	1,046,837
Net movement in cash and cash equivalents	147,059	(15,447)
Cash and cash equivalents at the beginning of period	82,665	22,639
<b>Cash and cash equivalents at end of period</b>	<b>229,723</b>	<b>7,192</b>

During the six month period 1 January 2018 to 30 June 2018, BDP Group generated €494,373 in revenue following the execution of sale contracts for 2 residential units and 1 garage in Crystal Court.

As at 30 June 2018, inventory amounted to €7.7 million and mainly comprised land and development costs relating to Crystal Court and Blue Moon Court. An amount of €1.7 million in inventory related to Garnet Court. During the period under review, the Group's operating activities were funded from an increase in share capital of €150,000, further contributions from shareholders amounting to €470,000, net drawdown from bank loan facilities of €2.0 million, and deposits from promise of sale agreements which increased by €232,150 from €533,682 as at 31 December 2017 to €765,832 as at 30 June 2018.

There were no significant changes in the financial or trading position and there has been no material adverse change in the prospects of each of the Issuer, Guarantor and PJCE Properties Limited since the date of incorporation.

There were no significant changes in the financial or trading position and there has been no material adverse change in the prospects of Elite Developments Limited since the date of the last published audited financial statements.

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

**B.14** The Issuer was established on 23 October 2018 as the parent holding company of BDP Group. The Issuer's intended purpose is to raise finance for the acquisition and development of real estate properties through the Guarantor and other subsidiary companies. In this respect, the Issuer is mainly dependent on the business prospects of the Guarantor and the operating subsidiaries of BDP Group. The Issuer operates exclusively in and from Malta.

The Guarantor was established on 31 October 2018 to acquire, take on lease or on emphyteusis or in exchange or otherwise acquire under any title and to sell, give on lease or on emphyteusis or otherwise dispose of under any title as well as to construct, reconstruct, renovate, manage and in any other manner and for any other purpose deal in immovable property of all types and any interest or right therein. In the immediate term, the Guarantor shall acquire the sites relating to the New Developments, described hereunder, and to construct and develop the said projects

**B.15** The principal objects of the Issuer are set out in clause 3 of the Issuer's Memorandum of Association. The principal objects of the Company are: (a) to carry on the business of a finance company; (b) to acquire, by any title whatsoever, and to take on lease or sub-lease, and to dispose of by any title whatsoever, grant and/or lease or sub-lease and hold property of any kind, whether movable or immovable. The issue of bonds falls within the objects of the Issuer.

The Guarantor was established on 31 October 2018 to acquire, take on lease or on emphyteusis or in exchange or otherwise acquire under any title and to sell, give on lease or on emphyteusis or otherwise dispose of under any title as well as to construct, reconstruct, renovate, manage and in any other manner and for any other purpose deal in immovable property of all types and any interest or right therein. In the immediate term, the Guarantor shall acquire the sites relating to the New Developments, described hereunder, and to construct and develop the said projects.

**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.



### 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.

### 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.

- B.16** The founding shareholders of BDP Group comprise Christopher Attard, Erskine Vella, John Buttigieg and Pierre Bartolo, each having a 25% shareholding, and their partnership commenced in 2016 through the incorporation of Elite Developments Limited. 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.
- B.17** Not Applicable: neither the Issuer nor the Guarantor have sought the credit rating of an independent rating agency, and there has been no assessment by any independent rating agency of the Bonds issued by the Issuer.
- B.18** For the purposes of the Guarantee, the Guarantor irrevocably and unconditionally guarantees to the Security Trustee, for the benefit of Bondholders, that if for any reason the Issuer fails to pay any sum payable by it to Bondholders pursuant to the terms and conditions of the Secured Bonds as and when the same shall become due under any of the foregoing, the Guarantor will pay to such Bondholders on written demand the amount payable by the Issuer to Bondholders.
- B.19**

The obligations of the Guarantor under the Guarantee shall remain in full force and effect until no sum remains payable to any Bondholder pursuant to the issue of the Secured Bonds.

