

PROSPECTUS

DATED 28TH SEPTEMBER 2007



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**Lm5,000,000 (equivalent to €11,646,867) 7% Secured Bonds
of a nominal value of Lm100 (equivalent to €233) per Bond issued at par**

due 26 October 2017

(subject to early redemption at the option of the Issuer on
26 October 2014, 26 October 2015 and 26 October 2016)
by

PAVI SHOPPING COMPLEX P.L.C.

(incorporated in Malta with limited liability
under registration number C 41962)

ISIN: MT0000361205

SECURITY TRUSTEE



David Grech



Caroline Grech

SPONSORING STOCKBROKER



Victor Grech



Paul Gauci



William Spiteri Bailly



Lawrence Zammit

Application has been made to the Malta Stock Exchange for the Bonds to be listed and traded on its Alternative Companies List once the Bonds are authorised as admissible to listing by the Listing Authority. The Alternative Companies List is a second tier market which is a market designed primarily for companies to which a higher investment risk than that associated with established companies tends to be attached. A prospective investor should be aware of the potential risks in investing in such companies and should make the decision to invest only after careful consideration of all the information contained in the Prospectus as a whole and consultation with his or her own independent financial adviser.

The Listing Authority accepts no responsibility for the accuracy or completeness of this document 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 document.

The value of investments can go up or down and past performance is not necessarily indicative of future performance. The nominal value of the Bonds will be repayable in full upon maturity.

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PART 1 - SUMMARY

SUMMARY OF THE PROSPECTUS

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SPONSOR & MANAGER



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WARNINGS

This Summary has to be read as an introduction to the Prospectus dated 28 September 2007 written in English (the “Prospectus”) and composed of the following parts:

1. Summary of the Prospectus

2. Registration Document

3. Securities Note

Any decision to invest in the Bonds has to be based on an exhaustive analysis by the investor of the Prospectus as a whole.

The Directors have tabled this Summary and applied for its notification and assume responsibility for its content, but only if the Summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus.

The value of investments can go up or down and past performance is not necessarily indicative of future performance. The nominal value of the Bonds will be repayable in full upon maturity. Prospective investors should carefully consider all the information contained in the Prospectus as a whole and should consult their own independent financial and other professional advisers before deciding to make an investment in the Bonds.

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1. RISK FACTORS

An investment in the Bonds involves certain risks. Prospective investors should carefully consider, with their own independent financial and other professional advisers, the following risk factors and other investment considerations as well as all the other information contained in the Prospectus before deciding to make an investment in the Bonds.

The Prospectus contains forward-looking statements including financial forecasts which by their nature involve substantial limitations, risks and uncertainties, certain of which are beyond the Issuer's control. Such projections do not bind the Issuer with respect to future results and no assurance can be given that future results or expectations covered by such forward-looking statements and forecasts will be achieved.

Risks relating to the Issuer

The Issuer is subject to a number of risks which could have an adverse affect on its business, the value of its assets and results of operations. These risks include:

- It is the Issuer's strategy to diversify its revenues across three business segments, namely (i) the supermarket business; (ii) income-sharing arrangements with third party operators in relation to specialised activities within the supermarket; and (iii) the management, operation and letting of retail and commercial areas within the Complex. These activities are, however, complimentary to each other and the supermarket operation and the customer flows generated within the Complex from this activity remain important to the overall success of the Issuer's business.
- The ability of the Issuer to meet its obligations in respect of the repayment of principal and interest under the Bonds punctually when due will be dependent on the receipt by it of income from the business activities of the PAVI Group and the ability of the PAVI Group to generate and maintain revenues.
- The Issuer's promoters have significant experience in retailing and in the supermarket business. Nevertheless the lack of maturity of the Issuer's business gives rise to risks and uncertainties typically associated with start up businesses.
- The highly competitive nature of the supermarket sector could affect the Issuer's results of operations. Changes from time to time in credit terms and trade discounts may also impinge on the Issuer's available free cash flows and liquidity. Other risks which could adversely affect the success of the Issuer's business include the operational risks inherent in supermarket and retailing activities. The contracting of third-party operators to run certain specialised sectors of the supermarket business, at their own risk and for their own account, on an income sharing basis is aimed, inter alia, to mitigate the operational risks associated to certain perishable products.
- The business of managing, operating and letting of retail and commercial areas within the Complex is subject to fluctuations in demand for such space and to counter-party risks over which the Issuer may have no control.
- Market and economic conditions generally, as well as those affecting the Issuer's operations directly such as fluctuations in consumer spending and shifts in consumer trends and preferences. Also, some of the Issuer's borrowings may be subject to floating rates of interest which may subject the Issuer directly to interest rate risk.
- Risks arising from reliance on the Issuer's promoters and from concentration of ownership or dilution in control.

Risks relating to the Issuer - continued

- Changes in the laws, regulations and requirements to which the Issuer is subject including changes in the interpretation thereof.

Risks relating to the Bonds

An investment in the Bonds involves certain risks including those described below:

- Application has been made to the MSE for the Bonds to be listed and traded on its Alternative Companies List. The ACL is a second tier market which is a market designed primarily for companies to which a higher investment risk than that associated with established companies tends to be attached.
- It is not possible to predict the price at which the Bonds will trade on the secondary market nor can there be any assurance that an active secondary market for the Bonds will develop.
- An investor in the Bonds will bear the risk of fluctuations in exchange rates between the currency of denomination of the Bonds and the investor's currency of reference.
- The Bonds are subject to early redemption, at the option of the Issuer, in 2014, 2015 and 2016, upon giving advance notice to Bondholders.
- A number of additional security interests protecting third party interests are identified on page 13 of this Summary which will rank subsequent to Bondholders against the assets of the Issuer for so long as such security interests remain in effect.
- Enforcement of the Security over the Hypothecated Property may not result in the realisation of the open market value of the Complex, may be subject to delays and the liquidation value of the Complex may be adversely affected by enforcement proceedings.
- The Issuer has not sought the credit rating of an independent rating agency and there has been no assessment by any independent rating agency of the Bonds.

2. IMPORTANT INFORMATION

Introduction

This document constitutes a summary to the Prospectus dated 28 September 2007 and contains information on the issue by PAVI Shopping Complex p.l.c. (the “Issuer”) of an amount not exceeding Lm5,000,000 (equivalent to €11,646,867) 7% Secured Bonds of a nominal value of Lm100 (equivalent to €233) per Bond. The Bonds are being issued at par. Interest on the Bonds will become due and payable annually in arrears at the rate of 7% per annum, on 26 October of each year, between 2008 and the year in which the Bonds are redeemed, both years included, (each, an “Interest Payment Date”), the first Interest Payment Date falling on 26 October 2008. 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 nominal value of the Bonds on offer will be repayable in full at maturity on 26 October 2017, unless the Bonds are previously re-purchased and cancelled. The Issuer has the option to redeem all or any part of the Bonds at their nominal value on 26 October 2014, 26 October 2015 or 26 October 2016 by giving not less than sixty (60) days prior notice to Bondholders.

The Prospectus, of which this Summary forms part, also contains information about the Issuer and the Bonds in accordance with the requirements of the Listing Rules of the Listing Authority, the Companies Act, 1995 (Cap. 386, Laws of Malta) (the “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 as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements.

The Directors, whose names appear under the heading “**Directors**” on page 45 of the Registration Document forming part of the Prospectus are the persons responsible for the information contained in the Prospectus. To the best of the knowledge and belief of the Directors, who have taken all reasonable care to ensure that such is the case, the information contained in the Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

No broker, dealer, salesman or other person has been authorised by the Issuer or by its Directors to issue any advertisement or to give any information or to make any representations in connection with the Bond Issue, other than those contained in the Prospectus and in the documents referred to herein, and if given or made such information and representations must not be relied upon as having been authorised by the Issuer or its Directors.

All the Advisers to the Issuer named in the Prospectus under the heading “**Advisers to the Issuer**” on page 33 of the Registration Document are acting exclusively for the Issuer in relation to this offer and will not be responsible to any investor or any other person whomsoever in relation to the transactions proposed in the Prospectus.

The Prospectus, a copy of which has been registered with the Registrar of Companies in accordance with the Act, has been published with the consent of the Registrar of Companies in terms of regulation 5(2) of the Companies Act (The Prospectus) Regulations (L.N. 389 of 2005).

A copy of the Prospectus has also been submitted to the Listing Authority for its authorisation for admissibility of the Bonds to listing on a second tier market in satisfaction of the requirements under the Listing Rules. Application has been made to the Malta Stock Exchange for the Bonds being issued pursuant to the Prospectus to be listed and traded on the Alternative Companies List of the Malta Stock Exchange once the Bonds are authorised as admissible to listing by the Listing Authority.

The Terms and Conditions of subscription for the Bonds are set out on page 66 of the Prospectus.

Statements 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.

Adoption of the Euro

The Euro equivalents indicated in the Prospectus are included at the unalterable and irrevocably fixed conversion rate ("IFCR") between the Euro and the Maltese Lira of €1 = Lm0.4293 adopted by the European Council according to the first sentence of Article 109I(4) of the Treaty establishing the European Community and are for information purposes only in accordance with the provisions of the Euro Adoption (Dual Display and Euro Pricing) Regulations (L.N. 4/2007). The target date of 1 January 2008 as the date on which Malta will adopt the Euro and the IFCR were confirmed by the Council of Ministers (ECOFIN) on 10 July 2007. When the Euro becomes the legal currency of Malta the Bonds will be automatically redenominated in Euro and conversion from Maltese Lira into Euro shall take place at the IFCR on the date the Euro becomes legal tender in Malta in accordance with any applicable law and/or guidelines.

Selling Restrictions

The Prospectus does not constitute, and may not be used for purposes of an offer or invitation to subscribe for Bonds by any person in any jurisdiction: (i) in which such offer or invitation is not authorised; or (ii) in which the person making such offer or invitation is not qualified to do so; or (iii) to any person to whom it is unlawful to make such offer or invitation.

It is the responsibility of any persons in possession of the Prospectus and any persons wishing to apply for Bonds to inform themselves of, and to observe and comply with, all applicable laws and regulations of any relevant jurisdiction. Prospective subscribers for Bonds should inform themselves as to the legal requirements of so applying and of any applicable exchange control requirements and taxation in the countries of their nationality, residence or domicile.

Save for the public offering in the Republic of Malta, no action has been or will be taken by the Issuer or the Manager that would permit a public offering of the Bonds or the distribution of the Prospectus (or any part thereof) or any offering material in any country or jurisdiction where action for that purpose is required.

In relation to each Member State of the European Economic Area (other than Malta) which has implemented the 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 (the "Prospectus Directive") the Bonds can only be offered to "qualified investors" (as defined in the Prospectus 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 the Prospectus Directive.

The Bonds have not been nor will they be registered under the United States Securities Act, 1933 as amended (the "1933 Act"), 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 "United States") or to or for the benefit of, directly or indirectly, any United States person (as defined in Regulation "S" of the 1933 Act, as amended from time to time). Furthermore the Issuer will not be registered under the United States Investment Company Act, 1940 (the "1940 Act") as amended and investors will not be entitled to the benefits of the 1940 Act.

3. DEFINITIONS

Words and expressions used in this Summary shall, except where the context otherwise requires, bear the same meaning as defined in the Registration Document forming part of the Prospectus.

4. DIRECTORS, SENIOR MANAGEMENT, AUDITORS & ADVISERS

Directors

As at the date of this Summary, the Board of the Issuer is composed of the following persons:

Paul Gauci	Chairman
Victor Grech	Executive Director
David Grech	Executive Director
Caroline Grech	Executive Director
Lawrence Zammit MA (Econ.)	Non-Executive Director
William Spiteri Bailey F.I.A., C.P.A., M.I.M., C.S.A.	Non-Executive Director

Paul Gauci and Victor Grech undertake, save in the event of death or an intervening court order, not to dispose of the interest they hold in the securities of the Issuer through PG Holdings Limited and Yvonvi Limited for at least one (1) year from the date the Bonds are authorised as admissible to listing on the Alternative Companies List.

Company Secretary

Antonio Depasquale B.A. (Law), Dip. Not. Pub.

Board Committees

As at the date of this Summary, the Directors have established the following board committees:

Audit Committee

As at the date of this Summary the Audit Committee is composed of William Spiteri Bailey F.I.A., C.P.A., M.I.M., C.S.A. as chairman and Lawrence Zammit MA (Econ.) and Paul Gauci as members.

Remuneration Committee

As at the date of this Summary, the Remuneration Committee is composed of Lawrence Zammit MA (Econ.) as chairman and William Spiteri Bailey F.I.A., C.P.A., M.I.M., C.S.A. and David Grech as members.

Senior Management

As at the date of this Summary, the senior management of the PAVI Group is composed of the following:

Paul Gauci	Chairman
Victor Grech	Managing Director
David Grech	Director, purchasing department
Caroline Grech	Director, human resources and customer care
Malcolm Bondin	Financial controller
Godwin Cutajar	Assistant financial controller
Adrian Gauci	Information technology manager
Ryan Bonnici	Floor manager
Luke Spiteri	Loading bay manager

Remuneration of Directors and Senior Management

The aggregate annual emoluments received by the Directors for the financial period ended 30 April 2007 amounted to Lm28,097.

Auditors

The financial statements of PAVI Supermarkets Limited ("PAVI SL") which is a wholly owned subsidiary of the Issuer for the periods ended 31 December 2004, 31 December 2005 and 30 April 2007 were approved on 2 August 2007 and have been audited by PricewaterhouseCoopers of 167, Merchants Street, Valletta, Malta. PricewaterhouseCoopers is a firm of certified public accountants holding a practicing certificate to act as auditors in terms of the Accountancy Profession Act, 1979 (Cap. 281, Laws of Malta). Financial statements in respect of earlier periods were audited by Horwath, Malta, which is a firm of certified public accountants holding a practicing certificate to act as auditors in terms of the Accountancy Profession Act, 1979 (Cap. 281, Laws of Malta).

The statutory financial statements of PAVI Bakery Limited ("PAVI BL") which is a wholly owned subsidiary of the Issuer for the period from its incorporation to 30 April 2007 were approved on 2 August 2007 and have been audited by PricewaterhouseCoopers of 167, Merchants Street, Valletta, Malta.

No statutory financial statements have yet been drawn up for the Issuer, since the Company was only incorporated on 26 July 2007.

Advisers to the Issuer

Reporting Accountants

PricewaterhouseCoopers
167, Merchants Street,
Valletta,
Malta.

Financial Advisers

Spiteri Bailey & Co.
Certified Public Accountants
Triq Dun Karm,
Birkirkara By Pass,
Birkirkara,
Malta.

Sponsor and Manager

Charts Investment Management Service Limited
18a, 3rd Floor, Europa Centre,
Floriana,
Malta.

Legal Advisers

- *Legal advisers to the Issuer*

Muscat Azzopardi & Associates
Advocates
7, The Firs, Borg Olivier Street,
Sliema,
Malta.

- *Legal advisers to the Issuer on the Bond Issue*

Zammit Pace & Co.
Advocates
215/1, Old Bakery Street,
Valletta,
Malta.

5. OFFER STATISTICS

Issuer:	PAVI Shopping Complex p.l.c., a company registered in Malta with registration number C 41962.
ISIN:	MT0000361205.
Amount:	Five million Malta Liri (Lm5,000,000) equivalent to eleven million, six hundred and forty-six thousand, eight hundred and sixty-seven Euros (€11,646,867).
Form:	The Bonds will be issued in fully registered form, without interest coupons, and if and for as long as the Bonds are admitted to listing on the Alternative Companies List of the Malta Stock Exchange, certificates will not be delivered to Bondholders in respect of the Bonds as each Bondholder's entitlement will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the Central Securities Depository, Garrison Chapel, Castille Place, Valletta CMR01, or at such other equivalent securities depository.
Denomination:	Maltese Lira (Lm).
Minimum amount per subscription:	Minimum of one thousand Maltese Liri (Lm1,000) equivalent to two thousand, three hundred and twenty-nine Euros (€2,329) and integral multiples of one hundred Maltese Liri (Lm100) equivalent to two hundred and thirty-three Euros (€233) thereafter.
Maturity Date:	26 October 2017 (subject to Early Redemption at the option of the Issuer, described below).

Bond Offer Price:	At par (Lm100, equivalent to €233, for each Bond).
Status of the Bonds and Security:	The Bonds constitute the general, direct, unconditional and secured obligations of the Issuer, and shall at all times rank pari passu without any priority or preference among themselves, and save for such exceptions as may be provided by applicable law, shall rank with priority and preference to all other present and future obligations of the Issuer by virtue of the first general hypothec against the Issuer and the first special hypothec over the Hypothecated Property which the Issuer has agreed to constitute in favour of the Security Trustee for the benefit of the Bondholders subject to all the terms and conditions of the Security Trust Deed.
Security Trustee:	Bank of Valletta p.l.c.
Listing:	Application has been made to the Listing Authority for the admissibility of the Bonds to listing on a second tier market and to the Malta Stock Exchange for the Bonds to be listed and traded on its Alternative Companies List.
Offer Period:	The period between 15 October and 19 October 2007 (or such earlier date as may be determined by the Issuer) during which the Bonds are on offer.
Interest:	Seven per cent (7%) per annum.
Yield:	The gross yield calculated on the basis of the Interest, the Bond Offer Price and the Redemption Value of the Bonds at maturity is seven per cent (7%).
Interest Payment Date(s):	26 October of each year, between 2008 and the year in which the Bonds are redeemed (both years included), 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.
Redemption Value:	At par (Lm100, equivalent to €233, for each Bond).
Early Redemption at the option of the Issuer:	The Issuer has the option to redeem all or any part of the Bonds at their nominal value on 26 October 2014 or 26 October 2015 or 26 October 2016 by giving not less than sixty (60) days advance notice in writing to Bondholders.
Manager:	Charts Investment Management Service Limited.
Registrar:	Central Securities Depository, Malta Stock Exchange.
Sponsor:	Charts Investment Management Service Limited.
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/her registered address and posted.
Governing Law:	The Bonds are governed by and shall be construed in accordance with Maltese law.
Submission to Jurisdiction:	The Maltese Courts shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Bonds and accordingly any legal action or proceedings arising out of or in connection with the Bonds shall be brought exclusively before the Maltese Courts.

6. EXPECTED TIME-TABLE OF PRINCIPAL EVENTS

Opening of subscription lists	15 October 2007
Closing of subscription lists	19 October 2007
Announcement of basis of acceptance	26 October 2007
Commencement of interest on the Bonds	26 October 2007
Expected dispatch of allotment advice and refunds of unallocated monies	2 November 2007

The Issuer reserves the right to close the Offering before the 19 October 2007, in which case, the remaining events set out in the “**Expected time-table of principal events**” shall be anticipated in the same chronological order in such a way as to retain the same number of Business Days between the said principal events.

7. KEY INFORMATION

Selected financial data

Financial information about the Issuer is being incorporated pursuant to Article 28 of the Regulation.

The Issuer was incorporated as part of a group reorganisation exercise, undergone by Yvonvi Limited (“Yvonvi”) and PG Holdings Limited (“PG Holdings”), the shareholders of Castellana (Malta) Limited and of PAVI SL. The Issuer’s shareholders are also Yvonvi and PG Holdings.

This reorganisation exercise principally comprised:

- (i) the acquisition and transfer to the Issuer of the ‘PAVI Shopping Complex’ from Castellana (Malta) Limited on 17 August 2007; and
- (ii) the transfer of 100% of the issued and fully paid up share capital in PAVI SL to the Issuer from its shareholders, Yvonvi and PG Holdings, on 25 September 2007.

The Directors of the Issuer consider the substance of these transactions as a ‘group restructuring’. In accordance with generally accepted accounting principles, these transactions have been accounted for in the pro forma consolidated financial statements as if they had occurred prior to the period reported. Accordingly, in order to provide more meaningful information to potential investors, the pro forma consolidated financial statements have been compiled on this basis.

No statutory financial statements have yet been drawn up for the Issuer since the Company was only incorporated on 26 July 2007. The Directors consider the pro forma consolidated financial statements, referred to above, to represent the historic financial information of the Issuer.

The audited financial statements for the financial periods ended 30 April 2007 of PAVI SL and PAVI BL are available for inspection as laid out under the heading “**Documents on display**” on page 23 of this Summary.

Selected financial data - continued

Extracts from the pro forma consolidated financial statements are set out below:

	16 month period ended 30 April 2007
	Lm'000
Turnover	4,712
Loss from operating activities	(5)
Loss before taxation	(74)
Loss for the period	(16)
Total assets less current liabilities	6,285
Non-current liabilities	(2,714)
Total equity	3,571

The reported results relate principally to the six month trading period commenced on 1 November 2006 to 30 April 2007.

Loan capital and indebtedness

The Issuer has an outstanding bridge loan facility with Bank of Valletta p.l.c. (the “BOV Bridging Facility”) of approximately Lm1,900,000 which facility was utilised to part finance the acquisition of the PAVI Shopping Complex by the Issuer from Castellana (Malta) Limited. It is envisaged that the BOV Bridging Facility shall be repaid in full out of the net proceeds from the Bonds. Meanwhile the BOV Bridging Facility carries interest at a floating rate and the repayment of principal and interest thereon is secured by a general hypothec against all the property present and future of the Issuer and of PAVI SL and by a special hypothec against the Issuer over the PAVI Shopping Complex.

The Government of Malta (the “GOM”) enjoys a special privilege over the PAVI Shopping Complex, which is the property of the Issuer, for the balance of price owing to the GOM by Castellana (Malta) Limited in respect of the acquisition by Castellana (Malta) Limited from the GOM of the temporary *directum dominium* and relative annual and temporary groundrent for the remaining period from the original period of 150 years which started running on 3 June 1963 and the absolute ownership thereafter over the area of the PAVI Shopping Complex shown shaded in green on the plan set out in Annex 6 of the Prospectus. As at the date of the Prospectus the balance owing to the GOM amounts to approximately Lm192,000. Castellana (Malta) Limited has delegated the Issuer to settle this balance out of the balance of price of the Complex payable by the Issuer and being financed from the net proceeds of the Bonds as set out on page 14 under the heading “**Reasons for the Offer and use of proceeds**”.

PAVI SL has an outstanding overdraft facility with Bank of Valletta p.l.c. (the “BOV Overdraft Facility”) of Lm625,000 which facility is utilised for the general financing purposes of PAVI SL. The BOV Overdraft Facility carries interest at a floating rate and the repayment of principal and interest thereon is secured by a general hypothec against all the property present and future of PAVI SL and a general hypothec against all the property present and future, of the Issuer and a special hypothec against the Issuer over the PAVI Shopping Complex. Bank of Valletta p.l.c. has agreed to postpone its general and special hypothecary rights against the Issuer under the BOV Overdraft Facility to the general hypothecary rights and the special hypothecary rights over the PAVI Shopping Complex, to be registered against the Issuer in favour of the Security Trustee for the benefit of Bondholders.

Loan capital and indebtedness - continued

PAVI SL has a general banking facility with Bank of Valletta p.l.c. (the “BOV General Banking Facility”) of Lm230,000 in respect of an outstanding guarantee provided on behalf of PAVI SL under its supply arrangements with Punto Franchising s.r.l., operator of the SMA-Auchan franchise. The BOV General Banking Facility is secured by a general hypothec over all the property, present and future, of PAVI SL and by a general hypothec over all the property, present and future, of the Issuer and a special hypothec against the Issuer over the PAVI Shopping Complex. Bank of Valletta p.l.c. has agreed to postpone its general and special hypothecary rights against the Issuer under the BOV General Banking Facility to the general hypothecary rights and the special hypothecary rights over the PAVI Shopping Complex, to be registered against the Issuer in favour of the Security Trustee for the benefit of Bondholders.

PAVI SL also has an outstanding overdraft facility with Lombard Bank Malta p.l.c. (the “Lombard Overdraft Facility”) of Lm325,000 which facility is utilised for the general financing purposes of PAVI SL. The Lombard Overdraft Facility carries interest at a floating rate and the repayment of principal and interest thereon is secured by a general hypothec over all the property, present and future, of sureties Paul Gauci and his spouse Maria Elena Gauci and Victor Grech and his spouse Yvonne Grech, all jointly and severally between them, and by a special hypothec over ‘Ta’ Clara Farmhouse’ in Ramla Road, Maghtab, limits of Naxxar, property of spouses Gauci and over ‘Villa Yvonne’ in Triq il-Prinjol, Iklin, property of spouses Grech.

Other than as set out in the Prospectus the PAVI Group has no other material borrowings or indebtedness which are outstanding.

Reasons for the Offer and use of proceeds

The proceeds from the issue of the Bonds, net of expenses relating thereto, are expected to amount to Lm4,903,000. The net proceeds will be applied by the Issuer:

- as to approximately Lm1,900,000 in the repayment in full of the BOV Bridging Facility;
- as to approximately Lm1,910,000 to part finance the net balance due by the PAVI Group to Castellana (Malta) Limited. This relates principally to the balance due by the Issuer to Castellana (Malta) Limited of Lm3,160,000 on the reorganisation of the PAVI Group, including the acquisition of the PAVI Shopping Complex referred to on page 15 less advances made by PAVI SL to Castellana (Malta) Limited of Lm1,250,000 referred to on page 20 under “**Related party transactions**”. Castellana (Malta) Limited is in turn expected to utilise such funds in the payment in full of capital creditors relating to the acquisition, construction and completion of the Complex;
- as to approximately Lm580,000 to finance the payment of capital creditors relating to the operational assets owned by PAVI SL and PAVI BL (the subsidiaries of the Issuer);
- as to approximately Lm513,000 for the working capital purposes of the PAVI Group.

The cash flows expected to result from the application of the Bond proceeds in the manner identified above are set out in Annex 1 of the Prospectus.

The Directors consider that the Issuer’s asset base together with the proceeds of the Offering and the other sources of finance available to the Issuer will be adequate to meet the demands of its present business operations and immediate plans for the next twelve months.

8. INFORMATION ON THE ISSUER

History and development

The Issuer was registered in Malta as a private limited liability company under registration number C 41962 and is domiciled in Malta. It was incorporated on the 26 July 2007 for an unlimited duration in terms of the Companies Act, (Cap. 386, Laws of Malta) under which it is regulated. The status of the Issuer was changed to that of a public limited company on 27 September 2007 at which time the name of the Issuer was changed from “PAVI Shopping Complex Limited” to “PAVI Shopping Complex p.l.c.”.

The Issuer’s registered office and principal place of business is situated at ‘PAVI Shopping Complex’, Manuel Dimech Street, Qormi, Malta (telephone number + 356 22700000).

Reorganisation

The business of the PAVI Group was historically conducted through separate companies, Castellana (Malta) Limited and PAVI SL as to which there was no single parent company but which were separately owned by the Issuer’s shareholders, PG Holdings and Yvonvi. In order to facilitate the Bond Issue, prior to this Offering, PG Holdings and Yvonvi effected a reorganisation to create a group structure and whereby:

- The Issuer acquired the PAVI Shopping Complex from Castellana (Malta) Limited for the price of Lm8,400,000 (the “Purchase Price”) pursuant to a deed dated 17 August 2007 in the records of Notary Sam Abela. The Purchase Price was not payable on the relative deed of acquisition by the Issuer but remained outstanding and payable on demand. Pursuant to an agreement dated 17 August 2007 Castellana (Malta) Limited agreed in favour of the Issuer, which accepted to remit from the said Purchase Price the sum of Lm540,000, representing a deferred tax liability arising on the sale of the Complex.
- Pursuant to another deed dated 30 August 2007 in the records of Notary Sam Abela, Castellana (Malta) Limited assigned part of the balance of Purchase Price equivalent to Lm3,600,000 (the “Assignment Debt”) as to Lm1,800,000 in favour of PG Holdings and as to Lm1,800,000 in favour of Yvonvi for the price of Lm1,800,000 each.
- On 4 September 2007 the Issuer capitalised the Assignment Debt by the issue and allotment at par of 1,800,000 ordinary “A” shares of Lm1.00 each, as fully paid up, in favour of PG Holdings and 1,800,000 ordinary “B” shares of Lm1.00 each, as fully paid up, in favour of Yvonvi.
- Pursuant to an assignment agreement dated 20 August 2007 the Issuer acquired from Castellana (Malta) Limited a debt of Lm800,000 due by PG Holdings and Yvonvi (the “Shareholder Debt”) to Castellana (Malta) Limited for the price of Lm800,000.
- Pursuant to a share transfer agreement dated 25 September 2007 the Issuer acquired 400,000 ordinary “A” shares of Lm1.00 each, fully paid up, in PAVI SL from PG Holdings and 400,000 ordinary “B” shares of Lm1.00 each, fully paid up, in PAVI SL from Yvonvi, representing 100% of the issued and fully paid up share capital of PAVI SL for the price of Lm800,000 (the “Share Price”). Concurrently the Issuer, on the one hand, and PG Holdings and Yvonvi, on the other hand, set off the Shareholder Debt and the Share Price against each other.
- On 12 September 2007 the Issuer utilised an outstanding bridge loan facility with Bank of Valletta p.l.c. to finance approximately Lm1,900,000 from the balance due by the Issuer to Castellana (Malta) Limited in respect of the foregoing reorganisation transactions leaving a net balance due of Lm3,160,000.

The illustration of the reorganisation transactions, are set out in Annex 2 of the Prospectus.

The PAVI Shopping Complex

The PAVI Shopping Complex is centrally located in Manuel Dimech Street, Qormi covering approximately 13,800 sq.m. with an additional area of approximately 345 sq.m. comprising the access road leading to Lion Street, Qormi. The main façade of the complex has a frontage of 131m overlooking Manuel Dimech Street, a main distributor road connecting Qormi to Marsa and Hamrun.

The Complex's intermediate floor comprises an internal covered car park of 4,615 sq.m. with a further 6,375 sq.m. of car parking space situated on the Complex's roof. In total, these areas can accommodate approximately 500 car park spaces, amply supporting the Complex's needs even at peak times.

The area of approximately 13,800 sq.m. within the PAVI Shopping Complex shown shaded in green on the plan set out in Annex 6 of the Prospectus is held by the Issuer under title of absolute ownership, as freehold.

The additional area of approximately 345 sq.m. comprising the access road leading to Lion Street, Qormi is held by the Issuer under title of temporary emphyteusis for the period which remains from the original period of 150 years which commenced on 3 June 1963. This area is shaded in red on the plan set out in Annex 6 of the Prospectus and is subject *inter alia* to the condition that it shall be utilised as a private access road.

The PAVI Supermarket is located on the ground floor of the Complex and covers a sales area of 5,340 sq.m. finished to high standards and offering a wide range of food, household goods and other ancillary products.

The supermarket has been developed in a manner designed to attain in full the promoters' vision for the Complex. All food and non-food retail space within the PAVI Supermarket is situated on one floor and enjoys a logical layout and customer-friendly design. Twenty five check-out points facilitate customer flows minimising queues during peak shopping hours. To support its food retail operations, the supermarket has an extensive adjoining warehouse facility including ancillary stores and cold rooms on two floors covering an area of 2,813 sq.m.. The Complex also hosts a goods receiving area complete with large walk-in cold rooms covering an area of 2,172 sq.m.. In addition, administrative offices and other staff facilities cover an area of 1,980 sq.m..

PAVI BL, a subsidiary of the Issuer, operates the PAVI Bakery, a dedicated area of 1,170 sq.m., situated on the third floor of the Complex, fully equipped with state of the art bakery facilities and providing bakery, confectionery and food packing services which enhance the supermarket activities of the PAVI Group.

Apart from the PAVI Supermarket and an adjacent cafeteria, the Complex also includes a substantial volume of commercial and retail space spread over three floor levels dedicated to outlets designed to offer a mix of complementary retail and commercial facilities. The general ambience of the Complex is attractive and all external areas are fully landscaped. The Complex is owned by the Issuer and managed by PAVI SL to which the entire Complex area has been leased out by the Issuer as set out on page 20 of this Summary.

Business overview - Principal activities

The Issuer is the parent company of the PAVI Group, which includes its operating subsidiaries, PAVI SL and PAVI BL.

The principal business activities of the PAVI Group are:

- The retailing of food and non-food products, carried out in the main through PAVI SL which operates the PAVI Supermarket.
- Income-sharing arrangements with third party operators in respect of certain specialist activities carried out from within designated areas of the PAVI Supermarket.
- The management, operation and letting of other retail and commercial outlets within the PAVI Shopping Complex.

The PAVI Group's strategy for the Complex, based on the experience of its promoters Paul Gauci and Victor Grech, has been to build a major shopping centre around the PAVI Supermarket with a view to increasing customer flows by offering customers a comprehensive range of complimentary services and facilities.

The key strengths of the PAVI Group include:

- The central location of the PAVI Shopping Complex situated on a main arterial road system in Manuel Dimech Street, Qormi including ample parking facilities.
- A modern custom-built supermarket, the PAVI Supermarket, spread over one floor, including an adjoining bakery, warehouse and office amenities, with a focus on enhanced operational efficiency.
- Contracting of specialist activities to experienced third party operators on an income sharing basis with the aim of ensuring varied quality and fresh products to enhance customer satisfaction. This includes the butcher shop, the delicatessen counter, the fruit and vegetable counter, the fish shop and the pasta shop.
- A complementary shopping complex including retail and commercial outlets to meet the wider demands of customers.
- A suitably trained work-force.

9. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

Operating and financial review

Financial information about the Issuer is being incorporated by reference pursuant to Article 28 of the Regulation. Accordingly the audited statutory financial statements of PAVI Supermarkets Limited and PAVI Bakery Limited, for the financial periods ended 30 April 2007 are available for inspection as laid out on page 23 below of this Summary.

Prospects

Forecast or estimates

There have been no material adverse changes to the prospects of the Issuer since the date of the last published financial statements.

At the time of publication of the Prospectus, the Directors consider that the Company will be subject to the normal business risks associated with the retail industry in Malta and do not anticipate any trends, uncertainties, demands, commitments or events outside the ordinary course of business that could be deemed likely to have a material effect on the upcoming prospects of the Issuer and its business.

Extracts from the prospective consolidated financial information of the Issuer for the financial year ending 30 April 2008 are set out below:

The results for the first six months of operations which ended on 30 April 2007 and the forecast for the current financial year, are set out below. A further explanation of the assumptions underlining the Directors' forecast for the current year, and the Accountant's report thereon, are set out in Annexes 3 and 4 respectively of the Prospectus.

	Actual Period 30 April 2007	Forecast Year to 30 April 2008
	Lm'000	Lm'000
Turnover - retailing	3,811	7,919
Turnover - income sharing	901	1,325
Total turnover	4,712	9,244
Cost of sales	(3,972)	(7,639)
Gross contribution	740	1,605
Store running costs	(473)	(823)
Contribution - retailing	151	594
Contribution - income sharing	116	188
Total supermarket contribution	267	782
Outlet concession income	39	104
Administration costs	(189)	(254)
Gross operating profit	117	632
Depreciation	(122)	(253)
Bank and bond interest	(69)	(254)
Net results before taxation	(74)	125

The actual period ended 30 April 2007 relates to the first six month operational period commencing on 1 November 2006 to 30 April 2007.

As may be expected in any start-up situation, during the first six months of operations of the PAVI Supermarket, the PAVI Group was focused on the organisation and development of its operations and the implementation of its internal controls and systems. Sales performance was nevertheless strong, and the Directors have assumed continuity more or less at current levels, also adjusting for seasonal patterns, in drawing up the sales forecast for the current financial year.

The Directors attach great importance to the management of margins, and the Issuer's major operational objective for the current financial year, as illustrated by the Directors' forecast, is the attainment of a gross margin in the region of 18% on supermarket sales.

This improvement in margins is in part expected from the operational streamlining already implemented after the initial months of operations.

The control systems implemented by the PAVI Group to mitigate the risks inherent in the supermarket business, based, amongst others, on an integrated IT infrastructure, are today fully functioning and relate to:

- Stock records and control procedures based on bar coding of the vast majority of products and regular stocktaking including a custom built ordering system designed to continually monitor stock levels and sales, and to improve stock turnover and shelf management;
- Reliable security systems within the supermarket for the prevention and detection of pilferage and theft including tight physical and administrative controls at loading and receiving bays;
- Enhanced systems for the management and control of cash including 25 cash points and a pneumatic cash tube system for improved efficiency and security in the handling and transfer of cash;
- The sub-contracting of certain specialist areas of the supermarket as set out on page 38 of the Registration Document as a result of which the exposure to the risk associated with perishable foods is reduced considerably.

The IT infrastructure is supported by systems maintenance procedures and daily data back up, a full time in-house IT administrator and arrangements with specialist service providers for software and hardware support.

To ensure that all leading brands are offered, supplies are sourced from all leading food importers, and from SMA-Auchan, which in the current financial year is expected to account for circa 10% – 15% of purchases. The supermarket is well stocked and goods are displayed attractively, which serves to promote shopping of branded, higher margin goods. The Directors expect this trend to be maintained.

Further improvements in margins are expected from better shelf management and, in particular, as a result of the negotiation of more advantageous trade discounts on the basis of reduced settlement periods with suppliers. It is expected that the Bond Issue will assist the Issuer directly in improving its cash flow management, which would benefit from an additional funding in working capital. The end objective will be to establish and maintain reduced periods for the settlement of amounts due to suppliers which represents a marked departure on the patterns traditionally encountered within the market locally.

10. EMPLOYEES

As at July 2007 the PAVI Group employed a total staff complement of 122, of which 107 on a full-time basis. Apart from managing the Complex as a whole, the Group's workforce is predominantly engaged in the PAVI Supermarket and associated operations, including the PAVI Bakery. Regular training for employees engaged in the supermarket is conducted by the PAVI Group, occasionally with the expert assistance of SMA-Auchan, designed to improve service levels and customer satisfaction.

11. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

Interests of major shareholders

	As at 4 September 2007 ordinary shares
PG Holdings	1,800,250 ordinary 'A' shares (50%)
Yvonvi	1,800,250 ordinary 'B' shares (50%)

Related party transactions

The Issuer entered into a number of transactions in connection with the reorganisation described under the heading "Reorganisation" on page 15 of this Summary, with its shareholders, Yvonvi and PG Holdings, and with Castellana (Malta) Limited. Yvonvi and PG Holdings are also the shareholders of Castellana (Malta) Limited. In addition prior to this reorganisation, PAVI SL has made short term temporary advances of uncommitted funds amounting as at 30 April 2007 to Lm55,139 to Yvonvi and PG Holdings, and Lm800,000 to Castellana (Malta) Limited as indicated in note 14 of the pro forma consolidated financial information on page 104 of Annex 3. These funds are repayable on demand. Yvonvi and PG Holdings each hold 50% of the issued and fully paid up ordinary share capital in Castellana (Malta) Limited. Paul Gauci and Victor Grech who are directors of the Issuer and of its operating subsidiaries PAVI SL and PAVI BL are also directors of Castellana (Malta) Limited.

Apart from the Lm800,000 referred to above, since the commencement of operations to 30 April 2007, PAVI SL advanced a further net amount of Lm1,250,000 to Castellana (Malta) Limited. All those funds were utilised by Castellana (Malta) Limited to repay its bank loans and capital creditors principally related to the acquisition, construction and completion of the Complex. Castellana (Malta) Limited has delegated the Issuer to settle Lm1,250,000 of the balance due by the Issuer to Castellana (Malta) Limited in respect of the reorganisation transactions referred to on page 15. The balance of Lm800,000, is expected to increase to Lm920,996 by April 2008 in order to enable Castellana (Malta) Limited to meet all its financial obligations. After that date this amount is expected to be repaid as PAVI Group declares dividends to its shareholders, Yvonvi and PG Holdings. These will in turn transfer the funds to Castellana (Malta) Limited in settlement of liabilities that they currently have with this company. Castellana (Malta) Limited will then transfer the funds back to PAVI Group in settlement of the Lm920,996 due.

The PAVI Shopping Complex is leased by the Issuer, as the successor in title of Castellana (Malta) Limited, in favour of PAVI SL pursuant to a lease agreement dated 26 April 2007, originally entered into between Castellana (Malta) Limited and PAVI SL. The PAVI Supermarket which is included within the Complex is operated by PAVI SL directly, with the exception of those areas dedicated to certain specialist activities which are sub-contracted to third party operators on an income sharing basis. The operation and letting of a number of smaller outlets within

the Complex is managed by PAVI SL. As PAVI SL is a wholly owned subsidiary of the Issuer rent payable and other intragroup balances, transactions, income and expenditure between them are eliminated in full in the preparation and presentation of consolidated financial statements for the PAVI Group of which the Issuer is the parent company.

Pursuant to an agreement dated 1 August 2008 PAVI SL has granted Euston Co. Ltd a concession in respect of the operation of a retail area within the Complex measuring 35 sq.m. for the retailing of perfumery and cosmetic products. David Grech who is a director of the Issuer and its operating subsidiary, PAVI SL is also a director of Euston Co. Ltd and holds 50% of the issued and fully paid up ordinary share capital of Euston Co. Ltd. This concession has been entered into by PAVI SL upon terms typical of its other concession agreements with regard to duration, maintenance obligations, licensing, insurance and fees per square meter.

12. FINANCIAL INFORMATION

Pro forma historical financial information

The pro forma historical financial information of the Issuer is set out in Annex 3. There have been no significant changes to the financial or trading position of the Issuer since the end of the financial period to which the pro forma historical financial information relates.

Financial statements

Financial information about the Issuer is being incorporated by reference pursuant to Article 28 of the Regulation. Accordingly the audited statutory financial statements of PAVI SL and PAVI BL, for the financial periods ended 30 April 2007 are available for inspection as laid out on page 23 below of this Summary.

Auditing of historical annual financial information

The statutory consolidated and separate financial statements of PAVI SL and of PAVI BL for the period ended 30 April 2007 have been audited by PricewaterhouseCoopers.

No statutory financial statements have yet been drawn up for the Issuer, since the company was only incorporated on 26 July 2007.

Age of latest financial information

No statutory financial statements have yet been drawn up for the Issuer, since the Company was only incorporated on 26 July 2007.

The latest audited financial information available in respect of PAVI SL and PAVI BL, relates to the financial period ended on 30 April 2007 and was approved for issuance by the Boards of each respective company on 2 August 2007.

Interim and other financial information

No interim or other financial information has been issued by the Issuer since incorporation on 26 July 2007. No interim or other financial information has been issued by PAVI SL or PAVI BL, the Issuer's group undertakings since the audited statutory financial statements for the period ended 30 April 2007.

13. DETAILS ON THE OFFER

Admission to trading

Application has been made to the Listing Authority for the admission of the Bonds to listing on a second tier market and to the Malta Stock Exchange for the Bonds to be listed and traded on its Alternative Companies List.

Distribution

Placing Arrangements

The Issuer may enter into conditional placement agreements with Intermediaries prior to the commencement of the Offer Period whereby the Issuer binds itself to allocate to such Intermediaries, which shall bind themselves to purchase an amount not exceeding fifty per cent (50%) in aggregate of the Bonds on offer upon closing of subscription lists whereupon the Issuer shall complete the sale and each Intermediary shall settle the transaction by paying the Bond Offer Price in Maltese Liri for the Bonds subscribed.

During the Offer Period, Applications for subscription to the Bonds may be made through any of the Intermediaries whose names are set out in Annex 9 of the Prospectus.

Estimated expenses of the Offer

Professional fees, publicity, advertising, printing, listing, registration, sponsor, management, registrar fees and selling commission and other miscellaneous costs incurred in connection with this Offering, are estimated not to exceed Lm97,000 and shall be borne by the Issuer.

Selling commission is payable to Intermediaries. Each Intermediary shall be entitled to a selling commission payable on the value of the Bonds placed with subscribers applying through such Intermediaries.

14. ADDITIONAL INFORMATION

Share capital

The Issuer's authorised share capital as at the date of the Prospectus is Lm10,000,000 divided into 10,000,000 ordinary shares of Lm1.00 each. The Issuer's issued share capital as at the date of the Prospectus is 3,600,500 divided into 1,800,250 ordinary 'A' shares of Lm1.00 each and 1,800,250 ordinary 'B' shares of Lm1.00, which have been fully paid up rank *pari passu* between themselves and carry the right to vote at general meetings of the Company.

The Issuer has no other classes of shares in issue.

Memorandum and Articles of Association

The Memorandum and Articles of Association of the Issuer may be inspected, free of charge at the registered office of PAVI Shopping Complex p.l.c. at 'PAVI Shopping Complex', Manuel Dimech Street, Qormi, Malta.

Documents on Display

The following documents (or copies thereof), where applicable, may be inspected at the registered office of the Issuer at 'PAVI Shopping Complex', Manuel Dimech Street, Qormi, Malta:

- The Memorandum and Articles of Association of the Issuer;
- The accountant's report on the pro forma consolidated financial information of the Issuer dated 28 September 2007;
- The audited consolidated and separate financial statements of PAVI SL for the financial period ended 30 April 2007;
- The audited financial statements of PAVI BL for the financial period ended 30 April 2007;
- The accountant's report on the prospective financial information of the Issuer dated 28 September 2007;
- The deed of sale and purchase in respect of the PAVI Shopping Complex dated 17 August 2007;
- The share transfer agreement in respect of PAVI SL dated 25 September 2007;
- The architect's valuation report dated 27 September 2007;
- The Security Trust Deed dated 28 September 2007.

PART 2 - REGISTRATION DOCUMENT

This document is a Registration Document issued in accordance with the provisions of Chapter 17 of the Listing Rules issued by the Listing Authority and the Commission Regulation (EC) No. 809/2004 of 29 April 2004 (the “Regulation”) 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.

This Registration Document is issued pursuant to the requirements of listing rule 17.26 of the Listing Rules and contains information about PAVI Shopping Complex p.l.c. (the “Issuer”) as the issuer of securities for which application has been made for admission to listing on a second tier market and trading on the Alternative Companies List of the Malta Stock Exchange. This document should be read in conjunction with the most updated Securities Note issued by the Issuer from time to time that will provide the details of the securities to which it relates.

Application has been made to the Malta Stock Exchange for the Bonds to be listed and traded on its Alternative Companies List once the Bonds are authorised as admissible to listing by the Listing Authority. The Alternative Companies List is a second tier market which is a market designed primarily for companies to which a higher investment risk than that associated with established companies tends to be attached. A prospective investor should be aware of the potential risks in investing in such companies and should make the decision to invest only after careful consideration of all the information contained in the Prospectus as a whole and consultation with his or her own independent financial adviser.

The Listing Authority accepts no responsibility for the accuracy or completeness of this document 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 document.

This document is dated 28 September 2007.

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1. DEFINITIONS

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

“Act”	The Companies Act, 1995, Cap. 386, Laws of Malta;
“Advisers”	The Advisers to the Issuer whose names and addresses are set out under the heading “Advisers to the Issuer” on page 33 of this Registration Document;
“Alternative Companies List” or “ACL”	The list prepared and published by the Malta Stock Exchange as its second tier market in accordance with the Malta Stock Exchange Bye-Laws;
“Applicant”	A person or persons whose name or names (in the case of joint applicants) appear in the registration details of an Application Form;
“Application/s”	The application/s to subscribe for Bonds made by an Applicant by completing an Application Form and delivering it to the Registrar or to any of the Intermediaries;
“Application Form”	The form of application for subscription of the Bonds issued by the Issuer, a specimen of which is set out in Annex 8 of this Prospectus;
“Beneficiary”	A Bondholder whose interest in and benefit of the Trust Property is recognised by the Security Trustee by means of an appropriate entry in the register of Bondholders maintained at the Central Securities Depository of the MSE;
“Bond/s”	The amount of Bonds to be issued not exceeding in aggregate Lm5,000,000 (equivalent to €11,646,867) having a nominal value of Lm100 per Bond, bearing interest at the rate of 7% per annum and falling due for redemption on the Maturity Date at their nominal value;
“Bondholders”	The holders of the Bonds, each a “Bondholder”;
“Bond Issue”	The issue of Lm5,000,000 (equivalent to €11,646,867) 7% Secured Bonds due 2017 (subject to the Issuer’s option to redeem all or any part of the Bonds at their nominal value on the Optional Redemption Dates) of a nominal value of Lm100 per Bond;
“Bond Offer Price”	The price of Lm100 (equivalent to €233) for each Bond;
“Business Day”	Any day between Monday and Friday (both days included) on which commercial banks in Malta settle payments and are open for normal banking business;
“Central Securities Depository”	The central registration system for dematerialised financial instruments operated by the Exchange and set up in terms of the Financial Markets Act, 1990, (Cap. 345, Laws of Malta);
“Directors” or “Board”	The Directors of the Issuer whose names and addresses are set out under the heading “Directors of the Issuer” on page 45 of this Registration Document;
“Euro” or “€”	The single currency recognised as legal tender by the member countries of the European Monetary Union;
“Interest Payment Date”	26 October of each year, between 2008 and the year in which the Bonds are redeemed (both years included), 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;
“Intermediaries”	The financial intermediaries set out in Annex 9 of this Prospectus;
“Issuer” or “Company”	PAVI Shopping Complex p.l.c., a company registered in Malta with registration number C 41962;
“Listing Authority”	The MFSA, appointed as Listing Authority for the purposes of the Financial Markets Act, 1990, (Cap. 345, Laws of Malta) by virtue of L.N. 1 of 2003;
“Listing Rules”	The Listing Rules of the Listing Authority;
“Malta Stock Exchange”, “Exchange” or “MSE”	The Malta Stock Exchange established by the Financial Markets Act, 1990, (Cap. 345, Laws of Malta);

“Maltese Lira” or “Lm”	The lawful currency of the Republic of Malta as at the date of this Prospectus;
“Manager”	Charts Investment Management Service Limited which is authorised to conduct investment services business by the Malta Financial Services Authority;
“Maturity Date”	26 October 2017 (subject to the Issuer’s option to redeem all or any part of the Bonds at their nominal value on the Optional Redemption Dates by giving not less than sixty (60) days advance written notice to all Bondholders);
“MFSA”	The Malta Financial Services Authority established in terms of the Malta Financial Services Authority Act, 1988, (Cap. 330, Laws of Malta);
“Offer Period”	The period between 15 October and 19 October 2007 (or such earlier date as may be determined by the Issuer) during which the Bonds are on offer;
“Offering”	The invitation to subscribe for Bonds contained in this Prospectus;
“Optional Redemption Dates”	The dates falling on 26 October 2014, 26 October 2015 and 26 October 2016 when the Issuer may, at its option, redeem all or any part of the Bonds then outstanding at their nominal value by giving at least sixty (60) days advance written notice to all Bondholders;
“PAVI BL”	PAVI Bakery Limited, a company registered in Malta with registration number C 38920;
“PAVI Group”	The Issuer and its subsidiary undertakings (as defined in Article 2(2) of the Act), presently PAVI SL and PAVI BL;
“PAVI Shopping Complex” or “Complex” or “Hypothecated Property”	The shopping complex known as PAVI Shopping Complex without official number in Manuel Dimech Street, Qormi built on the site formerly occupied by the factory known as ‘Castellana’, an administration block and adjoining land which were originally built on two (2) adjoining plots of land known as ‘Ta’ L-Istabar’ in the limits of Qormi together measuring approximately fourteen thousand and thirty two square metres (14,032 sq.m.) shown shaded in green on the plan set out in Annex 6 of this Prospectus, bounded all together from the north and north-west by Manuel Dimech Street and on the north-east by government property as shown shaded in black and including also the area of approximately three hundred forty-five square metres (345 sq.m.) comprising the access road leading to Lion Street, Qormi, shaded in red on the said plan, which area is bordered on the east by Lion Street, on the south by property of Nylon Knitting Limited or its successors in title, shaded in grey, and on the north by a waterway shaded in black;
“PAVI Supermarket”	The supermarket outlined within the larger area shaded in green on the plan set out in Annex 6 of this Prospectus known as PAVI Supermarket situated within the PAVI Shopping Complex;
“PAVI SL”	PAVI Supermarkets Limited, a company registered in Malta with registration number C 29878;
“PG Holdings”	PG Holdings Limited, a company registered in Malta with registration number C 8569;
“Prepayment”	The early repayment of the principal amount of the Bonds in whole and all interests accrued up to the date of prepayment;
“Prospectus”	This document in its entirety, comprising the Summary, the Registration Document and the Securities Note;
“Redemption Value”	Lm100 (equivalent to €233) for each Bond;
“Registrar”	Central Securities Depository, Malta Stock Exchange, Garrison Chapel, Castille Place, Valletta CMR01;
“Registration Document”	The document set out as Part 2, on pages 24 to 53 (both pages included) of this Prospectus;
“Securities Note”	The document set out as Part 3, on pages 54 to 82 (both pages included) of this Prospectus;

“Security”	(i) The first general hypothec over all its present and future property by the Issuer; (ii) The first special hypothec over the Hypothecated Property; (iii) Any other document, real or personal right or property which the Security Trustee and the Issuer agree at any time is to be comprised within the “Security” for the purposes of the Security Trust Deed;
“Security Trust Deed”	The trust deed set out in Annex 7 of this Prospectus signed between the Issuer and the Security Trustee, dated 28 September 2007;
“Security Trustee”	Bank of Valletta p.l.c., which is authorised to conduct banking business by the Malta Financial Services Authority;
“Sponsor”	Charts Investment Management Service Limited which is authorised to conduct investment services business by the Malta Financial Services Authority;
“Summary”	The document set out as Part 1, on pages 1 to 23 (both pages included) of this Prospectus and which is also available separately from this Prospectus;
“Trust Property”	Initially the undertaking to grant the Security as stated in clause 2 of the Trust Deed and subsequently the rights emanating from the Security Trust Deed, including the rights attaching to and emanating from the Security;
“Terms and Conditions”	The terms and conditions of issue applicable to the Bonds as set out on pages 66 to 77 (both pages included) of the Prospectus;
“Yvonvi”	Yvonvi Limited, a company registered in Malta with registration number C 29814.

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

The Euro equivalents indicated in this Prospectus are included at the unalterable and irrevocably fixed conversion rate (“IFCR”) between the Euro and the Maltese Lira of €1 = Lm0.4293 adopted by the European Council according to the first sentence of Article 109I(4) of the Treaty establishing the European Community and are for information purposes only in accordance with the provisions of the Euro Adoption (Dual Display and Euro Pricing) Regulations (L.N. 4/2007). The target date of 1 January 2008 as the date on which Malta will adopt the Euro and the IFCR were confirmed by the Council of Ministers (ECOFIN) on 10 July 2007. When the Euro becomes the legal currency of Malta the Bonds will be redenominated in Euro and conversion from Maltese Lira into Euro shall take place at the IFCR on the date the Euro becomes legal tender in Malta in accordance with any applicable law and/or guidelines.

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.