## SECTION C SECURITIES

- C.1** The Issuer shall issue an aggregate of €16,000,000 in Secured Bonds having a face value of €100 per bond, subject to a minimum subscription of €2,000 in Bonds. The Bonds will be issued in fully registered and dematerialised form and will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the CSD. On admission to trading, the Secured Bonds will have the following ISIN:- MT0002121201. The Secured Bonds shall bear interest at the rate of 4.25% per annum.
- C.2** The Bonds are denominated in Euro (€).
- C.5** The Bonds are freely transferable and, once admitted to the Official List, shall be transferable only in whole (that is, in multiples of €100) in accordance with the rules and regulations of the MSE applicable from time to time.
- C.8** A Bondholder shall have such rights as are 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.

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 (namely, the Pembroke, Zabbar and Mellieha sites) 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, the pledge over the proceeds from insurance policies taken out in respect of the said Hypothecated Properties 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.

Furthermore, 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*, waive its right to register any special privilege 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.

- C.9** 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 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 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. The gross yield calculated on the basis of the interest, the Bond Issue Price and the Redemption Value of the Bonds is 4.25% per annum. The remaining component of Element C.9 is Not Applicable, given that no representative of debt security holders has been appointed.
- C.10** Not Applicable: there is no derivative component in the interest payments on the Secured Bonds.
- C.11** 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. Application has been made to the MSE for the Secured Bonds being issued pursuant to the Prospectus to be listed and traded on its Official List. The Secured Bonds are expected to be admitted to the Malta Stock Exchange with effect from 28 December 2018 and trading is expected to commence on 31 December 2018.

## SECTION D RISKS

### D.2 Key information on the key risks specific to the Issuer, the Guarantor and BDP Group

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

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

**Prospective investors are advised to read the Prospectus in its entirety and, in particular, the sections entitled “Risk Factors” in the Registration Document and Securities Note, for an assessment of the factors that could affect the Issuer’s and the Guarantor’s future performance. In the light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in the Prospectus may not occur.**

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

**i. Risks relating to the Company:**

**The Company’s dependence on BDP Group companies and their business activities**

**The Company is the holding parent company of BDP Group and given its recent incorporation does not itself have any trading history. It was set up primarily as a finance and investment company with one of its purposes being that of financing or re-financing the funding requirements of the business of the Guarantor, and to a lesser extent other BDP Group companies. As such, the risks intrinsic in the business and operations of BDP Group shall have a direct effect on the financial position of the Company.**

**The Company's dependence on payments due from the Guarantor and other BDP companies may be affected by factors beyond the Company's control**

As a finance company, the majority of the Company's assets consist of loans issued to the Guarantor and investments in the Guarantor and other BDP companies. Consequently, the Company is largely dependent on the receipt of interest and loan repayments from the Guarantor, and income derived from dividends receivable from the Guarantor and other BDP Group companies. In this respect, the operating results of the Guarantor and other BDP Group companies have a direct effect on the Company's financial position.

**Risks inherent in forecasts**

The forecasts set out in the Prospectus are dependent on a number of assumptions and future expectations that may or may not occur. The non-occurrence of those future expectations could have material adverse effects on the financial position and results of BDP Group and the Company.

ii. **Risks Relating to BDP Group (including the Guarantor) and its Business**

**BDP Group is subject to market and economic conditions generally**

BDP Group is subject to the general market and economic risks that may have a significant impact on the Projects or any one of them, the timely completion of the Projects and budgetary constraints. In the event that general economic conditions and property market conditions experience a downturn which is not contemplated in the Group's planning during the construction and completion of the Projects, particularly the New Developments, this shall have an adverse impact on the financial condition of the Group and the ability of the Company to meet its obligations under the Bonds.

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

The real estate market in Malta is very competitive in nature. A delay in the tempo of sales and/or a reduction in unit prices could have a material adverse impact on BDP Group and the Company's ability to repay the Bonds and interest thereon.

**Material risks relating to real estate development may affect the economic performance and value of the Projects**

There are a number of factors that commonly affect the real estate development industry, many of which are beyond BDP Group's control, and which could adversely affect the economic performance and value of BDP Group's Projects. Any of these factors could have a material adverse effect on BDP Group's business, its respective financial condition and prospects and accordingly on the repayment of the Bond and interest thereon.