2. RISK FACTORS

An investment in the Bonds involves certain risks including those described below. Prospective investors should carefully consider, with their own independent financial and other professional advisers, the following risk factors and other investment considerations as well as all the other information contained in this Prospectus before deciding to make an investment in the Bonds. Some of these risks are subject to contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingencies occurring. 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.

This document contains forward-looking statements, relating to the Issuer's objectives and plans, financial forecasts and other statements of expectation and belief, which can be identified by the use of forward-looking terminology such as "expect", "may", "will", "could", "intend", "estimate", or "anticipate", or the negative thereof or other variations or comparable terminology. Such projections do not bind the Issuer with respect to future results and no assurance can be given that future results or expectations covered by such forward-looking statements and forecasts will be achieved. These statements and forecasts by their nature involve substantial limitations, risks and uncertainties, certain of which are beyond the Issuer's control. The following factors could cause actual experience to vary materially from the matters covered in such forward-looking statements.

Risks relating to the Issuer

The PAVI Group is engaged in the management, operation and letting of retail areas within the PAVI Shopping Complex and the retailing of food, household goods and other ancillary products through the PAVI Supermarket. It generates its revenues from three business segments, namely (i) food and non-food retailing from the PAVI Supermarket; (ii) income sharing arrangements with specialised third party operators in respect of designated areas within the PAVI Supermarket; and (iii) the management, operation and letting of other retail and commercial outlets within the PAVI Shopping Complex as set out on page 37 of this Registration Document. The ability of the Issuer to meet its obligations in respect of the repayment of principal and interest under the Bonds punctually when due will be dependent on the receipt by it of income from the business activities of the PAVI Group and the ability of the PAVI group to generate and maintain revenues. The Issuer's projected revenues are set out under the heading "Forecasts or Estimates" on page 44 of this Registration Document. Projections in revenues are inherently subject to the risk of adverse unexpected events which may affect profitability.

Start-up business

The Issuer was incorporated on 26 July 2007 as a result of a group reorganisation and has no trading record. Its operating subsidiaries, PAVI SL and PAVI BL which were incorporated on 21 June 2002 and 15 June 2006 respectively commenced operations on 1 November 2006 and consequently the PAVI Group has no significant trading record. While the Issuer's business strategy is driven by its promoters, Paul Gauci and Victor Grech, who have significant experience in the retail and in the supermarket sectors respectively, the lack of maturity of the business gives rise to the risks and uncertainties typically associated with a start up company.

The supermarket sector

The supermarket and food retail industry is highly competitive and the PAVI Group faces substantial competitive pressures which could adversely affect the Issuer's results of operations and profitability. While recent trends reflect growth in the number of households, which may be expected to result generally in increased sales of food products and household related items, there can be no assurance that this trend will continue into the future. Moreover, the Maltese market remains limited in terms of its geographical scope.

The supermarket sector - continued

The principal competitive factors that affect the PAVI Group's business include location, quality, service, price and consumer loyalty to specific brands and stores. The PAVI Group competes against a wide variety of supermarkets and other retailing stores and expects to face increased competition as a result of the anticipated increase by local operators of the scale of their domestic activities and the anticipation that foreign operators will enter the Maltese market. Competitive pressures could result in a reduction in sales and also in a reduction in margins on a number of products which may affect the Issuer's ability to maintain or increase profitability. As such, therefore, the Issuer's ability to attract and maintain customers is dependent, in large part, upon a combination of price, quality, product mix, brand recognition, marketing and promotional strategies. Failure to achieve these objectives could impair the PAVI Group's ability to compete successfully and adversely affect the Issuer's business and profitability. Competition may also result in increased pressures on the availability and retention of skilled human resources.

Management of retail areas

The revenues derived by the PAVI Group from the management, operation and letting of the retail areas within the Complex are dependent on its ability to negotiate agreements with third parties on favourable terms and to secure renewals or enter into new agreements on the expiry of existing arrangements on equally or more favourable terms. At present practically all of the available retail space within the Complex is contracted to retail and commercial operators. While the Directors consider that there is currently a growing demand for quality retail space, future reduction in demand could push down revenues and reduce the ability of the Issuer to maintain its current occupancy levels. A downturn in customer flows generated by the supermarket business of the PAVI Group could also have an adverse impact on its ability to continue to secure the management, operation and letting of retail areas on economically favourable terms.

The PAVI Group's ability to maintain its income streams from the management, operation and letting of the retail areas within the Complex is also subject to counter-party risk such as the risk of early termination or default by third parties involved in the running of the retail and commercial areas within the Complex.

The Complex

The Complex is covered by planning permission for commercial purposes in the retail sector as set out in the Architect's valuation report dated 27 September 2007. Consequently the Architect's valuation is based on the open market value of the Complex for its existing use and assumes that the Complex can be used, for the foreseeable future, only for commercial purposes in the retail sector. The revenues which the directors expect to derive from the management, operation and letting of the retail areas within the Complex are also based on the existing use of the Complex.

In the event of default by the Issuer enforcement of the Security over the Hypothecated Property may not result in the realisation of the open market value of the Complex and the liquidation value of the Complex may be adversely affected by enforcement proceedings against the Issuer. Furthermore, enforcement of the Security over the Hypothecated Property may not result in the immediate realisation of the Complex and significant delays could be experienced in recovery by the Security Trustee of amounts secured under the Security Trust Deed.

Operational risks

In view of the nature of its food and non-food retailing business the supermarket activities of the PAVI Group inherently generates operational risks. These include the possibility of failing IT systems and other processes for storing and managing stocks of a vast range of products some of which are highly perishable. Such risks may result in the oversupply of perishable or slow-moving goods or in the failure to maintain adequate supplies to meet customer demand. Inadequate or failed systems to detect and prevent pilferage and other illicit activities may also result in the increased incidence of theft or fraud. Any of these events could potentially result in financial loss as well as reputational risk.

Operational risks - continued

The main measures implemented by the PAVI Group to mitigate such operational risks are set out on page 41 of this Registration Document.

General economic conditions

The Issuer's results of operations are substantially influenced by general economic conditions. Demand within the food retailing sector is relatively inelastic when compared to less essential consumer goods. Nevertheless in economic downturns the volume of sales as well as demand for higher-end or luxury products may be expected to decline. Specifically, consumer confidence and personal disposable income are influenced amongst other things, by economic factors such as inflation, interest rates, rates of taxation imposed both directly and indirectly on consumers, energy and fuel costs, wage rates, employment levels and the availability of consumer credit. Adverse changes in the economic climate in Malta could have a negative impact on the Issuer's operations.

Gearing and interest rate risk

The Issuer is anticipated to have net borrowings in the region of Lm5.6 million upon the issue and subscription of the Bonds and fully paid up issued share capital of Lm3.6 million. This represents a debt to equity ratio of approximately 60 : 40. While the Bonds are subject to a fixed rate of interest the Issuer utilises a bank overdraft facility which is subject to a floating rate of interest. From time to time the Issuer may therefore be exposed to interest rate risk.

Liquidity risk

PAVI SL has negotiated favourable credit and other terms and conditions, including discounts, with a significant number of suppliers. The variation of credit terms and discounts or the failure to renew such terms on equally or more favourable conditions may adversely affect the management of the Issuer's available free cash-flows which may from time to time result in liquidity strains.

Concentration of ownership and key individuals

Yvonvi and PG Holdings, each hold a 50% interest in the issued share capital of the Issuer. Yvonvi is in turn owned by Victor Grech and his spouse Yvonne Grech as to 50% each. Paul Gauci holds 100% of the voting shares in PG Holdings. Victor Grech and Paul Gauci who are also executive Directors of the Issuer together exercise effective control over the PAVI Group.

While the Directors of the Issuer undertake, save in the event of death or intervening court order, not to dispose of their interest in the securities of the Issuer for at least one (1) year from the date the Bonds are authorised as admissible to listing on the Alternative Companies List there can be no assurance that the foregoing individuals, will not, at any time following the lapse of the said one (1) year period, dispose of any interest, direct or indirect, in the securities of the Issuer and whether to a significant extent or otherwise. The Directors of the Issuer are not precluded from creating any pledge or other security interest over their ordinary shares in the Issuer.

One of the Issuer's primary strengths lies in the experience of its executive Directors, Paul Gauci, Victor Grech, David Grech and Caroline Grech who are considered to be important to the success of the Issuer's business. Victor Grech has over 25 years experience in the supermarket business while Paul Gauci has over 30 years experience in the retail sector. David Grech and Caroline Grech each have approximately 10 years experience in retailing and sales activities. The unexpected loss of any of the Issuer's executive Directors could have an adverse effect on the Issuer's operations.

Applicable law and regulation

Various aspects of the Issuer's business are subject to specific laws and regulation including consumer laws and licensing requirements. The Issuer is also subject to laws and regulations of general application such as taxation, health and safety and employment. The timing and effects of changes in the laws and regulations to which the Issuer is subject, including changes in the interpretation thereof, cannot be predicted, are beyond the control of the Issuer, and could have an adverse affect on the business, financial condition and profitability of the Issuer.

3. PERSONS RESPONSIBLE

This document includes information given in compliance with the Listing Rules of the Listing Authority for the purpose of giving information with regard to the Issuer. All of the Directors whose names appear on page 45 accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

4. STATUTORY AUDITORS

The financial statements of PAVI SL which is a wholly owned subsidiary of the Issuer for the periods ended 31 December 2004, 31 December 2005 and 30 April 2007 were approved on 2 August 2007 and have been audited by PricewaterhouseCoopers of 167, Merchants Street, Valletta, Malta. PricewaterhouseCoopers, which is a firm of certified public accountants holding a practicing certificate to act as auditors in terms of the Accountancy Profession Act, 1979 (Cap. 281, Laws of Malta). Financial statements in respect of earlier periods were audited by Horwath, Malta, which is a firm of certified public accountants holding a practicing certificate to act as auditors in terms of the Accountancy Profession Act, 1979 (Cap. 281, Laws of Malta).

The statutory financial statements of PAVI BL which is a wholly owned subsidiary of the Issuer for the period from its incorporation to 30 April 2007 were approved on 2 August 2007 and have been audited by PricewaterhouseCoopers of 167, Merchants Street, Valletta, Malta.

No statutory financial statements have yet been drawn up for the Issuer, since the Company was only incorporated on 26 July 2007.

5. ADVISERS TO THE ISSUER

Advisers to the Issuer

Reporting Accountants

PricewaterhouseCoopers
167, Merchants Street,
Valletta,
Malta.

Financial Advisers

Spiteri Bailey & Co.
Certified Public Accountants
Triq Dun Karm,
Birkirkara By Pass,
Birkirkara,
Malta.

Sponsor and Manager

Charts Investment Management Service Limited
18a, 3rd Floor, Europa Centre,
Floriana,
Malta.

Legal Advisers

- *Legal advisers to the Issuer*

Muscat Azzopardi & Associates
Advocates
7, The Firs, Borg Olivier Street,
Sliema,
Malta.

- *Legal advisers to the Issuer on the Bond Issue*

Zammit Pace & Co.
Advocates
215/1, Old Bakery Street,
Valletta,
Malta.

As at the date of this Registration Document, the advisers named herein under the heading “**Advisers to the Issuer**” have no beneficial interest in the share capital of the Issuer.

6. SELECTED FINANCIAL INFORMATION

Financial information about the Issuer is being incorporated pursuant to Article 28 of the Regulation.

The Issuer was incorporated as part of a group reorganisation exercise, undergone by Yvonvi and PG Holdings, the shareholders of Castellana (Malta) Limited and of PAVI SL. The Issuer's shareholders are also Yvonvi and PG Holdings.

This reorganisation exercise principally comprised:

- (i) the acquisition and transfer to the Issuer of the ‘PAVI Shopping Complex’ from Castellana (Malta) Limited on 17 August 2007; and
- (ii) the transfer of 100% of the issued and fully paid up share capital in PAVI SL to the Issuer from its shareholders, Yvonvi and PG Holdings on 25 September 2007.

The Directors of the Issuer consider the substance of these transactions as a ‘group restructuring’. In accordance with generally accepted accounting principles, these transactions have been accounted for in the pro forma consolidated financial statements as if they had occurred prior to the period reported. Accordingly, in order to provide more meaningful information to potential investors, the pro forma consolidated financial statements have been compiled on this basis.

No statutory financial statements have yet been drawn up for the Issuer since the Company was only incorporated on 26 July 2007. The Directors consider the pro forma consolidated financial statements, referred to above, to represent the historic financial information of the Issuer.

The audited financial statements for the financial periods ended 30 April 2007 of PAVI SL and PAVI BL, are available for inspection as laid out in Section 19 below of this Registration Document.

Extracts from the pro forma consolidated financial statements are set out below:

	16 month period ended 30 April 2007
	Lm'000
Turnover	4,712
Loss from operating activities	(5)
Loss before taxation	(74)
Loss for the period	(16)
Total assets less current liabilities	6,285
Non-current liabilities	(2,714)
Total equity	3,571

The reported results relate principally to the six month trading period commenced on 1 November 2006 to 30 April 2007.

7. INFORMATION ABOUT THE ISSUER

History and development of the Issuer

The Issuer was registered in Malta as a private limited liability company under registration number C 41962 and is domiciled in Malta. It was incorporated on 26 July 2007 for an unlimited duration in terms of the Companies Act, (Cap. 386, Laws of Malta) under which it is regulated. The status of the Issuer was changed to that of a public limited company on 27 September 2007 at which time the name of the Issuer was changed from “PAVI Shopping Complex Limited” to “PAVI Shopping Complex p.l.c.”.

The Issuer’s registered office and principal place of business is situated at PAVI Shopping Complex, Manuel Dimech Street, Qormi, Malta (telephone number + 356 22700000).

Reorganisation

The business of the PAVI Group was historically conducted through separate companies, Castellana (Malta) Limited and PAVI SL as to which there was no single parent company but which were separately owned by the Issuer’s shareholders, PG Holdings and Yvonvi. In order to facilitate the Bond Issue prior to this Offering, PG Holdings and Yvonvi effected a reorganisation to create a group structure as described under the heading “**Organisational structure**” on page 42 below and whereby:

- The Issuer acquired the PAVI Shopping Complex from Castellana (Malta) Limited for the price of Lm8,400,000 (the “Purchase Price”) pursuant to a deed dated 17 August 2007 in the records of Notary Sam Abela. The Purchase Price was not payable on the relative deed of acquisition by the Issuer but remained outstanding and payable on demand. Pursuant to an agreement dated 17 August 2007 Castellana (Malta) Limited agreed in favour of the Issuer, which accepted, to remit from the said Purchase Price the sum of Lm540,000, representing a deferred tax liability arising on the sale of the Complex.
- Pursuant to another deed dated 30 August 2007 in the records of Notary Sam Abela, Castellana (Malta) Limited assigned part of the balance of Purchase Price equivalent to Lm3,600,000 (the “Assignment Debt”) as to Lm1,800,000 in favour of PG Holdings and as to Lm1,800,000 in favour of Yvonvi for the price of Lm1,800,000 each.
- On 4 September 2007 the Issuer capitalised the Assignment Debt by the issue and allotment at par of 1,800,000 ordinary “A” shares of Lm1.00 each, as fully paid up, in favour of PG Holdings and 1,800,000 ordinary “B” shares of Lm1.00 each, as fully paid up, in favour of Yvonvi.
- Pursuant to an assignment agreement dated 20 August 2007 the Issuer acquired from Castellana (Malta) Limited a debt of Lm800,000 due by PG Holdings and Yvonvi (the “Shareholder Debt”) to Castellana (Malta) Limited for the price of Lm800,000.
- Pursuant to a share transfer agreement dated 25 September 2007 the Issuer acquired 400,000 ordinary “A” shares of Lm1.00 each, fully paid up, in PAVI SL from PG Holdings and 400,000 ordinary “B” shares of Lm1.00 each, fully paid up, in PAVI SL from Yvonvi representing 100% of the issued and fully paid up share capital of PAVI SL for the price of Lm800,000 (the “Share Price”). Concurrently the Issuer, on the one hand, and PG Holdings and Yvonvi, on the other hand, set off the Shareholder Debt and the Share Price against each other.
- On 12 September 2007 the Issuer utilised an outstanding bridge loan facility with Bank of Valletta p.l.c. to finance approximately Lm1,900,000 from the balance due by the Issuer to Castellana (Malta) Limited in respect of the foregoing reorganisation transactions leaving a net balance due of Lm3,160,000.

The illustration of the reorganisation transactions, are set out in Annex 2 of this Prospectus.

Investments

As a result of the reorganisation described above the Issuer acquired the PAVI Shopping Complex at its fair value of Lm8,400,000. The PAVI Shopping Complex which is spread over three floors measures approximately 29,056 sq.m. comprises the PAVI Supermarket measuring approximately 10,181 sq.m., profit-sharing outlets measuring in the aggregate approximately 797 sq.m., retail outlets measuring in the aggregate approximately 474 sq.m., a cafeteria measuring in the aggregate approximately 305 sq.m., a car-wash measuring approximately 183 sq.m., a parking area measuring approximately 15,633 sq.m., administration offices measuring approximately 351 sq.m. and surrounding areas.

The Issuer also acquired 100% of the issued and fully paid up share capital of PAVI SL for the price of Lm800,000.

The PAVI Shopping Complex and PAVI SL represent the Issuer's principal investments as at the date of this Registration Document. The Directors do not consider the funding requirements of any new investment for the period ending 30 April 2008 to be material and any such funding as may be required is expected to be met out of the Issuer's available cash flows or existing bank borrowing facilities.

8. BUSINESS OVERVIEW

Principal activities

Introduction

The Issuer is the parent company of the PAVI Group, which includes its operating subsidiaries, PAVI SL and PAVI BL.

The principal business activities of the PAVI Group are the retailing of food, household goods and other ancillary products, carried out in the main through PAVI SL which operates the PAVI Supermarket and the management, operation and letting of a number of smaller outlets within the PAVI Shopping Complex, which is owned by the Issuer and managed by PAVI SL.

The PAVI Group's strategy for the Complex has been to build a major shopping centre around the PAVI Supermarket with a view to increasing customer flows by offering customers a comprehensive range of complimentary services and facilities. This concept which has been pursued by the PAVI Group's two promoters, Paul Gauci and Victor Grech follows a business model often encountered in more developed markets overseas. Victor Grech has over 25 years experience in food and non-food retailing with Smart Supermarket an established supermarket business in Malta. Paul Gauci is an experienced retailer who has, over a 30 year business career, taken a leading role in the development and growth of the Big Bon group of companies amongst other business activities. The executive Directors of the Issuer, Victor Grech, Paul Gauci, David Grech and Caroline Grech are all involved in different areas of the day-to-day management and operations of the PAVI Group.

Location and title to the PAVI Shopping Complex

The PAVI Shopping Complex is centrally located in Manuel Dimech Street, Qormi covering approximately 13,800 sq.m. with an additional area of approximately 345 sq.m. comprising the access road leading to Lion Street, Qormi. The main façade of the Complex has a frontage of 131 m overlooking Manuel Dimech Street, a main distributor road connecting Qormi to Marsa and Hamrun. The access road at the back of the Complex leading on to Lion Street provides an alternative convenient exit route from the Complex. The Complex is located on a very strategic route at the junction of two main arterial roads, the Qormi By-Pass linking the north part of the Island to the south-western part, and the Mriehel By-Pass which links the north eastern localities to those of the south-eastern parts. These two main traffic network links passing on either side of the Complex guarantee ease of vehicular access to and from the Complex, rendering it ideal for retail activity.

The Complex's intermediate floor comprises an internal covered car park of 4,615 sq.m. with a further 6,375 sq.m. of car parking space situated on the Complex's roof. In total, these areas can accommodate approximately 500 car park spaces, amply supporting the Complex's needs even at peak times. A dedicated road network and traffic management system is in operation with separate entry and exit points to ease traffic flows and avoid congestion thereby allowing for easy vehicular accessibility throughout the Complex.

The area of approximately 13,800 sq.m. within the PAVI Shopping Complex shown shaded in green on the plan set out in Annex 6 of this Prospectus is held by the Issuer under title of absolute ownership, as freehold.

The additional area of approximately 345 sq.m. comprising the access road leading to Lion Street, Qormi is held by the Issuer under title of temporary emphyteusis for the period which remains from the original period of 150 years which commenced on 03 June 1963. This area is shaded in red on the plan set out in Annex 6 of this Prospectus and is subject inter alia to the condition that it shall be utilised as a private access road.

The PAVI Group's business activities

The PAVI Supermarket

The PAVI Supermarket is located on the ground floor of the Complex and covers a sales area of 5,340 sq.m. finished to high standards and offering a wide range of food, household goods and other ancillary products.

The supermarket has been developed in a manner designed to attain in full the promoters' vision for the Complex. All food and non-food retail space within the PAVI Supermarket is situated on one floor and enjoys a logical layout and customer-friendly design. Twenty five check-out points facilitate customer flows minimising queues during peak shopping hours.

To support its food retail operations, the supermarket has an extensive adjoining warehouse facility including ancillary stores and cold rooms on two floors covering an area of 2,813 sq.m. The Complex also hosts a goods receiving area complete with large walk-in cold rooms covering an area of 2,172 sq.m. In addition, administrative offices and other staff facilities cover an area of 1,980 sq.m.

PAVI BL, a subsidiary of the Issuer, operates the PAVI Bakery, a dedicated area of 1,170 sq.m., situated on the third floor of the Complex, fully equipped with state-of-the-art bakery facilities and providing bakery, confectionery and food packing services which enhance the supermarket activities of the PAVI Group.

While the operations conducted by PAVI SL and PAVI BL cover the major part of the supermarket and associated activities of the PAVI Group, they exclude certain specialist activities within the PAVI Supermarket which are sub-contracted to third party operators on an income sharing basis. These include the butcher shop, delicatessen counter, the fruit and vegetable counter, the pasta shop and the fish shop. The PAVI Group participates in these activities solely on an income-sharing basis. Experience within the industry has shown that these areas of the supermarket business require particular attention to ensure varied, quality and fresh products and that this focus is best attained through specialist and experienced operators. This approach better ensures the success of these retail food sectors and improves customer satisfaction. It also insulates the PAVI Group from the particular stock expiry and control risks associated with fresh and perishable foods generally. The only fresh foods directly retailed by the PAVI Group are bakery and dairy products, that are generally low value.

PAVI SL has also entered into a supply arrangement with Punto Franchising s.r.l., which operates the SMA-Auchan chain in Italy, for the supply and retailing of a wide variety of SMA-Auchan products in Malta. SMA-Auchan forms part of Groupe Auchan which is a major international food retailing business with interests across the hypermarket, supermarket, real estate and banking sectors and which has established a presence across 13 countries in Western Europe, Central and Eastern Europe and Asia. As at 28 June 2007 Groupe Auchan's supermarket business brings together 720 integrated points of sale in 6 countries, France, Spain, Italy, Poland, Morocco and Russia, and includes over 1,400 associated or franchised supermarkets in Italy, France and Spain. SMA-Auchan offers a range of low cost products with a strong focus on product selection and verification criteria as well as quality.

Other less significant activities carried out by PAVI SL include the development and retailing of PAVI branded food products.

The PAVI Shopping Complex

Apart from the PAVI Supermarket and an adjacent cafeteria, the Complex also includes a substantial volume of commercial and retail space spread over three floor levels dedicated to outlets designed to offer a mix of complementary retail and commercial facilities. The general ambience of the Complex is attractive and all external areas are fully landscaped. The Complex is owned by the Issuer and managed by PAVI SL to which the entire Complex area has been leased out by the Issuer as set out on page 49 of this Registration Document.

Existing outlets within the Complex include a florist, telecommunications and fashion-related shops together with a cafeteria with a dispensing bar and food preparation area. Tenants and operators include the following:

Name of tenant / operator	Operation	Size (sq.m)
Portugues Laundry and Dry Cleaners	laundry and dry cleaners	23
Mark A. Attard Trading Limited (trading as Shoe Mark)	shoe shop	151
Maltacom p.l.c.	telecoms outlet and customer care centre	37
Bank of Valletta p.l.c.	banking and ATM services	15
Euston Company Limited (trading as Heavenscent Perfumery)	perfumery	35
Miller Distributors Limited (trading as Agenda Book Shop)	newsagent and bookshop	155
Alistair Fenech (trading as Alistair Florist)	florist	21
Viron Company Limited	car wash	183

This aspect of the PAVI Group's business offers the prospect for further development and new retail outlets are expected over the next twelve to thirty-six months. These include the opening of:

- A quick service restaurant having a large play area for its customers has been leased out to First Foods Franchises Limited, operators of the McDonald's fast food chain in Malta. This development is covered by an outline development permit issued by the Malta Environment and Planning Authority ("MEPA") to the Issuer. The lease agreement with First Foods Franchises Limited is subject to the Issuer obtaining a full MEPA permit by November 2007.
- A DIY (do-it-yourself) centre, planned for 2008.
- Additional commercial outlets, in 2008, 2009 and 2010, including a wine cellar and other specialist catering facilities.

Business strategy

The strategy of the PAVI Group is to focus its operational activities on areas closely aligned to its core expertise and to attain an adequate spread of risk. Revenue is generated from three business segments namely:

- The retailing of food and non-food products, carried out in the main through PAVI SL which operates the PAVI Supermarket;
- Income-sharing arrangements with third party operators in respect of certain specialist activities carried out from within designated areas within the PAVI Supermarket;
- The management, operation and letting of other retail and commercial outlets within the PAVI Shopping Complex.

The relative importance of each of these business segments is best illustrated by the planned use of the space available within the Complex assuming the further commercial development within the Complex and described above is completed:

	sq.m.	%
Supermarket retail area		
Own operation	3,685	59
Sub-contracted to specialist operator	797	13
Other commercial, retail and catering areas	1,786	28
Total productive area	6,268	100
Bakery, stores, administration and car park	22,788	
Total Complex	29,056	

Overview of current operations

The financial year end of the Issuer is 30 April.

Extracts from the forecast consolidated financial statements of the Issuer for the financial year ending 30 April 2008 are set out below:

The results for the first six months of operations which ended on 30 April 2007 and the forecast for the current financial year, are set out below. A further explanation of the assumptions underlining the Directors' forecast for the current year, and the Accountant's report thereon, are set out in Annexes 3 and 4 respectively of this Prospectus.

	Actual Period 30 April 2007	Forecast Year to 30 April 2008
	Lm'000	Lm'000
Turnover - retailing	3,811	7,919
Turnover - income sharing	901	1,325
Total turnover	4,712	9,244
Cost of sales	(3,972)	(7,639)
Gross contribution	740	1,605
Store running costs	(473)	(823)
Contribution - retailing	151	594
Contribution - income sharing	116	188
Total supermarket contribution	267	782
Outlet concession income	39	104
Administration costs	(189)	(254)
Gross operating profit	117	632
Depreciation	(122)	(253)
Bank and bond interest	(69)	(254)
Net results before taxation	(74)	125

The actual period ended 30 April 2007 relates to the first six month operational period commencing on 1 November 2006 to 30 April 2007.

As may be expected in any start-up situation, during the first six months of operations of the PAVI Supermarket, the PAVI Group was focused on the organisation and development of its operations and the implementation of its internal controls and systems. Sales performance was nevertheless strong, and the Directors have assumed continuity more or less at current levels, also adjusting for seasonal patterns, in drawing up the sales forecast for the current financial year.

The Directors attach great importance to the management of margins, and the Issuer's major operational objective for the current financial year, as illustrated by the Directors' forecast, is the attainment of a gross margin in the region of 18% on supermarket sales.

This improvement in margins is in part expected from the operational streamlining already implemented after the initial months of operations.

The control systems implemented by the PAVI Group to mitigate the risks inherent in the supermarket business, based, amongst others, on an integrated IT infrastructure, are today fully functioning and relate to:

- stock records and control procedures based on bar coding of the vast majority of products and regular stocktaking including a custom built ordering system designed to continually monitor stock levels and sales, and to improve stock turnover and shelf management;
- reliable security systems within the supermarket for the prevention and detection of pilferage and theft including tight physical and administrative controls at loading and receiving bays;
- enhanced systems for the management and control of cash including 25 cash points and a pneumatic cash tube system for improved efficiency and security in the handling and transfer of cash;
- the sub-contracting of certain specialist areas of the supermarket as set out on page 38 of this Registration Document as a result of which the exposure to the risk associated with perishable foods is reduced considerably.

The IT infrastructure is supported by systems maintenance procedures and daily data back up, a full time in-house IT administrator and arrangements with specialist service providers for software and hardware support.

To ensure that all leading brands are offered, supplies are sourced from all leading food importers, and from SMA-Auchan, which in the current financial year is expected to account for circa 10 - 15 % of purchases. The supermarket is well stocked and goods are displayed attractively, which serves to promote shopping of branded, higher margin goods. The Directors expect this trend to be maintained.

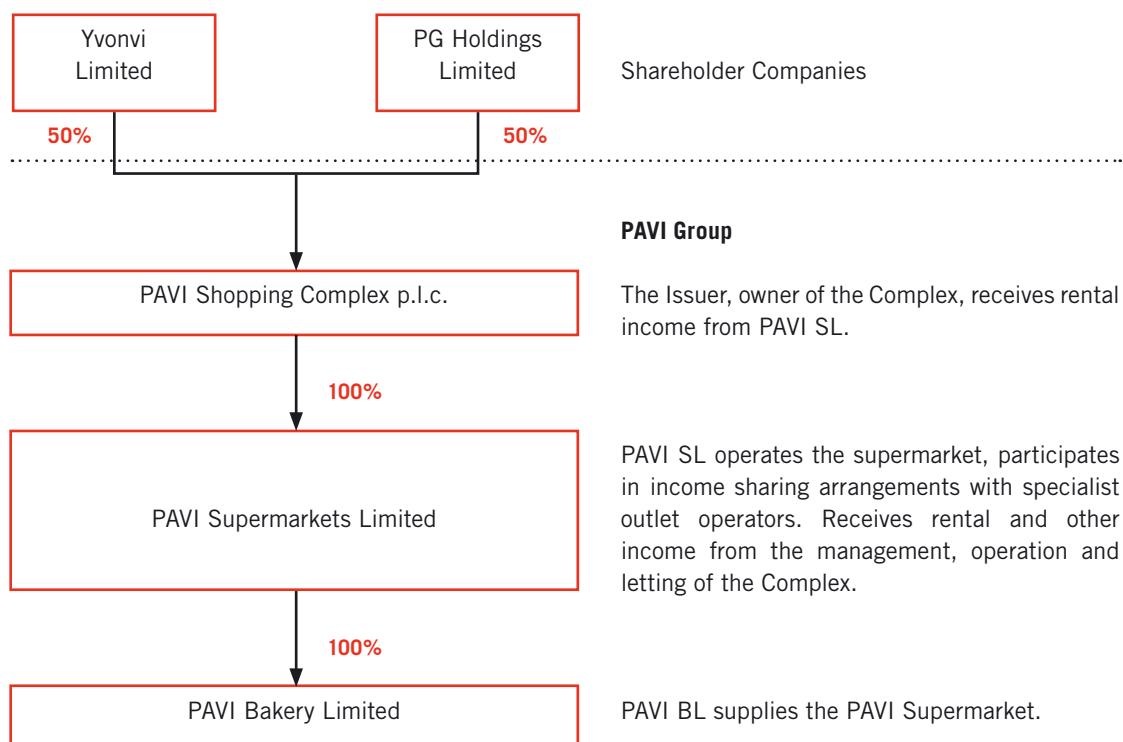
Further improvements in margins are expected from better shelf management and, in particular, as a result of the negotiation of more advantageous trade discounts on the basis of reduced settlement periods with suppliers. It is expected that the Bond Issue will assist the Issuer directly in improving its cash flow management, which would benefit from an additional funding in working capital. The end objective will be to establish and maintain reduced periods for the settlement of amounts due to suppliers which represents a marked departure on the patterns traditionally encountered within the market locally.

Principal markets

The Issuer operates exclusively in and from Malta.

9. ORGANISATIONAL STRUCTURE

The organisational structure of the PAVI Group, including the roles of the Issuer and its operating subsidiaries, following the reorganisation described on page 35 under the heading “**Reorganisation**”, is illustrated in the diagram below:



10. TREND INFORMATION

No statutory financial statements have yet been drawn up for the Issuer, since the Company was only incorporated on 26 July 2007. The consolidated financial statements of PAVI SL which is a wholly owned subsidiary of the Issuer for the period ended 30 April 2007 were approved on 2 August 2007. The statutory financial statements of PAVI BL which is a wholly owned subsidiary of the Issuer for the period from its incorporation to 30 April 2007 were approved on 2 August 2007.

There have been no material adverse changes to the prospects of the Issuer since the date of the last published financial statements.

At the date of publication of this Registration Document, the Directors consider that the Issuer will be subject to the normal risks associated with the retail and supermarket industry in Malta and do not anticipate any trends, uncertainties, demands, commitments or events outside the ordinary course of business that could be deemed likely to have a material effect on the upcoming prospects of the Issuer and its business for at least the current financial year.

The following is an overview of the developments expected in the key areas of operation of the Issuer beyond the current financial year.

The Issuer's continued development beyond 30 April 2008 is expected to hinge around three key strategic objectives – sales maximisation, the improvement of operating margins and the further exploitation of areas suitable for retail development within the Complex expected between 2008 and 2010.

Sales maximisation

The Directors expect that over the years, subject to general economic conditions, and apart from the effects of inflation, sales of food products and household related items will continue to increase. Moreover, increases in affluence are leading to changes in domestic consumption patterns, with slow but steady decreases in the consumption of certain traditional low-end products that are gradually being replaced by more sophisticated luxury-end products.

The Directors consider that the PAVI Supermarket is well placed to benefit from economic and social development as it enjoys the management skills, space, customer footfall, working capital and IT infrastructure necessary to capitalise on changes in consumption patterns and to innovate by bringing new products to the market. Moreover the Directors are confident of the PAVI Supermarket's ability to compete in the market, to keep abreast of trends in consumer patterns and to offer a combination of price, quality, product mix and brand recognition to meet customer demand.

Longer term growth in operating margins

The second strategic objective of the Issuer is that of securing continued improvement in operating margins through better logistics and enhanced operational efficiency principally as a result of better shelf management and the negotiation of more advantageous trade discounts on the basis of reduced settlement periods with suppliers.

While such improvements will necessarily become more contained as the business matures, the Directors are confident that there will remain scope for improvement going beyond the actions envisaged in the shorter term.

Further development of retail space with the Complex

The Directors consider the extent of the Complex to be adequate and suitable to meet the Issuer's plans for future expansion. A number of additional retail and commercial outlets, are expected to be developed in the course of 2008, 2009 and 2010 which are still subject to MEPA permits. These include the opening of a quick service restaurant which has been contracted to First Foods Franchises Limited, operators of the McDonald's food chain in Malta, a DIY centre, and further commercial outlets, including a wine cellar and other specialist catering units. These developments are expected to exploit the full potential of the Complex and, subject to continued demand for quality retail space, may be expected to materially enhance the rental and other income of the PAVI Group.

11. FORECASTS OR ESTIMATES

No statutory financial statements have yet been drawn up for the Issuer, since the Company was only incorporated on 26 July 2007. The consolidated financial statements of PAVI SL which is a wholly owned subsidiary of the Issuer for the period ended 30 April 2007 were approved on 2 August 2007. The statutory financial statements of PAVI BL which is a wholly owned subsidiary of the Issuer for the period from its incorporation to 30 April 2007 were approved on 2 August 2007.

There have been no material adverse changes to the prospects of the Issuer since the date of the last published financial statements.

At the time of publication of the Prospectus, the Directors consider that the Company will be subject to the normal business risks associated with the retail industry in Malta and do not anticipate any trends, uncertainties, demands, commitments or events outside the ordinary course of business that could be deemed likely to have a material effect on the upcoming prospects of the Issuer and its business.

Extracts from the prospective consolidated financial information of the Issuer for the financial year ending 30 April 2008 are set out below:

	Forecast year ended 30 April 2008
	Lm'000
Turnover	9,244
Profit from operating activities	379
Profit before taxation	125
Profit for the year	81
Total assets less current liabilities	9,210
Non-current liabilities	(5,558)
Total equity	3,652

The forecast year ended 30 April 2008 relates to the first full twelve month operational period from 1 May 2007 to 30 April 2008.

Prospective financial information about the Issuer for the financial year ending 30 April 2008 are set out in Annex 4 of the Prospectus.

12. ADMINISTRATIVE, MANAGEMENT & SUPERVISORY BODIES

The Directors, other than the first Directors who are appointed pursuant to the Issuer's memorandum of association are appointed at the annual general meeting of the Issuer. In accordance with the Issuer's articles of association the holder or holders of a majority of the ordinary "A" class of shares and the holder or holders of a majority of the ordinary "B" class of shares shall each be entitled to elect 2 Directors at the annual general meeting of the Issuer. Up to a maximum of 2 other directors may be appointed by the holder or holders of a majority of the ordinary "A" class of shares and the holder or holders of a majority of the ordinary "B" class of shares acting together at the annual general meeting of the Issuer.

The chairman of the Board, is, in terms of the articles of association of the Issuer, appointed by the Directors from amongst their number. The current chairman appointed by the Board is Paul Gauci.

The Directors are responsible for the general governance of the Issuer, for setting its strategic aims, for its proper administration and management and for the general supervision of its affairs.

Directors of the Issuer

As at the date of this Prospectus the Board of the Issuer is composed of the following persons:

Executive Directors

Paul Gauci of Ta' Clara Farmhouse, Ramla Road, Maghtab, Malta. Mr. Gauci who is a director and chairman of the Issuer, founded the PAVI Group together with Victor Grech and is one of the driving forces behind the Issuer. Paul Gauci is also a director of PAVI SL and PAVI BL. He is also a director of Big Bon Finance p.l.c., a public company whose bonds are listed and traded on the Alternative Companies List of the Malta Stock Exchange. Mr. Gauci also holds directorships in Embassy Limited and Peninsula Holdings Limited, owner of the Westin Dragonara Resort in Malta. Paul Gauci has been actively involved in the business development of the main operations of the Big Bon group of companies for the last 30 years.

Victor Grech of "Yvonne", Triq il-Prinjol, Iklin, Malta. Mr. Grech who is managing director of the Issuer founded the PAVI Group together with Paul Gauci and is also a driving force behind the Issuer. As managing director, Mr. Grech is responsible amongst others for overseeing the implementation of the Directors' strategy for the PAVI Group. Mr. Grech has over 25 years experience in the supermarket business having, between 1981 and 2005, occupied various senior posts, including that of managing director with Smart Supermarket. Victor Grech is also a director of PAVI SL and PAVI BL.

David Grech of "Ricordi", B. Bontadini Street, B'Kara, Malta. Mr. Grech is a director of the Issuer and of PAVI SL with responsibility for the purchasing department within the PAVI Supermarket. Mr. Grech has over 10 years experience in retailing. He is also a director of Euston Co. Ltd which operates a retail and wholesale business of perfumery and cosmetic products and souvenirs. Between 1994 and 1999 Mr. Grech was employed as a sales representative with a major food importer and distributor.

Caroline Grech of "Yvonne", Triq il-Prinjol, Iklin, Malta. Ms. Grech is a director of the Issuer and PAVI SL with responsibility for the human resources and customer care divisions within the PAVI Group. She also brings with her approximately 10 years experience having worked as sales coordinator, with responsibility for coordinating sales and logistics, with a local beverage producer between 2000 and 2005. Previously Ms. Grech worked in the hospitality sector.

Non-Executive Directors

Lawrence Zammit MA (Econ) of 26, Triq il-Bramel, Swieqi, Malta. Mr. Zammit who is a non-executive director of the Issuer is an Economics graduate of the University of Malta and a director and co-founder of MISCO, a company that provides research, consultancy, training and executive recruitment services. He is also Chairman of Air Malta p.l.c. and of the Big Bon group of companies and holds a number of other directorships, including director of Grand Harbour Marina p.l.c., Mariner Finance p.l.c., Big Bon Finance p.l.c., Vilhena Funds SICAV p.l.c. and Shield Insurance p.l.c. of Guernsey. Over the past five years Mr. Zammit has also held other directorships including Chairman of the Malta Development Corporation, director of Malta Enterprise Ltd and International Hotels Investments p.l.c. and Deputy Chairman of APS Bank Limited.

William Spiteri Bailey F.I.A., C.P.A., M.I.M., C.S.A. of "Primavera" 404, M.A. Grima Street, Pembroke, Malta. Mr. Spiteri Bailey who is a non-executive director of the Issuer is a warranted certified public accountant and a registered auditor with 19 years experience and a member of the Council of the Malta Institute of Accountants. He is managing partner of the audit and accountancy firm Spiteri Bailey & Co., having previously been a partner with the audit and accountancy firm Gatt Galea & Co. and a supervisor with Price Waterhouse (Malta). Between 1992 and 1996 Mr. Spiteri Bailey worked as financial controller of the Big Bon group of companies.

Company Secretary

Antonio Depasquale holds a B.A. degree in Law and Philosophy as well as the Diploma of Notary Public from the University of Malta and was appointed company secretary of the Issuer on 26 July 2007. He also serves as company secretary to the Issuer's operating subsidiaries, PAVI SL and PAVI BL.

Senior Management

As at the date of this Registration Document, the senior management of the PAVI Group is composed of the following:

Paul Gauci, chairman.

Victor Grech, managing director.

David Grech, director, purchasing department.

Caroline Grech, director, human resources and customer care.

Malcolm Bondin, B.Com, B.Accty. (Hons), MIA, C.P.A., group financial controller, joined the PAVI Group as financial controller in 2006. Throughout the years he has held several posts as accountant and assistant financial controller and has also worked as an auditor.

Godwin Cutajar, assistant financial controller, joined the PAVI Group as assistant to the financial controller in 2007. Having worked in the wholesale and catering industry he has held several posts amongst which those of financial controller and administrative manager with responsibility for debtors and creditors control, stock control, payroll and costing.

Adrian Gauci, joined the PAVI Group in 2006 as information technology manager. Holding various certificates in the field of information technology he has over eleven years experience in IT related environments particularly in hardware and software and network consultancy and support.

Ryan Bonnici, joined the PAVI Group in 2007 as the PAVI Supermarket's floor manager. He has worked in the supermarket industry for the past five years and has held various managerial posts within the operations department, human resources department and the purchasing department.

Luke Spiteri, joined the PAVI Group in 2006 and was appointed loading bay manager of the PAVI Supermarket last October, 2006. He has experience in the field of insurance and was trained in insurance sales and marketing and in compliance procedures.

Each of the foregoing individuals under the headings **"Directors of the Issuer"** and **"Senior management"** have their business address at PAVI Shopping Complex, Manuel Dimech Street, Qormi, Malta.

As at July 2007 the PAVI Group employed a total staff complement of 122, of which 107 on a full-time basis. Apart from managing the Complex as a whole, the Group's workforce is predominantly engaged in the PAVI Supermarket and associated operations, including the PAVI Bakery. Regular training for employees engaged in the supermarket is conducted by the PAVI Group, occasionally with the expert assistance of SMA-Auchan designed to improve service levels and customer satisfaction.

Interests of Directors

Paul Gauci holds 100% of the voting shares in PG Holdings. Reference is made to the heading **"Major shareholders"** on page 49 of this Registration Document in relation to the shareholding of PG Holdings in the Issuer.

Victor Grech and his spouse Yvonne Grech each hold 50% of the shares in Yvonvi. Reference is made to the heading **"Major shareholders"** on page 49 of this Registration Document in relation to the shareholding of Yvonvi in the Issuer.

Save for the matters disclosed above under the heading **"Interests of directors"** and on page 49 under the headings **"Interests of major shareholders"** and **"Related party transactions"** there are no known potential conflicts of interests between any duties to the Issuer of the persons referred to on page 45 under the headings **"Directors of the Issuer"** and their private interests and/or other duties.

Remuneration of Directors and Senior Management

The Board determines the remuneration of both executive and non-executive directors. Victor Grech, David Grech and Caroline Grech each hold an indefinite contract of service with the Issuer. Paul Gauci does not hold a contract of service with the Issuer.

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

The aggregate annual emoluments of the Directors for the financial period ended 30 April 2007 amounted to Lm28,097.

13. BOARD PRACTICES

The Board is committed to following best practice in corporate governance and is endeavouring to adopt the Code of Principles of Good Corporate Governance (the “Code”).

Board Committees

The Directors have established an Audit Committee and a Remuneration Committee as committees of the Board. The Issuer considers that its non-executive directors have the necessary experience, independence, and standing to hold office as members on both the Audit and the Remuneration Committee.

Audit Committee

The Audit Committee assists the Directors in conducting their role effectively so that the Company’s decision-making capability and the accuracy of its reporting and financial results are maintained at a high level at all times. The Audit Committee is responsible, amongst others, for reviewing the Issuer’s internal procedures, assessing the effectiveness of the Issuer’s internal control and risk management systems and monitoring the integrity and effectiveness of the Issuer’s financial reporting.

The Audit Committee meets at least once every two months. Meetings may be convened at the request of any of its members or at the request of the external auditors. The Issuer’s external auditors may be invited to attend meetings of the Audit Committee on a regular basis.

As at the date of this Registration Document the members of the Audit Committee are William Spiteri Bailey F.I.A., C.P.A., M.I.M., C.S.A. as chairman and Lawrence Zammit MA (Econ) and Paul Gauci as members.

Remuneration Committee

The Remuneration Committee has as its primary purpose the functions of devising the appropriate packages needed to attract, retain and motivate executive directors and senior employees with the right qualities and skills for the proper management of the Issuer. The Remuneration Committee makes proposals to the Directors on the remuneration policy of executive directors and senior management and reviews the ongoing appropriateness and relevance of the Issuer’s remuneration policy. It is also responsible for reviewing the wider remuneration policy across the PAVI Group and to make recommendations to the Directors on any changes it considers appropriate in employee remuneration and benefit structures throughout the PAVI Group.

The Remuneration Committee meets at least twice a year and at such other times as appropriate. Meetings may be convened at the request of any of its members.

As at the date of this Registration Document the members of the Remuneration Committee are Lawrence Zammit MA (Econ) as chairman and William Spiteri Bailey F.I.A., C.P.A., M.I.M., C.S.A. and David Grech as members.

14. MAJOR SHAREHOLDERS

Interests of major shareholders

**As at 4 September 2007
ordinary shares**

PG Holdings	1,800,250 ordinary 'A' shares (50%)
Yvonvi	1,800,250 ordinary 'B' shares (50%)

The risks associated with the concentration of ownership in the hands of any of the Issuer's shareholders are described on page 31 of the Prospectus under the heading **"Concentration of ownership and key individuals"**.

The Issuer considers that its non-executive directors, who hold office as members of the Audit and Remuneration Committees as set out on page 48, have the necessary experience, independence, and standing to balance any possible concentration of authority on the Board resulting from the concentration of ownership in the hands of the Issuer's shareholders.

Related party transactions

The Issuer entered into a number of transactions in connection with the reorganisation described under the heading **"Reorganisation"** on page 35 of this Registration Document, with its shareholders, Yvonvi and PG Holdings, and with Castellana (Malta) Limited. Yvonvi and PG Holdings are also the shareholders of Castellana (Malta) Limited. In addition prior to this reorganisation, PAVI SL has made short term temporary advances of uncommitted funds amounting as at 30 April 2007 to Lm55,139 to Yvonvi and PG Holdings, and Lm800,000 to Castellana (Malta) Limited as indicated in note 14 of the pro forma consolidated financial information on page 104 of Annex 3. These funds are repayable on demand. Yvonvi and PG Holdings each hold 50% of the issued and fully paid up ordinary share capital in Castellana (Malta) Limited. Paul Gauci and Victor Grech who are directors of the Issuer and of its operating subsidiaries PAVI SL and PAVI BL are also directors of Castellana (Malta) Limited.

Apart from the Lm800,000 referred to above, since the commencement of operations to 30 April 2007, PAVI SL advanced a further net amount of Lm1,250,000 to Castellana (Malta) Limited. All those funds were utilised by Castellana (Malta) Limited to repay its bank loans and capital creditors principally related to the acquisition, construction and completion of the Complex. Castellana (Malta) Limited has delegated the Issuer to settle Lm1,250,000 of the balance due by the Issuer to Castellana (Malta) Limited in respect of the reorganisation transactions referred to on page 35. The balance of Lm800,000, is expected to increase to Lm920,996 by April 2008 in order to enable Castellana (Malta) Limited to meet all its financial obligations. After that date this amount is expected to be repaid as PAVI Group declares dividends to its shareholders, Yvonvi and PG Holdings. These will in turn transfer the funds to Castellana (Malta) Limited in settlement of liabilities that they currently have with this company. Castellana (Malta) Limited will then transfer the funds back to PAVI Group in settlement of the Lm920,996 due.

The PAVI Shopping Complex is leased by the Issuer, as successor in title of Castellana (Malta) Limited, in favour of PAVI SL pursuant to a lease agreement, dated 26 April 2007 originally entered into between Castellana (Malta) Limited and PAVI SL. The PAVI Supermarket which is included within the Complex is operated by PAVI SL directly, with the exception of those areas dedicated to certain specialist activities which are sub-contracted to third party operators on an income sharing basis. The operation and letting of a number of smaller outlets within the Complex is managed by PAVI SL. As PAVI SL is a wholly owned subsidiary of the Issuer rent payable and other intragroup balances, transactions, income and expenditure between them are eliminated in full in the preparation and presentation of consolidated financial statements for the PAVI Group of which the Issuer is the parent company.

Pursuant to an agreement dated 1 August 2008 PAVI SL has granted Euston Co. Ltd a concession in respect of the operation of a retail area within the Complex measuring 35 sq.m. for the retailing of perfumery and cosmetic products. David Grech who is a director of the Issuer and its operating subsidiary, PAVI SL is also a director of Euston Co. Ltd and holds 50% of the issued and fully paid up ordinary share capital of Euston Co. Ltd. This concession has been entered into by PAVI SL upon terms typical of its other concession agreements with regard to duration, maintenance obligations, licensing, insurance and fees per square meter.

15. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES

Pro forma historical financial information

The pro forma historical financial information of the Issuer is set out in Annex 3. There have been no significant changes to the financial or trading position of the Issuer since the end of the financial period to which the pro forma historical financial information relates.

Financial statements

Financial information about the Issuer is being incorporated by reference pursuant to article 28 of the Regulation. Accordingly the audited statutory financial statements of PAVI Supermarkets Limited and PAVI Bakery Limited, for the financial periods ended 30 April 2007 are available for inspection as laid out on page 53 below of this Registration Document.

No statutory financial statements have yet been drawn up for the Issuer, since the Company was only incorporated on 26 July 2007.

Auditing of historical annual financial information

The statutory consolidated and separate financial statements of PAVI SL and the statutory separate financial statements of PAVI BL for the period ended 30 April 2007 have been audited by PricewaterhouseCoopers.

Age of latest financial information

No statutory financial statements have yet been drawn up for the Issuer, since the Company was only incorporated on 26 July 2007.

The latest audited financial information available in respect of PAVI SL and PAVI BL, relates to the financial period ended on 30 April 2007 and was approved for issuance by the Boards of each respective company on 2 August 2007.

No interim or other financial information has been issued by the Issuer since incorporation on 26 July 2007. No interim or other financial information has been issued by PAVI SL or PAVI BL, the Issuer's group undertakings since the audited statutory financial statements for the period ended 30 April 2007.

Legal and arbitration proceedings

There have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during a period covering twelve months prior to the date of this Registration Document which may have, or have had, in the recent past significant effects on the financial position or profitability of the Issuer.

Significant change in the Issuer's financial or trading position

There has been no significant change in the financial or trading position of the Issuer which has occurred since 30 April 2007.

16. ADDITIONAL INFORMATION

Share capital

The Issuer's authorised share capital as at the date of this Registration Document is Lm10,000,000 divided into 10,000,000 ordinary shares of Lm1.00 each. The Issuer's issued share capital as at the date of this Registration Document is 3,600,500 divided into 1,800,250 ordinary 'A' shares of Lm1.00 each and 1,800,250 ordinary 'B' shares of Lm1.00 each, which have been fully paid up, rank *pari passu* between themselves and carry the right to vote at general meetings of the Company.

The Issuer has no other classes of shares in issue.

Loan capital and indebtedness

The Issuer has an outstanding bridge loan facility with Bank of Valletta p.l.c. (the "BOV Bridging Facility") of approximately Lm1,900,000 which facility was utilised to part finance the acquisition of the PAVI Shopping Complex by the Issuer from Castellana (Malta) Limited. It is envisaged that the BOV Bridging Facility shall be repaid in full out of the net proceeds from the Bonds. Meanwhile the BOV Bridging Facility carries interest at a floating rate and the repayment of principal and interest thereon is secured by a general hypothec against all the property, present and future, of the Issuer and of PAVI SL and by a special hypothec against the Issuer over the PAVI Shopping Complex.

The Government of Malta (the "GOM") enjoys a special privilege over the PAVI Shopping Complex, which is the property of the Issuer, for the balance of price owing to the GOM by Castellana (Malta) Limited in respect of the acquisition by Castellana (Malta) Limited from the GOM of the temporary *directum dominium* and relative annual and temporary groundrent for the remaining period from the original period of 150 years which started running on 3 June 1963 and the absolute ownership thereafter over the area of the PAVI Shopping Complex shown shaded in green on the plan set out in Annex 6 of the Prospectus. As at the date of the Prospectus the balance owing to the GOM amounts to approximately Lm192,000. Castellana (Malta) Limited has delegated the Issuer to settle this balance out of the balance of price of the Complex payable by the Issuer and being financed from the net proceeds of the Bonds as set out on page 62 of the Prospectus under the heading "**Reasons for the Offer and use of proceeds**".

PAVI SL has an outstanding overdraft facility with Bank of Valletta p.l.c. (the "BOV Overdraft Facility") of Lm625,000 which facility is utilised for the general financing purposes of PAVI SL. The BOV Overdraft Facility carries interest at a floating rate and the repayment of principal and interest thereon is secured by a general hypothec against all the property, present and future, of PAVI SL and a general hypothec against all the property,

present and future, of the Issuer and a special hypothec against the Issuer over the PAVI Shopping Complex. Bank of Valletta p.l.c. has agreed to postpone its general and special hypothecary rights against the Issuer under the BOV Overdraft Facility to the general hypothecary rights and the special hypothecary rights over the PAVI Shopping Complex, to be registered against the Issuer in favour of the Security Trustee for the benefit of Bondholders.