**BDP Group depends on third parties in connection with its business, giving rise to counterparty risks**

BDP Group relies upon third-party service providers such as architects, building contractors and suppliers for the construction and completion of each of the Projects. This gives rise to counter-party risks in those instances where such third parties do not perform in line with BDP Group's expectations and in accordance with their contractual obligations.

The Guarantor has engaged Best Deal Properties Limited (a third party company external to BDP Group) to market and promote the New Developments through the Best Deal Properties brand and to provide administrative and other services in terms of a services agreement dated 1 November 2018. As such, the timing and volume of sales of units in the New Developments depend on the strength of the Best Deal Properties brand and the marketing ability of the above-mentioned third party company. While every effort is expected to be made to ensure a positive relationship between the Guarantor and Best Deal Properties Limited, there is no assurance that events or circumstances in the future may not adversely affect that relationship or that Best Deal Properties Limited will not enforce its contractual rights under the services agreement in a manner that is adverse to the Guarantor and BDP Group.

**BDP Group may be exposed to cost overruns and delays in completing the New Developments and Target Property (if any)**

Each of the New Developments being undertaken by BDP Group is susceptible to certain risks inherent in real estate development, most notably the risk of completing each New Development within its scheduled completion date and within the budgeted cost for that New Development. If either or both of these risks were to materialise they could have a significant impact on the financial condition of each Guarantor and the Company, and the ability of the latter to meet its obligations under the Bonds.

During the term of the Bonds, BDP Group may acquire and develop Target Property in addition to the New Developments. As such, the above-mentioned exposure to cost overruns and delays in completing the New Developments shall also apply to the construction and development of Target Property.

**BDP Group may be exposed to environmental or other regulatory liabilities attaching to real estate property**  
In terms of laws and regulations, BDP Group may become liable for the costs of removal, investigation or remediation of any substances, including hazardous or toxic substances, that may be located on, or in or which may have migrated from, a property owned or occupied by it, which costs may be substantial. In addition to environmental constraints, BDP Group's property development operations are subject to extensive regulations, including national and local regulation and administrative requirements and policies which relate to, among other things, planning, developing, land use, local urban regeneration strategy, fire, health and safety, and others. These regulations often provide broad discretion to the relevant authorities and non-compliance may adversely affect BDP Group's financial condition, its results of operations and its prospects.

**Ability to secure planning and construction consents on a timely basis**

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

**Property valuations may not reflect actual market values**

Valuations on Group properties are prepared by an independent qualified architect in accordance with the valuation standards published by the Royal Institution of Chartered Surveyors (RICS). There can be no assurance that such property valuations and property-related assets will reflect actual market values.

**General exposure to funding risks**

The funding of each New Development is partly dependent on the proceeds from the gradual sale of the units in each New Development. In the event that the projected sale of the units is not attained or is delayed, BDP Group may well not have sufficient funds to complete all the New Developments, to complete the New Developments within the time-frames envisaged in this document, or to pay the contractors for works performed.

**BDP Group's performance may be influenced by the image and reputation of the Best Deal Properties brand**

The marketing and sales of BDP Group's projects are promoted through the Best Deal Properties brand, which is operated by a company external to BDP Group, namely Best Deal Properties Limited. As such, BDP Group's financial performance is influenced by the image, perception and recognition of the Best Deal Properties brand in Malta.

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

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

- i. there can be no assurance that an active secondary market for the Secured Bonds will develop, or, if it develops, that it will continue. Nor can there be any 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. A public trading market depends on a number of factors over which the Issuer has no control;
- ii. investment in the Secured Bonds involves the risk that subsequent changes in market interest rates may adversely effect the value of the Secured Bonds;
- iii. a Bondholder will 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, if different;
- iv. 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;
- v. 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 Company and the Guarantor. Notwithstanding that the Bonds constitute the general, direct, unconditional and secured obligations of the Company, as guaranteed by the Guarantor, they may rank after causes of preference which may arise 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 Company and the Guarantor which may rank with priority or preference over the Security Interest.