PAVI SL has a general banking facility with Bank of Valletta p.l.c. (the “BOV General Banking Facility”) of Lm230,000 in respect of an outstanding guarantee provided on behalf of PAVI SL under its supply arrangements with Punto Franchising s.r.l., operator of the SMA-Auchan franchise. The BOV General Banking Facility is secured by a general hypothec over all the property, present and future, of PAVI SL and by a general hypothec over all the property, present and future, of the Issuer and a special hypothec against the Issuer over the PAVI Shopping Complex. Bank of Valletta p.l.c. has agreed to postpone its general and special hypothecary rights against the Issuer under the BOV General Banking Facility to the general hypothecary rights and the special hypothecary rights over the PAVI Shopping Complex, to be registered against the Issuer in favour of the Security Trustee for the benefit of Bondholders.

PAVI SL also has an outstanding overdraft facility with Lombard Bank Malta p.l.c. (the “Lombard Overdraft Facility”) of Lm325,000 which facility is utilised for the general financing purposes of PAVI SL. The Lombard Overdraft Facility carries interest at a floating rate and the repayment of principal and interest thereon is secured by a general hypothec over all the property, present and future, of sureties Paul Gauci and his spouse Maria Elena Gauci and Victor Grech and his spouse Yvonne Grech, all jointly and severally between them, and by a special hypothec over ‘Ta’ Clara Farmhouse’ in Ramla Road, Maghtab, limits of Naxxar, property of spouses Gauci and over ‘Villa Yvonne’ in Triq il-Prinjol, Iklin, property of spouses Grech.

Other than as set out in the Prospectus the PAVI Group has no other material borrowings or indebtedness which are outstanding.

Memorandum and Articles of Association

The Issuer is registered under the Act with registration number C 41962.

The objects of the Issuer are set out in clause 3 of the Memorandum of Association of the Issuer and include as its principal objects:

- to act as a holding company and to carry on its business directly or indirectly through any company in which it may have an interest;
- to manage, administer, let and/or operate any shopping or commercial complex;
- to carry on the business of commission agent, general merchant, and wholesale and retail trader of all items, in particular food, household articles and other consumer goods.

17. MATERIAL CONTRACTS

There are no material contracts that are not entered into in the ordinary course of the Issuer’s business, which could result in any company within the PAVI Group being under an obligation or entitlement that is material to the Issuer’s ability to meet its obligations to Bondholders.

18. THIRD PARTY INFORMATION AND STATEMENT BY EXPERTS AND DECLARATIONS OF ANY INTEREST

Save for the accountant's report on the pro forma historical financial information set out in Annex 3 and on the prospective financial information of the Issuer set out as Annex 4 and the architect's valuation report set out as Annex 5, this Registration Document does not contain any statement or report attributed to any person as an expert. The accountant's report dated 28 September 2007 and the architect's valuation report dated 27 September 2007 have been included in the form and context in which they appear with the authorisation of PricewaterhouseCoopers of 167, Merchants Street, Valletta, Malta and Alfred Grech & Associates of First Floor, Hercules House, St. Mark Street, Valletta, Malta respectively who have given and have not withdrawn their consent to their inclusion herein. None of the foregoing experts have any beneficial interest in the Issuer. The Issuer confirms that the accountant's reports both dated 28 September 2007 and the architect's valuation report dated 27 September 2007 have been accurately reproduced in this Registration Document 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.

19. DOCUMENTS ON DISPLAY

The following documents (or copies thereof), where applicable, may be inspected by physical means at the registered office of the Issuer at 'PAVI Shopping Complex', Manuel Dimech Street, Qormi, Malta:

- The Memorandum and Articles of Association of the Issuer;
- The accountant's report on the pro forma consolidated financial information of the Issuer dated 28 September 2007;
- The audited consolidated and separate financial statements of PAVI SL for the financial period ended 30 April 2007;
- The audited financial statements of PAVI BL for the financial period ended 30 April 2007;
- The accountant's report on the prospective financial information of the Issuer dated 28 September 2007;
- The deed of sale and purchase in respect of the PAVI Shopping Complex dated 17 August 2007;
- The share transfer agreement in respect of PAVI SL dated 25 September 2007;
- The architect's valuation report dated 27 September 2007;
- The Security Trust Deed dated 28 September 2007.

PART 3 - SECURITIES NOTE

This document is a Securities Note issued in accordance with the provisions of Chapter 17 of the Listing Rules issued by the Listing Authority 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 as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements.

This Securities Note is issued pursuant to the requirements of listing rule 17.26 of the Listing Rules and contains information about the Bonds being offered by PAVI Shopping Complex p.l.c. (the “Issuer”). Application has been made for the admission to listing on a second tier market and trading of the Bonds on the Alternative Companies List of the Malta Stock Exchange. This document should be read in conjunction with the most updated Registration Document issued by the Issuer from time to time that provides details of the Issuer.

Application has been made to the Malta Stock Exchange for the Bonds to be listed and traded on its Alternative Companies List once the Bonds are authorised as admissible to listing by the Listing Authority. The Alternative Companies List is a second tier market which is a market designed primarily for companies to which a higher investment risk than that associated with established companies tends to be attached. A prospective investor should be aware of the potential risks in investing in such companies and should make the decision to invest only after careful consideration of all the information contained in the Prospectus as a whole and consultation with his or her own independent financial adviser.

The Listing Authority accepts no responsibility for the accuracy or completeness of this document 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 document.

This document is dated 28 September 2007.

The Bonds constitute the general, direct, unconditional and secured obligations of the Issuer and shall at all times rank pari passu without any priority or preference among themselves and, save for such exceptions as may be provided by applicable law, shall rank with priority and preference to all other present and future obligations of the Issuer by virtue of the first general hypothec and first special hypothec over the Hypothecated Property which the Issuer has agreed to constitute in favour of the Security Trustee for the benefit of Bondholders.

ISIN: MT00003612105

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Words and expressions used in this Securities Note shall, except where the context otherwise requires, bear the same meaning as defined in the Registration Document forming part of the Prospectus.

1. RISK FACTORS

Risks relating to the Bond

The value of investments can go up or down and past performance is not necessarily indicative of future performance. The nominal value of the Bonds will be repayable in full upon maturity. An investment in the Bonds involves certain risks including those described below. Prospective investors should carefully consider, with their own independent financial and other professional advisers, the following risk factors and other investment considerations as well as all the other information contained in this Prospectus before deciding to make an investment in the Bonds. The sequence in which the risks below are listed is not intended to be indicative of any order of priority or of the extent of their consequences.

This document contains forward-looking statements, relating to the Issuer's objectives and plans, financial forecasts and other statements of expectation and belief, which can be identified by the use of forward-looking terminology such as "expect", "may", "will", "could", "intend", "estimate" or "anticipate" or the negative thereof or other variations or comparable terminology. Such projections do not bind the Issuer with respect to future results and no assurance can be given that future results or expectations covered by such forward-looking statements and forecasts will be achieved. These statements and forecasts by their nature involve substantial limitations, risks and uncertainties, certain of which are beyond the Issuer's control. The following factors could cause actual experience to vary materially from the matters covered in such forward-looking statements.

Risks relating to the Issuer

The ability of the Issuer to meet its obligations in respect of the repayment of principal and interest under the Bonds punctually when due will be dependent on the receipt by it of income from the business activities of the PAVI Group and the ability of the PAVI Group to generate and maintain revenues.

Trading and liquidity

There is currently no trading record in respect of the Bonds as there has never been a public market for the Bonds prior to the offering contained in this Prospectus. Application has been made to the Listing Authority for the admissibility of the Bonds to listing on a second tier market and to the Malta Stock Exchange for the Bonds to be listed and traded on its Alternative Companies List. There can be no assurance, however, that an active secondary market for the Bonds will develop or, if it develops, that it will continue nor can there be any assurance that an investor will be able to re-sell his Bonds at or above the Bond Offer Price or at all. The Alternative Companies List is a second tier market which is a market designed primarily for companies to which a higher investment risk than that associated with established companies tends to be attached. A prospective investor should be aware of the potential risks in investing in such companies and should make the decision to invest only after careful consideration of all the information contained in the Prospectus as a whole and consultation with his or her own independent financial adviser.

A public trading market having the desired characteristics of depth, liquidity and orderliness depends on a number of factors including the presence in the market place of willing buyers and sellers of the Issuer's Bonds at any given time, which presence is dependent upon the individual decisions of investors over which the Issuer has no control. Many other factors over which the Issuer has no control may affect the trading market for, and trading value of, the Bonds. These factors include the time remaining to the maturity of the Bonds, the outstanding amount of the Bonds and the level, direction and volatility of market interest rates generally.

No prediction can be made about the effect which any future public offerings of the Issuer's securities or any takeover or merger activity involving the Issuer will have on the market price of the Bonds prevailing from time to time.

Credit rating

The Issuer has not sought the credit rating of an independent rating agency and there has been no assessment by an independent rating agency of the Bonds.

Exchange rate risk

An investor whose base currency is a currency other than Malta Liri is exposed to the risk of changing exchange rates and spot rates.

Redemption at the option of the Issuer

The Bonds are subject to early redemption, at the option of the Issuer on 26 October 2014, 26 October 2015 and 26 October 2016 upon giving advance notice in writing to Bondholders as set out in condition 4.8 on page 69 under the Terms and Conditions of the Bonds. In the event that the Issuer redeems the Bonds at a time when prevailing interest rates are relatively low, Bondholders may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate equivalent to that of the Bonds being redeemed.

The Complex

The Complex is covered by planning permission for commercial purposes in the retail sector as set out in the Architect's valuation report dated 27 September 2007. Consequently the Architect's valuation is based on the open market value of the Complex for its existing use and assumes that the Complex can be used, for the foreseeable future, only for commercial purposes in the retail sector. The revenues which the directors expect to derive from the management, operation and letting of the retail areas within the Complex are also based on the existing use of the Complex.

In the event of default by the Issuer enforcement of the Security over the Hypothecated Property may not result in the realisation of the open market value of the Complex and the liquidation value of the Complex may be adversely affected by enforcement proceedings against the Issuer. Furthermore, enforcement of the Security over the Hypothecated Property may not result in the immediate realisation of the Complex and significant delays could be experienced in recovery by the Security Trustee of amounts secured under the Security Trust Deed.

Additional charges

A number of security interests protecting third party interests are identified on page 61 of the Prospectus which will rank subsequent to Bondholders against the assets of the Issuer for so long as such security interests remain in effect. These include general hypothecary guarantees against the Issuer and special hypothecary guarantees over the PAVI Shopping Complex (the latter being the property of the Issuer) in security of the BOV General Banking Facility and the BOV Overdraft Facility.

Independent review and advice

Each prospective purchaser of Bonds should determine whether an investment in the Bonds is appropriate in its particular circumstances and make an investment decision based on its own independent review of the financial condition and affairs and the creditworthiness of the Issuer, the Terms and Conditions of the Bonds and, in general, the information included in the complete Prospectus (and not only in this Securities Note) and should seek such professional advice (including, without limitation, tax, accounting, credit, legal and regulatory advice) as it deems appropriate under the circumstances.

Neither this Securities Note, nor any other parts of the Prospectus or any other information supplied in connection with any 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 Intermediaries that any recipient of this Securities Note, any other part of the Prospectus or any other information supplied in connection with the Prospectus or any Bonds should purchase any Bonds.

2. PERSONS RESPONSIBLE

This document includes information given in compliance with the Listing Rules of the Listing Authority for the purpose of giving information with regard to the Issuer. All of the Directors whose names and functions appear below, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

No financial statements have been drawn up for the Issuer since it was incorporated on 26 July 2007. The financial statements of PAVI SL which is a wholly owned subsidiary of the Issuer for the periods ended 31 December 2004, 31 December 2005 and 30 April 2007 were approved on 2 August 2007 and have been audited by PricewaterhouseCoopers, of 167, Merchants Street, Valletta, Malta. The financial statements of PAVI BL which is a wholly owned subsidiary of the Issuer for the period from its incorporation to 30 April 2007 were approved on 2 August 2007 and have been audited by PricewaterhouseCoopers of 167, Merchants Street, Valletta, Malta. PricewaterhouseCoopers is a firm of certified public accountants holding a practicing certificate to act as auditors in terms of the Accountancy Profession Act, 1979 (Cap. 281, Laws of Malta).

Directors, senior management, auditors and advisers

Directors

As at the date of this Securities Note, the Board of the Issuer is composed of the following persons:

Paul Gauci	Chairman
Victor Grech	Executive Director
David Grech	Executive Director
Caroline Grech	Executive Director
Lawrence Zammit MA (Econ.)	Non-Executive Director
William Spiteri Bailey F.I.A., C.P.A., M.I.M., C.S.A.	Non-Executive Director

Senior management

As at the date of this Securities Note, the senior management of the Issuer is composed of the following:

Paul Gauci	Chairman
Victor Grech	Managing Director
David Grech	Director, purchasing department
Caroline Grech	Director, human resources and customer care
Malcolm Bondin	Financial controller
Godwin Cutajar	Assistant financial controller
Adrian Gauci	Information technology manager
Ryan Bonnici	Floor manager
Luke Spiteri	Loading bay manager

Each of the foregoing individuals under the headings “**Directors**” and “**Senior management**” have their business address at PAVI Shopping Complex, Manuel Dimech Street, Qormi, Malta.

As at July 2007 the PAVI Group employed a total staff complement of 122, of which 107 on a full-time basis. Apart from managing the Complex as a whole, the Group’s workforce is predominantly engaged in the PAVI Supermarket and associated operations, including the PAVI Bakery.

Auditors

The financial statements of PAVI SL which is a wholly owned subsidiary of the Issuer for the periods ended 31 December 2004, 31 December 2005 and 30 April 2007 were approved on 2 August 2007 and have been audited by PricewaterhouseCoopers of 167, Merchants Street, Valletta, Malta. PricewaterhouseCoopers is a firm of certified public accountants holding a practicing certificate to act as auditors in terms of the Accountancy Profession Act, 1979 (Cap. 281, Laws of Malta). Financial statements in respect of earlier periods were audited by Horwath, Malta, which is a firm of certified public accountants holding a warrant to practice the profession of auditor in terms of the Accountancy Profession Act, 1979 (Cap. 281, Laws of Malta).

The statutory financial statements of PAVI BL which is a wholly owned subsidiary of the Issuer for the period from its incorporation to 30 April 2007 were approved on 2 August 2007 and have been audited by PricewaterhouseCoopers of 167, Merchants Street, Valletta, Malta.

No statutory financial statements have yet been drawn up for the Issuer, since the Company was only incorporated on 26 July 2007.

Advisers to the Issuer

Reporting Accountants

PricewaterhouseCoopers
167, Merchants Street,
Valletta,
Malta.

Financial Advisers

Spiteri Bailey & Co.
Certified Public Accountants
Triq Dun Karm,
Birkirkara By Pass,
Birkirkara,
Malta.

Sponsor and Manager

Charts Investment Management Service Limited
18a, 3rd Floor, Europa Centre,
Floriana,
Malta.

Legal Advisers

- *Legal advisers to the Issuer*

Muscat Azzopardi & Associates
Advocates
7, The Firs, Borg Olivier Street,
Sliema,
Malta.

- *Legal advisers to the Issuer on the Bond Issue*

Zammit Pace & Co.
Advocates
215/1, Old Bakery Street,
Valletta,
Malta.

3. KEY INFORMATION

Summarised key financial information

Financial information about the Issuer is being incorporated pursuant to Article 28 of the Regulation.

The Issuer was incorporated as part of a group reorganisation exercise, undergone by Yvonvi and PG Holdings, the shareholders of Castellana (Malta) Limited and of PAVI SL. The Issuer's shareholders are also Yvonvi and PG Holdings.

This reorganisation exercise principally comprised:

- (i) the acquisition and transfer to the Issuer of the 'PAVI Shopping Complex' from Castellana (Malta) Limited on 17 August 2007 and;
- (ii) the transfer of 100% of the issued and fully paid up share capital in PAVI SL to the Issuer from its shareholders, Yvonvi and PG Holdings on 25 September 2007.

The Directors of the Issuer consider the substance of these transactions as a 'group restructuring'. In accordance with generally accepted accounting principles, these transactions have been accounted in the pro forma consolidated financial statements as if they had occurred prior to the period reported. Accordingly, in order to provide more meaningful information to potential investors, the pro forma consolidated financial statements have been compiled on this basis.

No statutory financial statements have yet been drawn up for the Issuer since the Company was only incorporated on 26 July 2007. The Directors consider the pro forma consolidated financial statements, referred to above, to represent the historic financial information of the Issuer.

The audited financial statements for the financial periods ending to 30 April 2007 of PAVI SL and PAVI BL, are available for inspection as laid out in the section '**Documents on display**' below in this Securities Note.

Extracts from the pro forma consolidated financial statements are set out below:

	16 month period ended 30 April 2007
	Lm'000
Turnover	4,712
Loss from operating activities	(5)
Loss before taxation	(74)
Loss for the period	(16)
Total assets less current liabilities	6,285
Non-current liabilities	(2,714)
Total equity	3,571

The reported results relate principally to the six month trading period commencing on 1 November 2006 to 30 April 2007.

Loan capital and borrowings

The Issuer has an outstanding bridge loan facility with Bank of Valletta p.l.c. (the “BOV Bridging Facility”) of approximately Lm1,900,000 which facility was utilised to part finance the acquisition of the PAVI Shopping Complex by the Issuer from Castellana (Malta) Limited. It is envisaged that the BOV Bridging Facility shall be repaid in full out of the net proceeds from the Bonds. Meanwhile the BOV Bridging Facility carries interest at a floating rate and the repayment of principal and interest thereon is secured by a general hypothec against all the property, present and future, of the Issuer and of PAVI SL and by a special hypothec against the Issuer over the PAVI Shopping Complex.

The Government of Malta (the “GOM”) enjoys a special privilege over the PAVI Shopping Complex, which is the property of the Issuer, for the balance of price owing to the GOM by Castellana (Malta) Limited in respect of the acquisition by Castellana (Malta) Limited from the GOM of the temporary *directum dominium* and relative annual and temporary groundrent for the remaining period from the original period of 150 years which started running on 3 June 1963 and the absolute ownership thereafter over the area of the PAVI Shopping Complex shown shaded in green on the plan set out in Annex 6 of the Prospectus. As at the date of the Prospectus the balance owing to the GOM amounts to approximately Lm192,000. Castellana (Malta) Limited has delegated the Issuer to settle this balance out of the balance of price of the Complex payable by the Issuer and being financed from the net proceeds of the Bonds as set out on page 62 under the heading “**Reasons for the Offer and use of proceeds**”.

PAVI SL has an outstanding overdraft facility with Bank of Valletta p.l.c. (the “BOV Overdraft Facility”) of Lm625,000 which facility is utilised for the general financing purposes of PAVI SL. The BOV Overdraft Facility carries interest at a floating rate and the repayment of principal and interest thereon is secured by a general hypothec against all the property, present and future, of PAVI SL and a general hypothec against all the property, present and future, of the Issuer and a special hypothec against the Issuer over the PAVI Shopping Complex. Bank of Valletta p.l.c. has agreed to postpone its general and special hypothecary rights against the Issuer under the BOV Overdraft Facility to the general hypothecary rights and the special hypothecary rights over the PAVI Shopping Complex, to be registered against the Issuer in favour of the Security Trustee for the benefit of Bondholders.

PAVI SL has a general banking facility with Bank of Valletta p.l.c. (the “BOV General Banking Facility”) of Lm230,000 in respect of an outstanding guarantee provided on behalf of PAVI SL under its supply arrangements with Punto Franchising s.r.l., operator of the SMA-Auchan franchise. The BOV General Banking Facility is secured by a general hypothec over all the property, present and future, of PAVI SL and by a general hypothec over all the property, present and future, of the Issuer and a special hypothec against the Issuer over the PAVI Shopping Complex. Bank of Valletta p.l.c. has agreed to postpone its general and special hypothecary rights against the Issuer under the BOV General Banking Facility to the general hypothecary rights and the special hypothecary rights over the PAVI Shopping Complex, to be registered against the Issuer in favour of the Security Trustee for the benefit of Bondholders.

PAVI SL also has an outstanding overdraft facility with Lombard Bank Malta p.l.c. (the “Lombard Overdraft Facility”) of Lm325,000 which facility is utilised for the general financing purposes of PAVI SL. The Lombard Overdraft Facility carries interest at a floating rate and the repayment of principal and interest thereon is secured by a general hypothec over all the property, present and future, of sureties Paul Gauci and his spouse Maria Elena Gauci and Victor Grech and his spouse Yvonne Grech, all jointly and severally between them, and by a special hypothec over ‘Ta’ Clara Farmhouse’ in Ramla Road, Maghtab, limits of Naxxar, property of spouses Gauci and over ‘Villa Yvonne’ in Triq il-Prinjol, Iklin, property of spouses Grech.

Other than as set out in the Prospectus the PAVI Group has no other material borrowings or indebtedness which are outstanding.

Interest of natural and legal persons involved in the offer

As at the date of the Prospectus, Yvonvi and PG Holdings each hold a 50% interest in the issued share capital of the Issuer. Yvonvi and PG Holdings are also shareholders of Castellana (Malta) Limited each holding 50% of the issued and fully paid up ordinary share capital in Castellana (Malta) Limited. Yvonvi is in turn owned by Victor Grech and his spouse Yvonne Grech as to 50% each. Paul Gauci holds 100% of the voting shares in PG Holdings. Victor Grech and Paul Gauci are also executive Directors of the Issuer. Save as disclosed herein the Directors are not aware of any other interests that are material to the Offering.

Approximately Lm1,910,000 from the Bond proceeds will be used to part finance the net balance due by the PAVI Group to Castellana (Malta) Limited. This relates principally to the balance due by the Issuer to Castellana (Malta) Limited of Lm3,160,000 on the reorganisation of the PAVI Group, including the acquisition of the PAVI Shopping Complex, referred to on page 35 of the Prospectus under “**Reorganisation**” less advances made by PAVI SL to Castellana (Malta) Limited of Lm1,250,000 referred to on page 49 of the Prospectus under “**Related party transactions**”.

Reasons for the Offer and use of proceeds

The proceeds from the issue of the Bonds, net of expenses relating thereto, are expected to amount to Lm4,903,000. The net proceeds will be applied by the Issuer:

- As to approximately Lm1,900,000 in the repayment in full of the BOV Bridging Facility;
- As to approximately Lm1,910,000 to part finance the net balance due by the PAVI Group to Castellana (Malta) Limited. This relates principally to the balance due by the Issuer to Castellana (Malta) Limited of Lm3,160,000 on the reorganisation of the PAVI Group, including the acquisition of the PAVI Shopping Complex, referred to on page 35 less advances made by PAVI SL to Castellana (Malta) Limited of Lm1,250,000 referred to on page 49 under “Related Party Transactions”. Castellana (Malta) Limited is in turn expected to utilise such funds in the payment in full of capital creditors relating to the acquisition, construction and completion of the Complex;
- As to approximately Lm580,000 to finance the payment of capital creditors relating to the operational assets owned by PAVI SL and PAVI BL (the subsidiaries of the Issuer);
- As to approximately Lm513,000 for the working capital purposes of the PAVI Group.

The cash flows expected to result from the application of the Bond proceeds in the manner identified above are set out in Annex 1 of this Prospectus.

The Directors consider that the Issuer’s asset base together with the proceeds of the Offering and the other sources of finance available to the Issuer will be adequate to meet the demands of its present business operations and immediate plans for the next twelve months.

Estimated expenses of the Offer

Professional fees, publicity, advertising, printing, listing, registration, sponsor, management and registrar fees and selling commission and other miscellaneous costs incurred in connection with this Offer, are estimated not to exceed Lm97,000 and shall be borne by the Issuer.

Selling commission is payable to Intermediaries. Each Intermediary shall be entitled to a selling commission payable on the value of the Bonds placed with subscribers applying through such Intermediaries.

Estimated net proceeds of the Offer

It is estimated that the total net proceeds of the Offer would amount to Lm5,000,000 after deduction of a total amount of Lm97,000 representing the aggregate of estimated expenses of the Offer.

Interests of advisers

As at the date of this Prospectus none of the Advisers mentioned on page 59 of the Prospectus have any beneficial interest in the Issuer nor are any of such Advisers employed by the Issuer on a contingent basis.

Admission to trading

Application has been made to the Listing Authority for the admissibility of the Bonds to listing on a second tier market and to the Malta Stock Exchange for the Bonds to be listed and traded on its Alternative Companies List.

In the event that the Bonds are not fully subscribed the Issuer shall consult with the Listing Authority as to the admissibility to listing or otherwise of the Bonds subscribed. In any such case, if the Bonds subscribed are not authorised as admissible to listing by the Listing Authority the Issuer shall forthwith repay, without interest, all monies received from Applicants in pursuance of the Prospectus in accordance with the provisions of article 101(3) of the Act.

Distribution of the Bonds

Placing arrangements

The Issuer may enter into conditional placement agreements with Intermediaries prior to the commencement of the Offer Period whereby the Issuer binds itself to allocate to such Intermediaries, which shall bind themselves to purchase, an amount not exceeding fifty per cent (50%) in aggregate of the Bonds on offer upon closing of subscription lists whereupon the Issuer shall complete the sale and each Intermediary shall settle the transaction by paying the Bond Offer Price in Maltese Liri for the Bonds subscribed.

Public offering in Malta

During the Offer Period, Applications for subscription to the Bonds may be made by or through any of the Intermediaries whose names are set out in Annex 9 of the Prospectus.

Allocation policy

Within seven days of the closing of subscription lists, the Issuer shall, directly or through the Registrar, announce the basis of allotment to be adopted by giving notice to Intermediaries subscribing for Bonds either for their own account or on behalf of investors or through whom Applications have been received. No dealing in the Bonds shall begin before such notice is given.

Offer statistics

Issuer:	PAVI Shopping Complex p.l.c., a company registered in Malta with registration number C 41962.
ISIN:	MT0000361205.
Amount:	Five million Malta Liri (Lm5,000,000) equivalent to eleven million, six hundred and forty-six thousand, eight hundred and sixty-seven Euros (€11,646,867).
Form:	The Bonds will be issued in fully registered form, without interest coupons, and if and for as long as the Bonds are admitted to listing on the Alternative Companies List of the Malta Stock Exchange, certificates will not be delivered to Bondholders in respect of the Bonds as each Bondholder's entitlement will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the Central Securities Depository, Malta Stock Exchange, Garrison Chapel, Castille Place, Valletta CMR01, or at such other equivalent securities depository.
Denomination:	Maltese Lira (Lm).
Minimum amount per subscription:	Minimum of one thousand Maltese Liri (Lm1,000) equivalent to two thousand, three hundred and twenty-nine Euros (€2,329) and integral multiples of one hundred Maltese Liri (Lm100) equivalent to two hundred and thirty-three Euros (€233) thereafter.
Maturity Date:	26 October 2017 (subject to Early Redemption at the option of the Issuer, described below).
Bond Offer Price:	At par (Lm100, equivalent to €233, for each Bond).
Status of the Bonds and Security:	The Bonds constitute the general, direct, unconditional and secured obligations of the Issuer, and shall at all times rank pari passu without any priority or preference among themselves, and save for such exceptions as may be provide by applicable law, shall rank with priority and preference to all other present and future obligations of the Issuer by virtue of the first general hypothec against the Issuer and the first special hypothec over the Hypothecated Property which the Issuer has agreed to constitute in favour of the Security Trustee for the benefit of the Bondholders, subject to all the terms and conditions of the Security Trust Deed.
Security Trustee:	Bank of Valletta p.l.c.
Listing:	Application has been made to the Listing Authority for the admissibility of the Bonds to listing on a second tier market and to the Malta Stock Exchange for the Bonds to be listed and traded on its Alternative Companies List.
Offer Period:	The period between 15 October and 19 October 2007 (or such earlier date as may be determined by the Issuer) during which the Bonds are on offer.
Interest:	Seven per cent (7%) per annum.
Yield:	The gross yield calculated on the basis of the Interest, the Bond Offer Price and the Redemption Value of the Bonds at maturity is seven per cent. (7%).
Interest Payment Date(s):	26 October of each year, between 2008 and the year in which the Bonds are redeemed (both years included), 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.
Redemption Value:	At par (Lm100, equivalent to €233, for each Bond).

Early Redemption at the option of the Issuer:	The Issuer has the option to redeem all or any part of the Bonds at their nominal value on 26 October 2014 or 26 October 2015 or 26 October 2016 by giving not less than sixty (60) days advance notice in writing to Bondholders.
Manager:	Charts Investment Management Service Limited.
Registrar:	Central Securities Depository, Malta Stock Exchange.
Sponsor:	Charts Investment Management Service Limited.
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/her registered address and posted.
Governing Law:	The Bonds are governed by and shall be construed in accordance with Maltese law.
Submission to Jurisdiction:	The Maltese Courts shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Bonds and accordingly any legal action or proceedings arising out of or in connection with the Bonds shall be brought exclusively before the Maltese Courts.

Expected time-table of principal events

Opening of subscription lists	15 October 2007
Closing of subscription lists	19 October 2007
Announcement of basis of acceptance	26 October 2007
Commencement of interest on the Bonds	26 October 2007
Expected dispatch of allotment advice and refunds of unallocated monies	2 November 2007

The Issuer reserves the right to close the Offering before 26 October 2007, in which case, the remaining events set out in the “Expected time-table of principal events” shall be anticipated in the same chronological order in such a way as to retain the same number of Business Days between the said principal events.

4. INFORMATION CONCERNING THE SECURITIES TO BE OFFERED / ADMITTED TO TRADING

Each Bond shall be issued on the terms and conditions (the “**Terms and Conditions**”) set out herein and by subscribing to or otherwise acquiring the Bonds, the Bondholders are deemed to have knowledge of all the Terms and Conditions of the Bonds hereafter described and to accept and be bound by the said Terms and Conditions. The Bonds are also subject to the provisions of the Security Trust Deed set out in Annex 7 of this Prospectus.

4.1. General

- (1) Each Bond forms part of a duly authorised issue of Lm5,000,000 (equivalent to €11,646,867) 7% Secured Bonds due 26 October 2017 of a nominal value of Lm100 (equivalent to €233) per Bond issued by the Issuer at par (the “Bonds”).
- (2) The issue of the Bonds has been authorised by a resolution of the Board of the Issuer on 28 September 2007.
- (3) Unless previously purchased and cancelled, the Bonds shall be redeemed at the Redemption Value of Lm100 (equivalent to €233) per Bond on 26 October 2017 (the “Maturity Date”), or in the event that the Issuer exercises the option to redeem all or any part of the Bonds prior to the Maturity Date on 26 October 2014 or 26 October 2015 or 26 October 2016.
- (4) The Euro equivalents indicated in these Terms and Conditions are included at the unalterable and irrevocably fixed conversion rate (“IFCR”) between the Euro and the Maltese Lira of €1 = Lm0.4293 adopted by the European Council according to the first sentence of Article 109I(4) of the Treaty establishing the European Community and are for information purposes only in accordance with the provisions of the Euro Adoption (Dual Display and Euro Pricing) Regulations (L.N. 4/2007). The target date of 1 January 2008 as the date on which Malta will adopt the Euro and the IFCR were confirmed by the Council of Ministers (ECOFIN) on 10 July 2007. When the Euro becomes the legal currency of Malta the Bonds will be automatically redenominated in Euro and conversion from Maltese Lira into Euro shall take place at the IFCR on the date the Euro becomes legal tender in Malta in accordance with any applicable law and/or guidelines.

4.2. Definitions

Words and expressions used in these Terms and Conditions shall, except where the context otherwise requires, bear the same meaning as defined elsewhere in this Prospectus. Furthermore, for the purposes of these Terms and Conditions:

“Business Day” means any day between Monday and Friday (both days included) on which commercial banks in Malta settle payments and are open for normal banking business;

“BOV General Banking Facility” means the general banking facility with Bank of Valletta p.l.c. of Lm230,000 in the name of PAVI SL as secured by a general hypothec over all the property, present and future of PAVI SL and a general hypothec over all the property, present and future of the Issuer and a special hypothec against the Issuer over the PAVI Shopping Complex pursuant to a deed dated 12 September 2007 in the records of Doctor Naomi Micallef Mugliette;

“BOV Overdraft Facility” means the overdraft facility with Bank of Valletta p.l.c. of Lm625,000 in the name of PAVI SL as secured by a general hypothec against all the property, present and future, of PAVI SL and a general hypothec against all the property, present and future, of the Issuer and a special hypothec

against the Issuer over the PAVI Shopping Complex pursuant to a deed dated 12 September 2007 in the records of Doctor Naomi Micallef Mugliette;

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

“Permitted Security Interest” means (A) any Security Interest arising by operation of law; (B) any Security Interest securing temporary bank loans or overdrafts in the ordinary course of business including the BOV General Banking Facility and the BOV Overdraft Facility; (C) any other Security Interest (in addition to (A) and (B) above) securing Financial Indebtedness of the Issuer, or an entity in which the Issuer has a controlling interest, in an aggregate outstanding amount not exceeding eighty-five per cent (85%) of the difference between the value of Unencumbered Assets of the PAVI Group and the aggregate principal amount of Bonds outstanding at the time;

Provided that the aggregate Security Interests referred to in (B) and (C) above do not result in the Unencumbered Assets of the PAVI Group being less than one hundred and seven per cent (107%) of the aggregate principal amount of the Bonds still outstanding;

“Security Interest” means any privilege, hypothec, pledge, lien, charge or other encumbrance which grants rights of preference to a creditor over the assets of the debtor;

“Unencumbered Assets” means assets which are not subject to a Security Interest (including, such share of any asset which is subject to a Security Interest as exceeds in value the aggregate principal amount secured by that Security Interest).

4.3. Form, denomination and title

The Bonds will be issued in fully registered form, without interest coupons, in denominations of any integral multiple of one hundred Maltese Liri (Lm100) [equivalent to two hundred and thirty-three Euros (€233)] provided that on subscription the Bonds will be issued for a minimum of one thousand Maltese Liri (Lm1,000) [equivalent to two thousand, three hundred and twenty-nine Euros (€2,329)]. The nominal value of the Bonds is being established to facilitate the trading therein and the exchange in definitive Bonds in accordance with the provisions of these Terms and Conditions. The Bonds, and transfer thereof, shall be registered as provided under clause 4.4 “**Registration, replacement, transfer and exchange**” below.

4.4. Registration, replacement, transfer and exchange

(1) If and for as long as the Bonds are admitted to listing on the Alternative Companies List of the Malta Stock Exchange, certificates will not be delivered to Bondholders in respect of the Bonds as each Bondholder's entitlement will be represented in uncertificated form by the appropriate entry in the electronic register maintained by the Issuer at the Central Securities Depository or at such other equivalent securities depository. There will be entered in such electronic register the names and addresses of the Bondholders and particulars of the Bonds held by them respectively and a copy of such register will, at all reasonable times during business hours, be open to the inspection of the Bondholders at the registered office of the Issuer. The entry in such register shall, in the absence of manifest error, be conclusive evidence of the interests of Bondholders. Bondholders shall receive a statement of holdings evidencing their entry in the register on an annual basis or at such other regular intervals.

- (2) A Bond may be transferred in whole [in multiples of one hundred Maltese Liri (Lm100) [equivalent to two hundred and thirty-three Euros (€233)]] by the Bondholder in accordance with the bye-laws of the Malta Stock Exchange and any applicable laws, rules or regulations governing the transfer of the Bonds.
- (3) 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, 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 Issuer, a notice in writing signed by him stating that he so elects. If he shall elect to have another person registered he shall testify his election by transferring the Bond, or procuring the transfer of the Bond, in favour of that person. Provided that if a Bond is transmitted or transferred in part, a person will not be registered as a Bondholder unless such transmission or transfer is made in multiples of one hundred Maltese Liri (Lm100) [equivalent to two hundred and thirty-three Euros (€233)] depending on the currency of the Bond transmitted or transferred.
- (4) All transfers and transmissions are subject in all cases to any pledge (duly constituted) of the Bonds and to any applicable laws and regulations.
- (5) The cost and expenses of effecting any registration of transfer or transmission in the Bonds shall be at the charge of the Bondholder or at the charge of such person as the rules and bye-laws of the MSE may from time to time determine.
- (6) The Issuer will not register 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.

4.5. Status of the Bonds and negative pledge

- (1) The Bonds constitute the general, direct, unconditional and secured obligations of the Issuer, and shall at all times rank *pari passu* without any priority or preference among themselves, and save for such exceptions as may be provided by applicable law, shall rank with priority and preference to all other present and future obligations of the Issuer by virtue of the first general hypothec against the Issuer and the first special hypothec over the Hypothecated Property which the Issuer has agreed to constitute in favour of the Security Trustee for the benefit of Bondholders, subject to all the terms and conditions of the Security Trust Deed. Bank of Valletta p.l.c. has agreed to postpone its general and special hypothecary rights against the Issuer in respect of the BOV General Banking Facility and the BOV Overdraft Facility to the general hypothecary rights against the Issuer and the special hypothecary rights over the PAVI Shopping Complex, to be registered in favour of the Security Trustee for the benefit of Bondholders.
- (2) The Issuer undertakes, for as long as any principal or interest under the Bonds or any of the Bonds remains outstanding, not to create or permit to subsist any Security Interest, other than a Permitted Security Interest, upon the whole or any part of its respective present or future assets or revenues or those of any entity in which the Company has a controlling interest to secure any Financial Indebtedness (as defined below) of the PAVI Group.

4.6. Interest

- (1) The Bonds shall bear interest from and including 26 October 2007 (the "Issue Date") at the rate of 7% per annum on the nominal value thereof, payable annually in arrears on 26 October of each year, (each an "Interest Payment Date"), the first Interest Payment Date being on 26 October 2008. Provided that any Interest Payment Date which falls on a day other than a Business Day, will be carried over to the next following day that is a Business Day. Each Bond will cease to bear interest from and including its due

date for redemption unless, upon due presentation, payment of the principal in respect of the Bond is improperly withheld or refused or unless default is otherwise made in respect of payment, in any of which events interest shall continue to accrue at the greater of: (i) the rate specified herein above, or (ii) at the rate of two per cent (2%) per annum above the Central Bank of Malta minimum discount rate, and with effect from the date on which Malta joins the Euro zone, at the rate of two per cent (2%) per annum above the European Central Bank's Minimum Bid Rate.

- (2) When interest is required to be calculated for any period of less than a full year such interest shall be calculated on the basis of the actual number of days elapsed from and including the most recent Interest Payment Date, or as appropriate, the Issue Date divided by the actual number of days (365 or 366 as the case may be) in the respective year.

4.7. Payments

- (1) Payment of the principal amount of a Bond will be made by the Issuer in Maltese Liri or if this no longer constitutes legal tender at the date of payment, in such currency as shall constitute legal tender in Malta at the date thereof to each Bondholder whose name is entered in the register of the Bonds held at the Central Securities Depository with interest accrued to the date fixed for redemption, by cheque or by means of a direct credit against surrender of the Bonds by the Bondholders at the registered office of the Issuer or at such other place in Malta as may be notified by the Issuer. The Issuer shall not be responsible for any loss or delay in transmission. Upon payment of the Redemption Value the Bonds shall be redeemed and the appropriate entry made in the electronic register of the Bonds at the Central Securities Depository.
- (2) Payment of any instalment of interest on a Bond will be made by the Issuer in Maltese Liri or if this no longer constitutes legal tender at the date of payment, in such currency as shall constitute legal tender in Malta at the date thereof to each Bondholder whose name is entered in the register of the Bonds held at the Central Securities Depository at the close of business fifteen (15) days prior to the Interest Payment Date by cheque sent by mail to such Bondholder's address, or by means of a direct credit into such bank account as the Bondholder may designate, in either case within seven (7) days of the Interest Payment Date (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). The Bondholder shall be required to make such designation in the Application Form. The Issuer shall not be responsible for any loss or delay in transmission. The payment of the cheque, if purporting to be duly endorsed, shall be a good discharge to the Issuer.
- (3) All payments with respect to the Bonds are subject in all cases to any pledge (duly constituted) of the Bonds and to any applicable fiscal or other laws and regulations. In particular, but without limitation, all payments of principal and interest by or on behalf of the Issuer in respect of the Bonds shall be made net of any amount which the Issuer may be 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.
- (4) No commissions or expenses shall be charged by the Issuer to Bondholders in respect of such payments.

4.8. Redemption and prepayment

The Issuer hereby irrevocably covenants in favour of each Bondholder that:

- (a) The Bonds will be redeemed at par (together with interest accrued to the date fixed for redemption) on 26 October 2017 by payment direct to the Bondholders whose names are entered in the register of the Bonds held at the CSD. In such a case the Issuer shall be discharged of any and all obligations under the Bonds. The Issuer reserves the right to prepay the Bonds prior to the Maturity Date, on either of the

Optional Redemption Dates, in whole or in part, together with all interest accrued up to the date of prepayment, and any other sums payable under the Security Trust Deed, by giving, not less than sixty (60) days prior notice to Bondholders of its intention to effect such prepayment specifying the date when such prepayment shall be effected. Redemption shall take place by payment of all principal and interest accrued until the date of prepayment. The notice of prepayment shall be effective only on actual receipt by the Bondholders and once received by such Bondholder shall be irrevocable, and shall oblige the Issuer to make and the Bondholders to accept such prepayment on the date specified in the notice;

- (b) The Issuer will, until the Bonds have been paid, prepaid or redeemed in accordance with the provisions of sub-clause (a) above, pay directly to the Bondholders at the last registered address entered in the register of Bondholders interest on such principal amount for the time being outstanding on the Bonds at the rate of seven per cent (7%) per annum which shall be payable annually in arrears on 26 October each year. The first of such payment shall be made on 26 October 2008;
- (c) The Issuer shall be discharged from any payment obligations under this clause upon payment made net of any withholding or other taxes due or which may be due under Maltese Law and which have been paid to the Bondholders.

4.9. Covenants by the Issuer

The Issuer further irrevocably covenants with the Security Trustee and Bondholders that at all times during the continuance of this security:

- (a) it will, until the whole of the Bonds have been paid off or redeemed, pay to the Bondholders directly as provided in clause 4.8 above interest at the rate of seven per cent (7%) per annum on each Interest Payment Date and shall pay the Bondholders directly as provided in clause 4.8 above, the principal amount of the Bonds on the Maturity Date or the Optional Redemption Dates;
- (b) it will maintain its corporate existence as a company organised and existing and in good standing under Maltese law;
- (c) it will use its best endeavours to maintain the listing of the Bonds on the Malta Stock Exchange and to procure that there will at all times be furnished to the Malta Stock Exchange and the Listing Authority such information as may be required to be furnished in accordance with their requirements;
- (d) it will promptly, upon the happening of any event of default contemplated under sub-clause (1) of clause 4.12 below notify the Security Trustee of such event;
- (e) it shall at all times and without cost or expense to the Security Trustee maintain, preserve and keep in proper order repair and condition or cause to be so maintained and preserved such parts of the Hypothecated Property as are of a repairable nature and shall procure and furnish the Security Trustee with an Architect's report of the state of the Hypothecated Property at least once annually on 26 October of every year, with effect from 26 October 2008, without cost or expense to the Security Trustee, which report shall, without prejudice to the powers of the Security Trustee under clause 9 of the Security Trust Deed, constitute full proof and evidence of the state of the property for the Security Trustee for the purposes of the Security Trust Deed and the Security Trustee shall not be required or bound to carry out any additional or further inspection, inquiry or verification of the state of the Hypothecated Property. The Security Trustee shall have power in the event of any such part of the Hypothecated Property being or becoming out of proper order repair or condition to call upon the Issuer to affect such repairs within a reasonable time as may be specified in the notice. If the Issuer fails to undertake the repairs requested by the Security Trustee in the notice after the lapse of the time granted to it by the Security Trustee in the notice, the Security Trustee may, but shall not be bound to do so, call a meeting of Bondholders for the purpose of determining what action, if any, should be taken

in the circumstances. Provided that if requested to do so in writing by not less than seventy five per cent (75%) in value of the Bondholders, the Security Trustee shall, provided it is indemnified by the Bondholders to the satisfaction of the Security Trustee, have the power itself to engage such persons as may be necessary to repair or to put and maintain the same in proper order repair and condition and any expenses incurred by the Security Trustee and its costs and charges therein shall be a debt due from the Issuer payable on demand;

- (f) the Issuer will insure and keep insured to the satisfaction of the Security Trustee and to the full replacement value thereof all such parts of the Hypothecated Property as are of an insurable nature against loss or damage by fire, explosion, lightning, storm, tempest, flood, aircraft and things dropped therefrom and such other risks as in accordance with sound commercial practice are normally insured against by companies carrying on a similar business with one or more insurance companies licensed to transact insurance business in Malta or such other insurance company agreed to between the Issuer and the Security Trustee and will procure that the interest of the Security Trustee as hypothecary creditor is duly noted on the policies of insurance and will produce the policies of such insurance to the Security Trustee if required and duly pay or cause to be paid the premia and other sums of money payable in respect of such insurance and if required produce to the Security Trustee the receipt for the same within fifteen days of the same becoming due. All monies received by virtue of any such insurance shall so far as they are in respect of part of the Hypothecated Property be deemed part of the Hypothecated Property and shall be paid to the Security Trustee and shall be applied in making good the loss or damage in respect of which the monies were received or in such other manner as the Security Trustee shall approve. The sums insured under any policy taken out in favour of the Security Trustee as trustee for Bondholders shall be equivalent at least to the value of the Bonds from time to time outstanding and one year's interest thereon and shall be over and above any insurance or other indemnity given to any other creditor as may be permitted from time to time in accordance with the Terms and Conditions hereof;
- (g) the Issuer will not remove or destroy or suffer to be removed or destroyed any part of the Hypothecated Property except for the purpose of renewing or replacing the same and will in such case forthwith renew or replace the same accordingly;
- (h) the Issuer will duly and punctually pay, perform and observe all rents, rates, taxes, stamp duties, covenants and other obligations whatsoever which ought properly to be paid or to be observed or performed by the Issuer in respect of any part of the Hypothecated Property;
- (i) the Issuer will permit the Security Trustee or any person or persons authorised by it at any time and from time to time during the usual times of business so long as any money shall remain due upon the security of the Security Trust Deed to inspect and examine any part of the Hypothecated Property and will afford the Security Trustee and its agent access to the Hypothecated Property and render them such assistance as may be required for any of the purposes aforesaid; provided that the aforementioned inspection may only be made by the Security Trustee after having notified the Issuer in writing of its intention and provided further that the aforementioned inspection is made during reasonable business hours;
- (j) the Issuer will keep proper books of account which shall at all reasonable times be open to inspection by the Security Trustee or any person appointed by the Security Trustee for that purpose and will furnish to the Security Trustee or any such agent all such information relating to the business or affairs of the Issuer as they shall require in accordance with International Financial Reporting Standards and will deliver to the Security Trustee at least five days before the annual general meeting of the Issuer each year a copy of the balance sheet and profit and loss account of the Issuer certified by the auditors of the Issuer and copies of the auditors' and directors' reports thereon together with copies of any other documents required by law to be attached thereto. The Security Trustee may but shall not be required or bound to carry out any independent audit or other verification of any books of account, balance sheet, profit and loss account, certificates or other information furnished to it by the Issuer;

- (k) the Issuer will carry on and conduct its business in a proper and efficient manner;
- (l) the Issuer will permit the Security Trustee to hold the Land Registry Certificate or a certified copy thereof showing title to the Hypothecated Property, if applicable;
- (m) the Issuer will forthwith on receipt of the same, deliver to the Security Trustee all orders, directions, notices and any other thing whatsoever affecting or likely to adversely affect the Hypothecated Property but the Issuer shall be entitled at its own expense to take a copy thereof;
- (n) the Issuer will comply with the requirements of the Development Planning Act 1992 (Cap. 356, Laws of Malta), or any other relevant legislation, so far as such requirements relate to the Hypothecated Property or any part thereof and will promptly produce to the Security Trustee any notice, order, direction, requisition, permission or other document served on it in connection with such law which affects or is likely to affect the Hypothecated Property or any part thereof;
- (o) subject to any Permitted Security Interest, the Issuer will not hypothecate the Hypothecated Property further nor transfer ownership and/or any other real right over the Hypothecated Property under any title whatsoever without the consent of the Security Trustee.

The Issuer will, with effect from the end of the financial year ending on 30 April 2008, over the period until the Maturity Date build a reserve equivalent at least to 50% of the value of the Bonds from the available free cash flows arising from the operations of the PAVI Group with a view to funding in part the repayment of capital on the Bonds on the Maturity Date. The Issuer shall set aside such monies for the purposes of building this reserve in a segregated account (the "Reserve Account") which shall be held in the name of the Security Trustee for the benefit of Bondholders. At any time or times before the Security shall have become enforceable and the Security Trustee shall have determined or become bound to enforce the same, the Security Trustee may, at the request of the Issuer, utilise such funds standing to the credit of the Reserve Account for any one or more of the following purposes:

- (i) any interest bearing deposit with a credit institution licensed under the Banking Act, 1994 or authorised in a EU Member State or EEA State or with such other credit institution agreed to between the Company and the Security Trustee;
- (ii) investment or re-investment in any EU Government debt securities or other debt securities issued or guaranteed by an OECD sovereign state and without any currency exchange risk, or in such other instruments as the Security Trustee may approve in its absolute discretion; or
- (iii) prepayment of the Bonds on any of the Optional Redemption Dates; or
- (iv) re-purchase of the Bonds on the open market or by tender offer;

and any interest or investment income in relation to such monies standing to the credit of the Reserve Account or the investment or re-investment of such monies as aforesaid shall accrue in favour of and for the benefit of the Issuer.

Provided that the Security Trustee may, but shall not be required or bound, to ensure, monitor or otherwise procure the creation and funding of the said Reserve Account by the Issuer.

- (p) the Bonds constitute the general, direct, unconditional and secured obligations of the Company and, save for such exceptions as may be provided by applicable law, will rank with priority and preference to all other present and future obligations of the Company by virtue of the first general hypothec and first special hypothec over the Hypothecated Property which the Company has agreed to constitute in favour of the Security Trustee for the benefit of the Bondholders subject to all the terms and conditions of the Security Trust Deed.

4.10. Representations and warranties

- (1) The Issuer represents and warrants to the Security Trustee and to Bondholders that shall be entitled to rely on such representations and warranties, that:
- (a) 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;
 - (b) it has the power to execute, deliver, and perform its obligations under the Security Trust Deed; all necessary corporate, shareholder and other action has been duly taken to authorise the execution, delivery and performance of the same and no limitation on the powers of the Issuer to borrow shall be exceeded as a result of the Security Trust Deed;
 - (c) the Security Trust Deed constitutes valid and legally binding obligations of the Issuer;
 - (d) the execution and performance of its obligations under, and in compliance with the provisions of the Security Trust Deed by the Issuer shall not:
 - i. contravene any existing applicable law, statute, rule or regulation or any judgement, decree or permit to which the Issuer is subject;
 - ii. conflict with, or result in any breach of any terms of, or constitute a default under any bond or other instrument to which the Issuer is a party or is subject or by which it or any of its property is bound;
 - iii. contravene any provision of the Issuer's articles of association;
 - (e) no litigation, arbitration or administrative proceedings is taking place, pending or, to the knowledge of the officers of the Issuer, threatened against the Issuer which could have a material adverse effect on the business, assets or financial condition of the Issuer;
 - (f) the pro forma financial statements of the Issuer in respect of the financial period ended 30 April 2007 as delivered to the Security Trustee have been prepared in accordance with generally accepted accounting principles and practices in Malta which have been constantly applied and present truly and fairly the financial position of the Issuer as at such date and the results of the operations of the Issuer for the financial period ended on such date. The Issuer has not had any significant liabilities actual or contingent which are not disclosed by, or reserved against, in such financial statements, and the Issuer did not have any unrealised losses.
- (2) The Prospectus contains all material information with respect to the Issuer and that all information contained therein is in every material respect true and accurate and not misleading and that there are no other facts in relation to the Issuer, its respective businesses and financial position, the omission of which would in the context of issue of the Bonds make any statement in the Prospectus misleading or inaccurate in any material respect.
- (3) The Issuer further represents and warrants to the Security Trustee and Bondholders that shall be entitled to rely on such representations and warranties that:
- (a) there has been no material adverse change in the financial position of the Issuer from that set forth in the financial statements referred to in paragraph (f) of sub-clause (1) above;
 - (b) every consent, authorisation, approval or registration with or declaration to, governmental or public bodies or authorities or courts, required by the Issuer in connection with the execution, validity, enforceability of the Security Trust Deed or the performance of its obligations under the Security Trust Deed have been obtained or made and are in full force and effect and there has been no default in the observance of any of the conditions or restrictions, if any, imposed in, or in connection with, any of the same;
 - (c) no default mentioned in the Security Trust Deed has occurred and is continuing.

4.11. Asset preservation covenants

Without prejudice to the provisions of paragraph (g) and (o) of clause 4.9 and subject to the provisions of clause 15, the Company shall not, except with the consent of the Security Trustee, sell, transfer or otherwise dispose of the whole or substantial part (being in the aggregate substantial in relation to the Company and all the subsidiaries as a whole) or its respective undertakings or assets (except in the ordinary course of trading operations) whether by means of a single transaction or a number of transactions related or not. For the purpose of this Article, none of the following shall be deemed to be a sale, transfer or disposal:

- (1) The exchange of assets for other assets of a similar nature and approximately equal value,
- (2) The sale of immovable or moveable property for cash and the application of the proceeds of the sale in the acquisition of property; and
- (3) The application of the proceeds of any issue of shares or loan capital for the purposes for which it was expressly intended.