The joint and several Guarantee also entitles the Security Trustee to take action against the Guarantor without having to first take action against the Company. 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 Bond will be sufficient to cover the full amount of interest and principal outstanding under the Bonds.

- vi. 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. In the event that either of the aforesaid conditions is not satisfied, the Security Trustee shall return the Bond Issue proceeds to Bondholders.
- vii. by acquiring the Secured 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 Secured Bonds.
- viii. in the event that the Issuer wishes to amend any of the Terms and Conditions of the Bond Issue, it shall call a meeting of Bondholders. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority;
- ix. the Terms and Conditions of the 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 the Prospectus;
- x. even after the Secured 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 Secured 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 Secured 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 Secured Bonds on the MSE. Any such trading suspensions or listing revocations / discontinuations could have a material adverse effect on the liquidity and value of the Secured Bonds.

## SECTION E OFFER

**E.2b** 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.

**E.3** 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 Secured 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 Secured Bonds subject to, and conditional upon, the Bonds being admitted to the Official List of the Malta Stock Exchange.

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

1. **Form, Denomination and Title**

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. The Secured Bonds will be issued 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 in the Securities Note.

2. **Interest**

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

3. **Status of the 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 initially comprise, *inter alia*, 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.

4. **Payments**

Payment of the principal amount of a Bond will be made in Euro by the Issuer to the person in whose name such Bonds are registered, with interest accrued up to 12 December 2024 (the "**Redemption Date**"), by means of direct credit transfer into such bank account as the Bondholder may designate from time to time. Such payment shall be effected within seven (7) days of the Redemption Date. 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. Such payment shall be effected within seven (7) days of the Interest Payment Date.

5. **Redemption**

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.

6. **Events of Default**

The Secured Bonds shall become immediately due and repayable at their principal amount together with accrued interest, upon the happening of any of the following events:

- i. 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;
- ii. 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;
- iii. 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;
- iv. 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;
- v. the Issuer stops payment of its debts or ceases or threatens to cease to carry on its business;
- vi. 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;
- vii. 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;
- viii. 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;
- ix. 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);
- x. 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;
- xi. 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;
- xii. 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);
- xiii. 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

- xiv. 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.

7. **Transferability of the Bonds**

The Secured Bonds are freely transferable and, once admitted to the Official List, shall be transferable only in whole in accordance with the rules and regulations of the MSE applicable from time to time. All transfers and transmissions are subject in all cases to any pledge (duly constituted) of the Secured Bonds and to any applicable laws and regulations. The cost and expenses of effecting any registration of transfer or transmission, except for the expenses of delivery by any means other than regular mail (if any) and except, if the Issuer shall so require, the payment of a sum sufficient to cover any tax, duty or other governmental charge or insurance charges that may be imposed in relation thereto, will be borne by the Issuer. The Issuer will not register the transfer or transmission of Bonds for a period of 15 days preceding the due date for any payment of interest on the Secured Bonds.

8. **Register of Bondholders**

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

9. **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.

10. **Meetings of Bondholders**

The Terms and Conditions of the Bonds may be amended or waived with the approval of the Bondholders at a meeting called for that purpose by the Issuer.

11. **Governing Law and Jurisdiction**

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

**E.4** Save for the possible subscription for Secured Bonds by Authorised Financial Intermediaries (which include 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.

**E.7** 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.

**EXPECTED TIME-TABLE OF THE BOND ISSUE**

<b>1. Application Forms available to the general public</b>	<b>5 December 2018</b>
<b>2. Placement date</b>	<b>12 December 2018</b>
<b>3. Commencement of interest on the Secured Bonds</b>	<b>12 December 2018</b>
<b>4. Expected completion date for the constitution of Security</b>	<b>21 December 2018</b>
<b>5. Expected date of announcement of basis of acceptance</b>	<b>21 December 2018</b>
<b>6. Refunds of unallocated monies</b>	<b>21 December 2018</b>
<b>7. Expected dispatch of allotment advices</b>	<b>27 December 2018</b>
<b>8. Expected date of admission of the securities to listing</b>	<b>27 December 2018</b>
<b>9. Expected date of commencement of trading in the securities</b>	<b>28 December 2018</b>