4.12. Default, acceleration and enforcement

- (1) The Security Trustee may in its absolute discretion and shall upon the request in writing of not less than seventy five per cent (75%) in value of the Bondholders by notice in writing to the Issuer declare the Bonds to have become immediately payable:
 - (a) If the Issuer defaults for thirty (30) days in the payment of any interest owing on the Bonds;
 - (b) If the Issuer defaults for thirty (30) days in the payment of any principal monies owing in respect of the Bonds;
 - (c) If in terms of section 214(5) of the Companies Act, 1995 (Cap. 386, Laws of Malta), 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 ninety (90) days;
 - (d) If the Issuer stops payment of its material debts, which amount shall mean a sum exceeding Lm500,000 (equivalent to €1,164,687), within the meaning of section 214(5) of the Act or any statutory modification or re-enactment thereof;
 - (e) If the Issuer is unable to pay its material debts, which amount shall mean a sum exceeding Lm500,000 (equivalent to €1,164,687), within the meaning of section 214(5) if the Companies Act, Cap. 386 of the Laws of Malta or any statutory modification or re-enactment thereof;
 - (f) If a judicial administrator is appointed for the whole or any part of the property of the Issuer; and such appointment is certified by the Security Trustee to be prejudicial in its opinion to the Bondholders;
 - (g) If an order is made or an effective resolution is passed for the winding up of the Issuer, except for the purpose of a reconstruction, amalgamation or division, the terms of which have been approved in writing by the Security Trustee, which approval shall not be unreasonably withheld;
 - (h) If the Company without the written consent of the Security Trustee sells or otherwise disposes of the whole or any substantial part of its undertaking or assets in contravention of Clause 4.11 hereof;
 - (i) If the Issuer substantially changes the object or nature of its business as currently carried on;
 - (j) If the Company commits a breach of any of the covenants or provisions herein contained and on their

part to be observed and performed (other than any covenant for the payment of interests or principal monies owing in respect of the Bonds) after the lapse of sixty (60) business days from having been called upon to do so;

- (k) If the security constituted by any hypothec or charge upon the whole or any part of the undertaking or assets of the Issuer 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;
- (l) If any representation or warranty made or deemed to be made or repeated by or in respect of the Issuer is or proves to have been incorrect in any material respect;
- (m) If any material indebtedness of the Issuer is not paid when properly due or becomes properly due and payable or any creditor of the Issuer 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 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 Lm500,000 (equivalent to €1,164,687);
- (n) If any consent, authorisation, licence or approval of, or registration with, or declaration to governmental or public bodies, or authorities or courts, required by the Issuer in connection with or pursuant to the execution, delivery, validity, enforceability or admissibility in evidence hereof, or the performance by the Issuer and of its obligations hereunder and which has a material effect on the business of the Company, is substantially modified, or is not granted, or is revoked, or terminated, or expires and is not renewed, or otherwise ceases to be in full force and effect;
- (o) If all or a material part of the undertakings, assets, rights, or revenues of or shares or other ownership interests in the Issuer are seized, nationalised, expropriated or compulsorily acquired by or under the authority of any government and are not released within ninety (90) Business Days;
- (p) If it becomes unlawful at any time for the Issuer to perform all or any of its obligations hereunder;
- (q) If the Issuer repudiates or does or causes or permits to be done any act or thing evidencing an intention to repudiate the Bonds and/or the Security Trust Deed.

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

- (2) Provided that in the event of any breach by the Issuer 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, the Security Trustee may, but shall be under no obligation so to do, give the Issuer 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 that in the circumstances contemplated by this clause the Security Trustee shall at all times act on and in accordance with any instructions it may receive from a simple majority in value of the Bondholders present and voting at a meeting of Bondholders.
- (3) 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 is observing and performing all the obligations, conditions and provisions on its part contained in the Bonds and the Trust Deed.

4.13. Security

In warranty of the proper observance by the Issuer of all the covenants and obligations undertaken by it in the Security Trust Deed and the Bonds, and in particular in warranty of its obligation to repay the principal amount of the Bonds and all interests thereon, and all other monies intended to be thereby secured the Issuer has agreed, subject to the provisions of clauses 9(4) and 15 of the Security Trust Deed, to constitute in favour of the Security Trustee for the benefit of the Bondholders a first general hypothec over all its present and future assets as well as a first special hypothec over the Hypothecated Property. The Issuer undertakes to constitute the said first general and first special hypothec by no later than 26 October 2007 or such later time as the Security Trustee may allow in its absolute discretion.

4.14. Further issues

The Issuer may, from time to time, without the consent of the Bondholder, create and issue further Bonds, debentures, bonds, or any other debt securities either having the same terms and conditions as the Bonds in all respects (except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the Bonds or otherwise upon such terms and conditions as the Issuer may determine. Any further debt securities so issued may rank *pari passu* in all respects with the Bonds but shall not rank ahead of the Bonds. The Issuer shall not issue any other debt instrument for a period of 12 months following the date of this Prospectus.

4.15. Bonds held jointly

In respect of a Bond held jointly by several persons (including husband and wife), the joint holders shall nominate one of their number as their representative and his/her name will be entered in the register with such designation. 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.

4.16. Bonds held subject to usufruct

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-a-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.

4.17. Governing law and jurisdiction

- (1) The Bonds are governed by and shall be construed in accordance with Maltese law.
- (2) Any legal action, suit or proceedings against the Issuer arising out of or in connection with the Bonds shall be brought exclusively before the Maltese Courts.

4.18. 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 Bondholders at his registered address and posted.

4.19 Listing

In the event that the Bonds are admitted to listing on the Alternative Companies List of the Malta Stock Exchange (the “Exchange”), all the terms and conditions hereof, including, but not limited to, clause 4.4 **“Registration, replacement, transfer and exchange”** shall be subject to, and shall apply only so far as they are not inconsistent with, all the laws, bye-laws, statutes, rules and regulations applicable from time to time relating to the Bonds and the Exchange.

5. TERMS AND CONDITIONS OF THE OFFER

(1) The contract created by the acceptance of an Application shall be subject to the Terms and Conditions set out herein. If any Application is not accepted, or if any Application is accepted for fewer Bonds than those applied for, the Application monies or the balance of the amount paid on Application will be returned by the Issuer without interest by direct credit into the Applicant's bank account as indicated by the Applicant on the Application Form. Neither the Issuer nor the Security Trustee will be responsible for any loss or delay in transmission.

(2) Subject to all other terms and conditions set out in the Prospectus, the Issuer reserves the right to reject, in whole or in part, or to scale down any Application, including multiple or suspected multiple Applications and to present any cheques and/or drafts for payment upon receipt. The right is also reserved to refuse any Application which in the opinion of the Issuer 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.

In the case of joint Applications, reference to the Applicant in these terms and conditions is a reference to each Applicant, and liability therefor is joint and several.

(3) Any person, whether natural or legal, shall be eligible to submit an Application, and any one person, whether directly or indirectly, should not submit more than one Application Form. In the case of corporate Applicants or Applicants having separate legal personality, the Application Form must be signed by a person authorised to sign and bind such Applicant. It shall not be incumbent on the Issuer or Registrar to verify whether the person or persons purporting to bind such an Applicant is or are in fact authorised.

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 Bondholders, 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 years.

(4) All Applications for the subscription of Bonds must be submitted on Application Forms between 15 October 2007 and 19 October 2007 (subject to the right of the Issuer to close the Offer before 19 October 2007). The minimum subscription amount of Bonds by any subscriber is Lm1,000 (equivalent to €2,329)

and subscriptions in excess of Lm1,000 (equivalent to €2,329) in value must be in multiples of Lm100 (equivalent to €233). The completed Application Forms are to be lodged with any of the Intermediaries mentioned in this Prospectus. Unless other arrangements are concluded with the Issuer or the Registrar, all Application Forms must be accompanied by the full price of the Bonds applied for in Maltese Liri. Payment may be made either in cash or by cheque payable to “The Registrar – PAVI Shopping Complex p.l.c. Bond Issue”. In the event that cheques accompanying Application Forms are not honoured on their first presentation, the Issuer and the Registrar reserve the right to invalidate the relative Application. Multiple Applications are not allowed.

(5) By completing and delivering an Application Form, you as the Applicant(s) shall:

- (a) irrevocably offer to purchase the number of Bonds specified in your Application Form (or any smaller number for which the Application is accepted) at the Bond Offer Price subject to the Prospectus (including the Security Trust Deed annexed to it), the terms and conditions thereof and the memorandum and articles of the Issuer;
- (b) authorise the Registrar and the Directors to include your name or in the case of joint Applications, the first named Applicant in the register of debentures of the Issuer in respect of the Bonds allocated to you;
- (c) warrant that your remittance will be honoured, on first presentation and agree that, if such remittance is not so honoured, you will not be entitled to receive a registration advice, or to be registered in the register of debentures or to enjoy or receive any rights in respect of such Bonds unless and until payment in cleared funds for such Bonds is received and accepted by the Issuer (which acceptance shall be made in the absolute discretion of the Issuer and may be on the basis that the Issuer is indemnified against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of such remittance to be honoured on first presentation) and that, at any time prior to unconditional acceptance by the Issuer of such late payment in respect of such Bonds, the Issuer may (without prejudice to other rights) treat the Agreement to allocate such Bonds as void and may allocate such Bonds to some other person, in which case you will not be entitled to any refund or payment in respect of such Bonds (other than return of such late payment);
- (d) agree that the registration advice and other documents and any monies returnable by the Issuer may be retained pending clearance of the remittance and any verification of identity as required by all applicable laws and regulations in Malta, including the Prevention of Money Laundering Act, 1994 (and regulations made thereunder) and that such monies will not bear interest;
- (e) agree that all Applications, acceptances of applications and contracts resulting therefrom will be governed by, and construed in accordance with Maltese law and that you submit to the jurisdiction of the Maltese courts and agree that nothing shall limit the right of the Issuer to bring any action, suit or proceeding arising out of or in connection with any such Applications, acceptances of applications and contracts in any other manner permitted by law in any court of competent jurisdiction;
- (f) warrant that, if you sign the Application Form on behalf of another party or on behalf of a corporation or corporate entity or association of persons, you have due authority to do so and such person, corporation, corporate entity, or association of persons will also be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained in these terms and conditions and undertake to submit a power of attorney or a copy thereof duly certified by a lawyer or notary public if so required by the Registrar;
- (g) agree that all documents in connection with the issue of the Bonds and any returned monies, including refunds of all unapplied Application monies, will be sent at your risk and may be sent in the case of documents 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 and in the case of monies by direct credit into the Applicant's bank account as indicated by the Applicant on the Application Form;

- (h) agree that, having had the opportunity to read the Prospectus, you have and shall be deemed to have had notice of all information and representations concerning the Issuer and the issue of the Bonds contained therein;
 - (i) confirm that in making such Application you are not relying on any information or representation in relation to the Issuer or the issue of the Bonds other than those contained in this Prospectus and you accordingly agree 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;
 - (j) confirm that you have reviewed and will comply with the restriction contained in paragraph 5(6) and the warning in paragraph 5(7) below;
 - (k) warrant that you are not under the age of 18 years or if you are lodging an Application in the name and for the benefit of a minor, warrant that you are the parents or legal guardian/s of the minor;
 - (l) agree that such Application Form is addressed to the Issuer and that in respect of those Bonds for which application has been accepted by the Issuer, you shall receive a registration advice confirming such acceptance;
 - (m) confirm that in the case of a joint Application entered into in joint names the first named Applicant shall be deemed the holder of the Bonds;
 - (n) agree to provide the Registrar and/or the Issuer, as the case may be, with any information which it/they may request in connection with your Application(s);
 - (o) agree that Charts Investment Management Service Limited in its capacity of Sponsor will not treat you as its customer by virtue of your making an Application for Bonds or by virtue of your Application to subscribe for Bonds being accepted and that Charts Investment Management Service Limited will owe you no duties or responsibilities concerning the price of the Bonds or their suitability for you;
 - (p) warrant that, in connection with the Application you 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 your Application in any territory and that you have not taken any action which will or may result in the Issuer or the Registrar acting in breach of the regulatory or legal requirements of any territory in connection with the Bond Issue or your Application;
 - (q) warrant that all applicable exchange control or other such regulations (including those relating to external transactions) have been duly and fully complied with;
 - (r) represent that you are 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 (the "Securities Act")) and that you are not 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, unless indicated otherwise on the Application Form in accordance with the instructions on the Application Form; and
 - (s) agree that in all cases, any refund of unallocated Application monies may be sent to the Applicant by direct credit into the Applicant's bank account as indicated by the Applicant on the Application Form, within seven (7) Business Days from the date of final allocation. No interest shall be due on refunds.
- (6) The Bonds have not been and will not be registered under the Securities Act 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) No person receiving a copy of the Prospectus in any territory other than Malta may treat the same as constituting an invitation or offer to him/her nor should he/she in any event use such Application Form, unless, in the relevant territory, such an invitation or offer could lawfully be made to him/her or such Application Form could lawfully be used without contravention of any registration or other legal requirements. 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.
- (8) For the purposes of the Prevention of Money Laundering and Funding of Terrorism Regulations 2003 as subsequently amended, all appointed Intermediaries are under a duty to communicate upon request, all information about clients as laid down in Articles 1.2(d) and 2.4 of the “*Code of Conduct for Members of the Malta Stock Exchange*” appended as Appendix IV to Chapter 3 of the Malta Stock Exchange Bye-Laws, irrespective of whether the appointed Intermediaries are Malta Stock 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, Laws of Malta) for the purposes, and within the terms of, the Malta Stock Exchange’s Data Protection Policy as published from time to time.
- (9) Within seven (7) Business Days from the closing of the subscription lists, the Issuer shall, either directly or through the Registrar, determine and announce the basis of allotment to be adopted.
- (10) Save where the context requires otherwise, terms defined in the Prospectus bear the same meaning when used in these terms and conditions, in the Application and in any other document issued pursuant to the Prospectus.
- (11) The subscription lists will open at 08.30 hours on 15 October 2007 and will close as soon thereafter as may be determined by the Issuer but not later than 12.00 hours on 19 October 2007.

6. ADMISSION TO TRADING AND DEALING ARRANGEMENTS

Application has been made to the Listing Authority for the admissibility of the Bonds to listing on a Second Tier Market and to the Malta Stock Exchange for the Bonds to be listed and traded on its Alternative Companies List.

7. ADDITIONAL INFORMATION

Exchange controls

It is the responsibility of investors wishing to apply for the Bonds to inform themselves as to the legal requirements of so applying including any requirements relating to exchange control (whether in terms of the External Transactions Act, Cap. 233, Laws of Malta or otherwise) in Malta and in the countries of their nationality, residence or domicile.

The obligation to comply with any applicable exchange control or other such regulations (such as those relating to external transactions) rests with the investor and not with the Issuer, Manager, Registrar, Sponsor or any of the Intermediaries.

Taxation

General

Investors and prospective investors are urged to seek professional advice as regards both Maltese and any foreign tax legislation which may be applicable to them in respect of the 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 holders of the Bonds 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.

Malta tax on interest

Since interest is payable in respect of a bond which is the subject of a public issue, unless the Issuer and/or Security Trustee is otherwise instructed by a Bondholder or if the Bondholder does not fall within the definition of “recipient” in terms of article 41(c)(i) of the Income Tax Act, (Cap. 123, Laws of Malta), interest shall be paid to such person net of a final withholding tax, currently at the rate of 15% of the gross amount of the interest, pursuant to article 33 of the Income Tax Act (Cap. 123, Laws of Malta). Bondholders which 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 Bondholder need not declare the interest so received on his income tax return. No person shall be charged to further tax in respect of such income. However tax withheld shall in no case be available to any person for a credit against that person’s tax liability or for a refund as the case may be.

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

In terms of article 12(1)(c) 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 and/or the Security Trustee in terms of law.

European Union Savings Directive

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

Malta 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 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. In terms of the definition of “*securities*” under article 5(1) (b) of the Income Tax Act no Malta tax on capital gains is chargeable in respect of the transfer of the Bonds.

Duty on documents and transfers

In terms of article 50(2) of the Financial Markets Act, (Cap 345, Laws of Malta) as the Bonds constitute securities of a company quoted on a Recognised Investment Exchange, as is the MSE, redemptions and transfers of the Bonds is exempt from Maltese duty on documents and transfers.

Statement by experts

Save for the accountant’s report on the pro forma historical financial information set in Annex 3 and on the prospective financial information of the Issuer set out as Annex 4 and the architect’s valuation report set out as Annex 5, this Prospectus does not contain any statement or report attributed to any person as an expert. The accountant’s report dated 28 September 2007 and the architect’s valuation report dated 27 September 2007 have been included in the form and context in which they appear with the authorisation of PricewaterhouseCoopers of 167, Merchants Street, Valletta, Malta and Alfred Grech & Associates of First Floor, Hercules House, St. Mark Street, Valletta, Malta respectively who have given and have not withdrawn their consent to their inclusion herein. None of the foregoing experts have any beneficial interest in the Issuer. The Issuer confirms that the accountant’s reports both dated 28 September 2007 and the architect’s valuation report dated 27 September 2007 have been accurately reproduced in this Prospectus and that there are no facts of which the Issuer is aware that have been omitted and which would render the reproduced information inaccurate or misleading.

Documents on display

The following documents (or copies thereof), where applicable, may be inspected at the registered office of the Issuer at ‘PAVI Shopping Complex’, Manuel Dimech Street, Qormi, Malta:

- The Memorandum and Articles of Association of the Issuer;
- The accountant’s report on the pro forma consolidated financial information of the Issuer dated 28 September 2007;
- The audited consolidated and separate financial statements of PAVI SL for the financial period ended 30 April 2007;
- The audited financial statements of PAVI BL for the financial period ended 30 April 2007;
- The accountant’s report on the prospective financial information of the Issuer dated 28 September 2007;
- The deed of sale and purchase in respect of the PAVI Shopping Complex dated 17 August 2007;
- The share transfer agreement in respect of PAVI SL dated 25 September 2007;
- The architect’s valuation report dated 27 September 2007;
- The Security Trust Deed dated 28 September 2007.

ANNEX 1

Use of proceeds

	Lm	Lm
Proceeds		
Bond proceeds		5,000,000
Bond issue costs		(97,000)
Net bond proceeds		<u>4,903,000</u>
Use of proceeds		
Payment in full of the BOV Bridging Facility		1,900,000
Balance due by the Issuer to Castellana (Malta) Limited	3,160,000	
Delegation by Castellana (Malta) Limited to the Issuer of balance due to PAVI SL	<u>(1,250,000)</u>	
		1,910,000
Payment of capital creditors owed by PAVI SL and PAVI BL		580,000
Working capital of the PAVI Group		513,000
		<u>4,903,000</u>

ANNEX 2

Illustration of reorganisation transactions

	Lm
Purchase value of the 'PAVI Shopping Complex'	8,400,000
Transfer of Deferred tax related to the property	(540,000)
	<hr/> 7,860,000
Utilisation of the BOV Bridging facility	(1,900,000)
Assignment of debt by Castellana (Malta) Limited to PG Holdings Limited & Yvonvi Limited	(3,600,000)
Assignment of debt by Castellana (Malta) Limited (on amounts due by PG Holdings Limited & Yvonvi Limited) to the Issuer	800,000
	<hr/> 3,160,000 <hr/>

ANNEX 3

CONSOLIDATED FINANCIAL INFORMATION ON THE PRO FORMA GROUP

ACCOUNTANT'S REPORT ON THE HISTORICAL PRO FORMA CONSOLIDATED FINANCIAL INFORMATION OF PAVI SHOPPING COMPLEX P.L.C. FOR THE PERIOD ENDED 30 APRIL 2007

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The Directors
PAVI Shopping Complex p.l.c.
Manuel Dimech Street,
Qormi,
Malta

28 September 2007

Dear Sirs,

Accountant's report on the pro forma consolidated financial information for the period ended 30 April 2007

We report on the pro forma consolidated financial information set out in Annex 3 of the Prospectus dated 28 September 2007 which has been prepared on the basis described on pages 93 and 94 of this Annex, for illustrative purposes only, to provide information about PAVI Shopping Complex p.l.c. ("the Company") as if the Company was already incorporated prior to the period reported and that its Group was therefore already in existence at that date.

This pro forma consolidated financial information is being presented on the basis of the accounting policies adopted by the Company. This report is required in terms of listing rule 9.30 of the Listing Rules issued by the Listing Authority of the Malta Financial Services Authority and is given for the purpose of complying with that regulation and for no other purpose.

Responsibilities

It is the responsibility of the directors of the Company to prepare the pro forma consolidated financial information in accordance with the requirements of the Listing Rules issued by the Listing Authority of the Malta Financial Services Authority.

It is our responsibility to form an opinion, as required by listing rule 9.6 of the Listing Rules issued by the Listing Authority as to the proper compilation of the pro forma financial information and to report our opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the pro forma consolidated financial information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.



Responsibilities - continued

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and which we may have to shareholders of the Company as a result of the inclusion of this report in the Prospectus, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such person as a result of, arising out of, or in accordance with this report or our statement, required by and given solely for the purposes of complying with the Listing Rules, consenting to its inclusion in the Prospectus.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of drawing up this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the pro forma adjustments and discussing the pro forma consolidated financial information with the directors of the Company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the pro forma consolidated financial information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies adopted by the Company.

Opinion

In our opinion:

- (a) the pro forma consolidated financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies adopted by the Company; and
- (c) the pro forma adjustments are appropriate for the purposes of the pro forma consolidated financial information as disclosed pursuant to listing rule 9.24 of the Listing Rules issued by the Listing Authority.

Yours faithfully

Simon Flynn (Partner)
for and on behalf of



167, Merchants Street
Valletta
Malta

Pro forma consolidated profit and loss account

	Notes	Period from 1 January 2006 to 30 April 2007 Lm
Turnover	4	4,711,657
Cost of sales	5	(3,971,675)
Gross profit		739,982
Direct operating expenses	5	(539,077)
Selling and distribution expenses	5	(34,169)
Administrative expenses	5	(210,541)
Other operating income		39,129
Operating loss		(4,676)
Interest receivable	7	15,704
Interest payable	8	(84,606)
Loss before tax		(73,578)
Tax income	9	57,615
Loss for the period		(15,963)
Earnings per share (cents)	11	(0c4)

PAVI Supermarkets Limited's previous reporting period ended on 31 December 2005. In December 2006, the financial year end was changed to 30 April. Consequently, this pro forma consolidated financial information covers a sixteen month period to 30 April 2007.

Reported results for the Group relate to the six month trading period from 1 November 2006 to 30 April 2007. Prior to that period, the Group was engaged in the construction, development and commissioning of the 'PAVI Shopping Complex'.

Pro forma consolidated balance sheet

	Notes	As at 30 April 2007 Lm
ASSETS		
Fixed assets		
Tangible assets		
- Property, plant and equipment	12	9,570,204
Current assets		
Stocks	13	596,854
Debtors	14	910,931
Cash at bank and in hand		28,775
Total current assets		1,536,560
Total assets		11,106,764

Pro forma consolidated balance sheet - continued

	Notes	As at 30 April 2007 Lm
EQUITY AND LIABILITIES		
Capital and reserves		
Called up issued share capital	15	3,600,500
Profit and loss account		(29,903)
Total equity		3,570,597
Provision for liabilities and charges		
Deferred taxation	16	482,251
Creditors: amounts falling due after more than one year		
Interest-bearing borrowings	18	1,702,107
Trade and other creditors	19	529,154
		2,231,261
Total non-current liabilities		2,713,512
Creditors: amounts falling due within one year		
Interest-bearing borrowings	18	953,213
Trade and other creditors	19	3,869,442
Total current liabilities		4,822,655
Total liabilities		7,536,167
Total equity and liabilities		11,106,764

This pro forma financial information has been approved by the Board of Directors of the Company on 28 September 2007 and signed on its behalf by:

Paul Gauci
Chairman

Victor Grech
Director

Pro forma consolidated statement of changes in equity

	Share capital Lm	Profit and loss account Lm	Total Lm
Balance at 1 January 2006	3,600,500	(13,940)	3,586,560
Loss for the period	-	(15,963)	(15,963)
Balance at 30 April 2007	3,600,500	(29,903)	3,570,597

Pro forma consolidated cash flow statement

	Notes	Period from 1 January 2006 to 30 April 2007 Lm
Operating activities		
Cash generated from operations	20	1,445,315
Interest received		15,704
Interest paid		(84,606)
Tax paid		(134)
Net cash from operating activities		1,376,279
Investing activities		
Purchase of property, plant and equipment		(2,612,533)
Financing activities		
Increase in bank borrowings		643,082
Movement in cash and cash equivalents		(593,172)
Cash and cash equivalents at beginning of period		(96,983)
Cash and cash equivalents at end of period	21	(690,155)

Notes to the pro forma consolidated financial information

1. Basis of preparation

This pro forma consolidated financial information has been prepared, for illustrative purposes only, to provide information about the financial statements of PAVI Shopping Complex p.l.c.. Because of its nature, the pro forma consolidated financial information addresses a hypothetical situation and, therefore, does not represent the Group's actual financial position or results. This pro forma financial information has been prepared for inclusion in the Prospectus of PAVI Shopping Complex p.l.c. dated 28 September 2007 (the "Prospectus").

PAVI Shopping Complex p.l.c. was incorporated on 26 July 2007 under the terms of the Companies Act 1995. On 25 September 2007 PAVI Shopping Complex p.l.c. acquired a 100% shareholding in PAVI Supermarkets Limited from PG Holdings Limited and Yvonvi Limited. On 17 August 2007 the integral property of the 'PAVI Shopping Complex' was transferred from Castellana (Malta) Limited to PAVI Shopping Complex p.l.c.. Castellana (Malta) Limited is also jointly owned by PG Holdings Limited and Yvonvi Limited.

The substance of the above was that of a Group restructuring by virtue of which the reported figures include the reported results and financial position of PAVI Supermarkets Limited and PAVI Bakery Limited on a consolidated basis together with the related capital assets and financing recorded in Castellana (Malta) Limited. These transactions have been accounted in the pro forma consolidated financial information as if they had occurred prior to the period reported. Consequently, the pro forma consolidated financial information has been compiled as if the Group was in existence prior to the date the legal entity was incorporated to provide more meaningful information to potential investors.

The basis of preparation of this pro forma consolidated financial information (including the various assumptions used) are noted hereunder as well as in the accounting policies below:

- a) This pro forma consolidated financial information has been compiled on the accounting policies adopted by the Company.
- b) It is assumed that the Company's share capital of Lm3,600,500 actually in issue on 4 September 2007 had been in issue since the beginning of the earliest period reported.
- c) The property, plant and equipment which forms the integral immovable property of the 'PAVI Shopping Complex' was transferred from Castellana (Malta) Limited to PAVI Shopping Complex p.l.c. on 17 August 2007.

The directors consider this transaction as part of the group restructuring process noted above, as Castellana (Malta) Limited is equally and jointly owned by PG Holdings Limited and Yvonvi Limited. Consequently, the directors have included in the pro forma consolidated financial information the assets and liabilities related to the property, plant and equipment which forms the integral immovable property of the 'PAVI Shopping Complex' as if this transaction occurred prior to the period reported.

These assets and liabilities have been extracted from the audited financial statements of Castellana (Malta) Limited for the period ended 30 April 2007, on which the auditor has expressed an unqualified opinion. These extracts have been compiled from the above audited financial statements as reported in the statement of pro forma adjustments on pages 111 to 114 which sets out details of these pro forma adjustments.

- d) On 25 September 2007 PAVI Shopping Complex p.l.c. acquired a 100% shareholding in PAVI Supermarkets Limited from its shareholders, PG Holdings Limited and Yvonvi Limited.

The directors consider this transaction as part of the group restructuring process noted above. The pro forma consolidated financial information includes the audited consolidated financial statements of PAVI

1. Basis of preparation - continued

Supermarkets Limited for the period ended 30 April 2007. These financial statements incorporate the results of PAVI Supermarkets Limited and its fully owned subsidiary PAVI Bakery Limited. The auditor has expressed an unqualified opinion on each of the individual companies and on the Group.

The audited financial statements have been restated to take into account the pro forma adjustments considered necessary for the purposes of this report. The statement of pro forma adjustments on pages 111 to 114 sets out details of the pro forma adjustments carried out and reconciles the figures included in this report to the corresponding figures in the audited financial statements.

- e) Apart from the extracts from the audited financial statements of Castellana (Malta) Limited, the principal subsidiary undertakings whose results and financial position affected the figures of these pro forma consolidated financial statements, are shown below:

Name	Principal activity
PAVI Supermarkets Limited	Operates a supermarket, participates in income sharing arrangements with specialist outlet operators within the supermarket. Receives rental and other income from the management, operation and letting of the Complex.
PAVI Bakery Limited	Manufactures bakery and confectionery products principally retailed through the supermarket operations operated by PAVI Supermarkets Limited.

PAVI Bakery Limited is directly owned by PAVI Supermarkets Limited which in turn is directly owned by PAVI Shopping Complex p.l.c.. All subsidiaries are incorporated in Malta and are wholly owned unless otherwise stated. All holdings are in the ordinary share capital of the undertaking.

- f) The pro forma consolidated financial information has been prepared in accordance with International Financial Reporting Standards (IFRSs) and in accordance with the requirements of the Companies Act, 1995. It has been prepared under the historical cost convention, as modified by the revaluation of property, plant and equipment.

The preparation of the pro forma consolidated financial information in conformity with IFRSs requires the use of certain accounting estimates. It also requires the directors to exercise their judgement in the process of applying the Group's accounting policies (see Note 3 – Critical accounting estimates and judgements).

The pro forma consolidated financial information is prepared in accordance with accounting policies based on standards, and interpretations to standards that were effective on 1 January 2006.

Certain new standards, amendments and interpretations to existing standards have been published by the date of issue of this Prospectus, that are mandatory for the Group's accounting periods beginning on or after 1 January 2007 or later periods. The Group has not early adopted these revisions to the requirements of IFRSs and the directors are of the opinion that there are no requirements that will have a possible significant impact on the Group's financial statements in the period of initial application.

2. Significant accounting policies

The principal accounting policies applied in the preparation of these pro forma consolidated financial statements are set out below.

2.1 Consolidation

The pro forma consolidated financial information incorporates the financial statements of the Company and group undertakings.

Group undertakings are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the profit and loss account.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.2 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax or other sales taxes, returns, rebates and discounts and is recognised as follows:

(a) Sales of goods – retail

Sales of goods are recognised when the Group sells a product to the customer. Retail sales are usually in cash or by credit card. The recorded revenue includes credit card fees payable for the transaction. Such fees are included in finance costs.

(b) Provision of services

Income from provision of services are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

(c) Property-related income

Rentals receivable, short-term lets receivable and premia charged to tenants of immovable property are recognised in the period when the property is occupied. Premia are taken to the profit and loss account over the period of the leases to which they relate. Property-related income is shown under other income.

(d) Dividend income

Dividend income is recognised when the right to receive payment is established.

2. Significant accounting policies - continued

2.3 Interest income and expense

Interest income and expense are recognised in the profit and loss account for all interest-bearing instruments on an accrual basis using the effective interest method. Interest income is recognised as it accrues, unless collectibility is in doubt. Interest expense includes the effect of amortising any difference between net proceeds and redemption value in respect of the Group's interest-bearing borrowings.

Borrowing costs are capitalised within property, plant and equipment in so far as they relate to the specific external financing of capital projects under construction or the development of property held. Such borrowing costs are capitalised up to the time that the construction or development is complete. Other borrowing costs are recognised as an expense in the year to which they relate.

2.4 Foreign currencies

Functional and presentation currency

Items included in the pro forma consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates ("the functional currency"). The financial statements are presented in Maltese Liri, which is the Group's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

2.5 Property, plant and equipment

Property, plant and equipment comprise mainly land and assets under construction. Land is shown at fair value, based on periodic valuations by external independent valuers. All other assets under construction are stated at historical cost. Historical cost includes expenditure that is directly attributable to the acquisitions of assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit and loss account during the financial period in which they are incurred. Increases in the carrying amount arising on revaluation of land are credited to a revaluation reserve in shareholders' equity.

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with the carrying amount, and are taken into account in determining operating profit.

Depreciation is calculated on the straight-line method to allocate the cost of the assets to their residual values over their estimated useful lives as follows:

	%
Buildings	2
Furniture, fixtures and fittings	10
Plant, machinery and catering and retailing equipment	10 – 25

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. In particular, the Group assesses on a periodic basis the economic useful lives of integral and movable assets directly related to the retailing sector. Land and assets in the course of construction are not depreciated.

An asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount (see Accounting policy 2.6).

2. Significant accounting policies - continued

2.6 Impairment of assets

Impairment of non-financial assets

Assets (including goodwill) that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Impairment of financial assets

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset is impaired. A financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset and that has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

Objective evidence that a financial asset is impaired includes observable data about certain events which can include (but are not restricted to) indications that there is a measurable decrease in the estimated future cash flow from the financial asset since the initial recognition.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the profit and loss account. Impairment losses recognised in the profit and loss account on equity instruments are not reversed through the profit and loss account.

2.7 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is determined on an average cost ("AVCO") basis. In general, cost also includes freight charges. Net realisable value is the estimate of the selling price in the ordinary course of business less selling expenses.

2.8 Trade debtors

Trade debtors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade debtors is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of debts. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the profit and loss account.

2.9 Operating leases

Leases of assets where a significant portion of the risk and rewards of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

2. Significant accounting policies - continued

2.10 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at face value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand and deposits held at call with banks, net of bank overdrafts, if any. In the balance sheet, the bank overdraft is included in borrowings in current liabilities.

2.11 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit and loss account over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

2.12 Other financial instruments

The Group's other financial assets, which have not been referred to in the accounting policies disclosed above, are classified as loans and receivables in accordance with the requirements of IAS 39 and are measured at cost, that is, the face value of these assets. All regular way transactions in assets classified in this category are accounted for using settlement date accounting.

A credit risk provision for financial asset impairment is established if there is objective evidence that the Group will not be able to collect all amounts due. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of the expected cash flows, including amounts recoverable from collateral, discounted based on the interest rate at inception.

The Group's financial liabilities, other than those referred to in the accounting policies above, are classified as liabilities which are not held for trading ("other liabilities") under IAS 39, and are measured at cost, that is, the face value of such instruments.

2.13 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2.14 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or for the acquisition of a business, are included in the cost of acquisition as part of the purchase consideration.

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

2.15 Deferred taxation

Deferred tax is provided using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet

2. Significant accounting policies - continued

2.15 Deferred taxation - continued

date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the tax losses and unabsorbed capital allowances can be utilised.

2.16 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

In the opinion of the directors, the accounting estimates and judgements made in the course of preparing the pro forma consolidated financial information are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1 (revised).

4. Turnover and reported results

The Group's turnover mainly arises from the management and operation of 'PAVI Shopping Complex', which is principally engaged in the sale of a broad assortment of foodstore and other related household ancillary items. All the activities are conducted locally.

Reported results for the Group relate principally to the six month trading period from 1 November 2006 to 30 April 2007. Prior to that period, the Group was engaged in the construction, development and commissioning of the 'PAVI Shopping Complex'.

5. Expenses by nature

	Period from 1 January 2006 to 30 April 2007 Lm
Cost of goods sold	4,005,102
Staff costs (Note 6)	337,002
Depreciation of property, plant and equipment (Note 12)	121,984
Utilities costs	101,535
Equipment operating lease costs	17,781
Other expenses	172,058
Total cost of sales, direct operating, selling and distribution and administrative expenses	4,755,462

6. Staff costs

	Period from 1 January 2006 to 30 April 2007 Lm
Wages and salaries	318,010
Social security costs	18,992
	337,002

Wages and salaries amounting to Lm68,533 incurred in the period before the commencement of trading operation of the supermarket have been capitalised in property, plant and equipment.

From the beginning of the reported period to the commencement of operations, the Group employed an average of 10 employees.

The average number of persons employed by the Group since the commencement of operations to the period end are analysed as follows:

	Period from 1 November 2006 to 30 April 2007
Operational	100
Selling and distribution	4
Administration	11
	115

7. Interest receivable

	Period from 1 January 2006 to 30 April 2007 Lm
Bank interest receivable	15,704

8. Interest payable

	Period from 1 January 2006 to 30 April 2007 Lm
Interest payable on bank borrowings	76,989
Other charges	7,617
	84,606

Borrowing costs incurred during the period amounting to Lm93,221 have been capitalised within assets in course of construction, and are excluded from the above charge to the profit and loss account. A net capitalisation rate of 5.5% was applied, representing the borrowing cost of the loans utilised to finance capital projects under construction and the development of property held.

9. Tax income

	Period from 1 January 2006 to 30 April 2007 Lm
Current tax charge	
- on income taxed at 35%	(134)
Deferred tax income (Note 16)	57,749
Tax income	57,615

9. Tax income - continued

The tax on the Group's loss before tax differs from the theoretical amount that would arise using basic tax rate as follows:

	Period from 1 January 2006 to 30 April 2007 Lm
Loss before tax	(73,578)
Tax on loss at 35%	(25,752)
Tax effect of:	
Expenses not deductible for tax purposes	14,395
Income subject to a reduced rate of tax	134
Allowances available under the Business Promotion Act, including investment allowances	(42,328)
Maintenance allowance	(4,550)
Other differences	486
Tax income	(57,615)

10. Directors' remuneration

	Period from 1 January 2006 to 30 April 2007 Lm
Directors' salaries	28,097

Directors' salaries are included within staff costs in Note 6.

11. Earnings per share

Earnings per share is based on the loss for the financial period attributable to the equity holders of PAVI Shopping Complex p.l.c. divided by the weighted average number of ordinary shares in issue during the period.

	Period from 1 January 2006 to 30 April 2007
Loss attributable to equity - Lm	(15,963)
Weighted average number of ordinary shares in issue (Note 15)	3,600,500
Earnings per share	(0c4)

12. Property, plant and equipment

	Land and buildings Lm	Assets in the course of construction Lm	Plant, machinery, catering and retailing equipment Lm	Furniture and fittings Lm	Total Lm
At 1 January 2006					
Cost or revaluation and net book amount	4,530,000	571,058	-	-	5,101,058
Period ended 30 April 2007					
Opening net book amount	4,530,000	571,058	-	-	5,101,058
Additions and transfers	3,781,171	(571,058)	1,171,471	209,546	4,591,130
Depreciation charge	(37,426)	-	(79,131)	(5,427)	(121,984)
Closing net book amount	8,273,745	-	1,092,340	204,119	9,570,204
At 30 April 2007					
Cost or revaluation	8,311,171	-	1,171,471	209,546	9,692,188
Accumulated depreciation	(37,426)	-	(79,131)	(5,427)	(121,984)
Net book amount	8,273,745	-	1,092,340	204,119	9,570,204

On 1 January 2005, prior to commencement of development, the directors approved the revaluation of property owned by the Group on which the 'PAVI Shopping Complex' was to be constructed and developed. This revaluation was determined on the basis of open market value, after considering the projected returns being obtained by the Company and the intrinsic value of the property together with the freehold title and permits at hand, as evaluated by professional architects.

In the directors' opinion the carrying amount of land and buildings as at 30 April 2007 does not differ materially from that which would be determined using fair values.

As at 30 April 2007, the carrying amount of property, plant and equipment would have been Lm5,585,007 had these assets been included in the financial statements at historical cost less depreciation as stated above.

Bank borrowings are secured by the Group's property, plant and equipment (Note 18).

13. Stocks

	30 April 2007 Lm
Goods held for resale	555,360
Raw materials	8,216
Finished goods	4,226
Other stocks	3,780
Other consumables	25,272
	<hr/> 596,854 <hr/>

The amount of stock write-downs recognised as an expense during the period are included in cost of sales totalling Lm35,914.

14. Debtors

	30 April 2007 Lm
Current	
Trade debtors	4,529
Amounts owed by shareholders	55,139
Amounts owed by related undertaking	800,000
Indirect taxation	24,063
Prepayments and accrued income	27,200
	<hr/> 910,931 <hr/>

Amounts owed by parent and related undertakings are unsecured, interest free and repayable on demand.

15. Share capital

	30 April 2007 Lm
Authorised	
10,000,000 ordinary shares of Lm1 each	10,000,000
Issued and fully paid	
3,600,500 ordinary shares of Lm1 each	<hr/> 3,600,500 <hr/>

For the purposes of this pro forma consolidated financial information, the share capital above represents the issued and fully paid up share capital of PAVI Shopping Complex p.l.c.. This was actually issued on 26 July 2007 and 4 September 2007.

15. Share capital - continued

On 26 July 2007, the Company was incorporated with a share capital of 500 ordinary shares of Lm1 each. On 4 September 2007, the shareholders approved, through a number of extraordinary resolutions, the share capital increase of the Company by Lm3,600,000. This share increase resulted through a capitalisation of the revaluation reserve resulting in an issued share capital of 3,600,500 ordinary shares of Lm1 each. For the purposes of this pro forma consolidated financial information, it is assumed that this capital restructuring was effective as at 1 January 2006, since the Group's property was revalued on 1 January 2005.

16. Deferred taxation

Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 35% except for temporary differences on immovable property that are calculated under the liability method using a principal tax rate of 12% on the carrying amount of property.

	Lm
At beginning of period	(540,000)
Movements during the period:	
Credited to the profit and loss account (Note 9)	57,749
At end of period	<u>(482,251)</u>

Deferred taxation is principally composed of deferred tax assets and liabilities which are to be recovered and settled after more than 12 months.

The balance at end of period represents temporary differences on or attributable to:

	30 April 2007 Lm
Revaluation of property, plant and equipment (Note 17)	(540,000)
Depreciation of property, plant and equipment	(31,574)
Unabsorbed capital and investment allowances	77,195
Unabsorbed tax losses	12,128
	<u>(482,251)</u>

17. Revaluation reserve

On 1 January 2005, prior to commencement of development, the directors approved the revaluation of property owned by the Group on which the 'PAVI Shopping Complex' was to be constructed for an amount of Lm4,500,000 resulting in a revaluation surplus of Lm3,445,197, net of deferred tax of Lm540,000. This surplus was eventually capitalised through the group restructuring process described on page 35 of the Prospectus (refer to Note 15).

18. Interest-bearing borrowings

	30 April 2007 Lm
Non-current	
Bank loan	1,702,107
Current	
Bank overdraft	718,930
Bank loan	234,283
	953,213
Total borrowings	2,655,320

The Group's banking facilities as at 30 April 2007 amounted to Lm3,161,650.

The Group's bank borrowings are secured by:

- hypothecs over the Group's assets,
- hypothecs over the assets of parent undertakings,
- guarantees provided by parent undertakings.

The interest rate exposure of borrowings was as follows:

	30 April 2007 Lm
Total borrowings:	
At floating rates	2,655,320

Weighted average effective interest rates at the balance sheet date:

	30 April 2007 %
Bank overdraft	5.5
Bank loans	5.5

The maturity of non-current borrowings is as follows:

	30 April 2007 Lm
Between 1 and 2 years	224,984
Between 2 and 5 years	750,076
Over 5 years	727,047
	1,702,107

19. Trade and other creditors

	30 April 2007 Lm
Non-current	
Capital creditors	327,154
Other creditors	202,000
	<hr/>
	529,154
	<hr/>
Current	
Trade creditors	1,379,627
Capital creditors	1,827,759
Amounts owed to related undertakings	46,739
Other taxation and social security	9,720
Other creditors	47,531
Accruals and deferred income	558,066
	<hr/>
	3,869,442
	<hr/>

Amounts owed to related undertakings are unsecured, interest free and repayable on demand. Other creditors relate to deposit liabilities refundable to tenants in profit sharing departments of the retailing operations.

Maturity of non-current creditors is as follows:

	30 April 2007 Lm
Between 1 and 2 years	277,733
Between 2 and 5 years	251,421
	<hr/>
	529,154
	<hr/>

20. Cash generated from operations

Reconciliation of operating loss to cash generated from operations:

	Period from 1 January 2006 to 30 April 2007 Lm
Operating loss	(4,676)
Adjustments for:	
Depreciation on property, plant and equipment (Note 12)	121,984
Changes in working capital:	
Debtors	(89,022)
Creditors	2,013,883
Stocks	(596,854)
Cash generated from operations	<u>1,445,315</u>

21. Cash and cash equivalents

For the purposes of the cash flow statement, the period end cash and cash equivalents comprise the following:

	30 April 2007 Lm
Cash at bank and in hand	28,775
Bank overdraft	(718,930)
	<u>(690,155)</u>

22. Financial instruments

Credit risk

Financial assets which potentially subject the Group to concentrations of credit risk consist principally of debtors and cash at bank. The Group's cash is placed with quality financial institutions. The Group has policies in place to ensure that income from provision of services and property rental income are made to clients with an appropriate credit history. Sales to retail clients are made in cash or via major credit cards. Credit risk with respect to amounts owed by parent and related undertakings is deemed by the directors to be limited in view of the support given by the shareholders as at 30 April 2007.

22. Financial instruments - continued

Foreign exchange risk

The Group is exposed to foreign exchange risk arising from currency exposure with respect to purchases made and which are denominated in foreign currencies. Up to 30 April 2007, the Group did not have any hedging policy with respect to foreign exchange risk as exposure to such risks was not considered to be significant by the directors.

Interest rate risk

The Group's cash flows are influenced by changes in market interest rates. Notes 18 and 19 incorporate interest rate and maturity information with respect to the Group's interest-bearing liabilities. Up to the balance sheet date, the Group did not have any hedging arrangements with respect to interest rate risk.

Liquidity risk

The Group's liquidity risk is considered to be relatively insignificant by the directors in view of the nature of its main financial assets and liabilities.

Fair values

At 30 April 2007, the carrying amounts of cash at bank, debtors, creditors, accrued expenses and short-term interest-bearing borrowings approximated their fair values due to the nature or short-term maturity of the instruments. The fair values of interest-bearing borrowings subject to floating rates of interest are not materially different from their carrying amounts.

23. Related party transactions

The directors consider all companies ultimately controlled by the shareholders of PAVI Shopping Complex p.l.c., together with their shareholder companies, group undertakings and associated undertakings to be related parties. Trading transactions between these companies include items which are normally encountered in a 'Group' context.

Amounts receivable from or payable to parent and related undertakings are disclosed in Notes 14 and 19 to these financial statements.

24. Commitments

Operating lease commitments

The future minimum lease payments payable under non-cancellable operating leases are as follows:

	30 April 2007 Lm
Not later than 1 year	30,000
Later than 1 year and not later than 5 years	120,000
Later than 5 years	162,500
	<hr/>
	312,500
	<hr/>

25. Contingencies

At 30 April 2007, the Group had contingent liabilities, mainly relating to letters of credit of Lm306,650 issued by the bank in favour of third parties in the ordinary course of the business. These are supported by various hypothecs over the Group's assets.

26. Financial highlights

In accordance with Legal Notice 4 of 2007, the Group is disclosing the Euro equivalent of the key items in the financial statements as follows:

	Period from 1 January 2006 to 30 April 2007 EUR
Turnover	10,975,208
Loss for the period	(37,184)
Net asset value	8,317,254

Reported results relate to the six month trading period commencing from 1 November 2006 to 30 April 2007. Prior to that period, the Group was engaged in the construction, development and commissioning of the 'PAVI Shopping Complex'.

All figures have been translated using the Irrevocably Fixed Conversion Rate of EUR1 : Lm0.4293.

27. Statutory information

PAVI Shopping Complex p.l.c. is a public limited company and is incorporated in Malta.

The ultimate controlling companies of PAVI Shopping Complex p.l.c. are PG Holdings Limited, a company registered in Malta, with its registered address at 'Ta Clara Farmhouse', Ramla Road, Maghtab, Malta and Yvonvi Limited, a company registered in Malta, with its registered address at 'Yvonne', il-Prinjoli Road, Iklun, Malta.

STATEMENT OF PRO FORMA ADJUSTMENTS

The disclosed information on audited accounts represents the consolidated results and financial position of PAVI Supermarkets Limited per audited consolidated financial statements for the period ended 30 April 2007, on which the auditor has expressed an unqualified opinion.

Profit and loss account for the period ended 30 April 2007

	As per pro forma report	Pro forma adjustments		As per audited accounts
	Lm	Lm	Ref.	Lm
Turnover	4,711,657	-		4,711,657
Cost of sales	(3,971,675)	-		(3,971,675)
Gross profit	739,982	-		739,982
Direct operating expenses	(539,077)	(38,799)	(iii)	(500,278)
Selling and distribution expenses	(34,169)	-		(34,169)
Administrative expenses	(210,541)	131,081	(i, iii)	(341,622)
Other operating income	39,129	-		39,129
Operating loss	(4,676)	92,282		(96,958)
Interest receivable	15,704	14,812	(iii)	892
Interest payable	(84,606)	(68,199)	(iii)	(16,407)
Loss before tax	(73,578)	38,895		(112,473)
Tax income	57,615	(23,991)	(ii)	81,606
Loss for the period	(15,963)	14,904		(30,867)

STATEMENT OF PRO FORMA ADJUSTMENTS - continued

Balance sheet as at 30 April 2007

	As per pro forma report Lm	Pro forma adjustments Lm	Ref.	As per audited accounts Lm
ASSETS				
Fixed assets				
Tangible assets				
- property, plant and equipment	9,570,204	8,409,637	(i, iv)	1,160,567
Total fixed assets	9,570,204	8,409,637		1,160,567
Other non-current assets				
Deferred taxation	-	(81,740)	(ii, iv)	81,740
Total non-current assets	9,570,204	8,327,897		1,242,307
Current assets				
Stocks	596,854	-		596,854
Debtors	910,931	(1,298,820)	(iv)	2,209,751
Cash at bank	28,775	-		28,775
Total current assets	1,536,560	(1,298,820)		2,835,380
Total assets	11,106,764	7,029,077		4,077,687

STATEMENT OF PRO FORMA ADJUSTMENTS - continued

Balance sheet as at 30 April 2007 - continued

	As per pro forma report Lm	Pro forma adjustments Lm	Ref.	As per audited accounts Lm
EQUITY AND LIABILITIES				
Capital and reserves				
Called up issued share capital	3,600,500	2,800,500	(v)	800,000
Profit and loss account	(29,903)	14,904	(i, iv)	(44,807)
Total equity	3,570,597	2,815,404		755,193
Provisions for liabilities and charges				
Deferred taxation	482,251	482,251	(ii, iv)	-
Total provision for liabilities and charges	482,251	482,251		-
Creditors: amounts falling due after more than one year				
Interest-bearing borrowings	1,702,107	1,702,107	(iv)	-
Creditors	529,154	-		529,154
	2,231,261	1,702,107		529,154
Total non-current liabilities	2,713,512	2,184,358		529,154
Creditors: amounts falling due within one year				
Interest-bearing borrowings	953,213	234,283	(iv)	718,930
Creditors	3,869,442	1,795,032	(iv)	2,074,410
Total current liabilities	4,822,655	2,029,315		2,793,340
Total liabilities	7,536,167	4,213,673		3,322,494
Total equity and liabilities	11,106,764	7,029,077		4,077,687

STATEMENT OF PRO FORMA ADJUSTMENTS - continued

Notes to the statement of pro forma adjustments

The statement of pro forma adjustments provides a reconciliation between the pro forma consolidated financial information and the consolidated results and financial position of the PAVI Supermarkets Limited per audited consolidated financial statements for the period ended 30 April 2007 as a result of the following adjustments:

(i) An adjustment has been made to capitalise pre-operating costs of Lm68,533 incurred by PAVI Supermarkets Limited in the period before the commencement of trading operations related to the setting up of the Complex. These costs had been expensed in the audited consolidated financial statements of PAVI Supermarkets Limited.

(ii) An adjustment has been made in this report to reflect the tax effect of adjustment (i).

Notes (i) and (ii) do not have a continuing impact on the results of the Issuer.

(iii) Adjustments have been made in this report to reflect those transactions of a revenue nature extracted from the profit and loss account of Castellana (Malta) Limited for the period ended 30 April 2007 which are directly attributable to the assets and liabilities transferred to PAVI Shopping Complex p.l.c..

These mainly comprise depreciation of transferred property, plant and equipment amounting to Lm38,799, elimination of rental charges from Castellana (Malta) Limited to PAVI Supermarkets Limited totalling Lm65,000, overheads of Lm2,452, and net finance costs related to external borrowings of Lm53,387.

With the exception of the elimination of rental charges, transactions under note (iii) have a continuing impact on the results of the Issuer.

(iv) Adjustments have been made in this report to reflect the transfer of assets and liabilities relating to the property, plant and equipment which forms the integral immovable property of the 'PAVI Shopping Complex' from Castellana (Malta) Limited to PAVI Shopping Complex p.l.c..

These mainly comprise transferred property, plant and equipment amounting to Lm8,400,000 and the related deferred tax liability of Lm540,000, the elimination of balances between Castellana (Malta) Limited and PAVI Supermarkets Limited totalling Lm1,290,000 and capital and financial creditors of Lm1,794,532 and Lm1,936,390 respectively.

(v) Adjustments have been made in this report to reflect the new share structure of the Issuer principally through the elimination of the share capital of PAVI Supermarkets Limited for the purposes of consolidation and of the share increase resulting from the capitalisation of the revaluation reserve as referred to in Note 17 to the pro forma consolidated financial information.

ANNEX 4

PROSPECTIVE FINANCIAL INFORMATION

ACCOUNTANT'S REPORT ON THE PROSPECTIVE FINANCIAL INFORMATION OF PAVI SHOPPING COMPLEX P.L.C. FOR THE YEAR ENDING 30 APRIL 2008

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Forecast profit and loss account	118
Prospective balance sheet	119 -120
Prospective statement of changes in equity	121
Prospective cash flow statement	122
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The Directors
PAVI Shopping Complex p.l.c.
Manuel Dimech Street,
Qormi,
Malta

28 September 2007

Dear Sirs,

Accountant's report on prospective financial information of PAVI Shopping Complex p.l.c.

We have examined the basis of compilation and the accounting policies of the accompanying prospective financial information of PAVI Shopping Complex p.l.c. ("the Company") and its subsidiary undertakings (collectively referred to as the "PAVI Group") for the year ending 30 April 2008, including the related profit forecast, retained earnings and cash flows in accordance with the International Standard on Assurance Engagements 3000 – Assurance Engagements Other than Audits or Reviews of Historical Financial Information. The prospective financial information, including notes thereto, are set out on pages 118 to 132.

Directors' responsibility for the prospective financial information

The directors are responsible for the preparation of the prospective financial information including the notes and assumptions thereto as set out on pages 118 to 132, in accordance with the Listing Rules issued by the Listing Authority of the Malta Financial Services Authority and EU Regulation EC809/2004.

Accountant's responsibility

Our responsibility is to form an opinion as to whether the prospective financial information, so far as the accounting policies and calculations are concerned, have been properly compiled on the basis adopted by the directors of the Company. It is our responsibility to provide the opinion required by listing rule 17.27.2.2 of the Listing Rules issued by the Listing Authority. Consequently, we express no opinion on the validity of the assumptions on which the prospective financial information are based nor on how closely the results actually achieved will compare with the prospective financial information. Readers are cautioned that this prospective financial information may not be appropriate for purposes other than that described above.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with reasonable assurance that the prospective financial information so far as the accounting policies and calculations are concerned, have been properly compiled on the basis stated.



Accountant's responsibility - continued

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

Opinion

In our opinion:

- (a) the prospective financial information has been properly compiled on the basis stated; and
- (b) this basis is consistent with the accounting policies adopted by the PAVI Group.

Further, we emphasise that the prospective financial information is not intended to, and does not, provide all the information and disclosures necessary to give a fair presentation of the results of the operations of the Group in accordance with International Financial Reporting Standards.

This opinion is solely intended to be relied upon for the purposes of this Prospectus. Readers are cautioned that the prospective financial information may not be appropriate for any other purpose. We accept no responsibility to any other person in respect of, arising out of, or in connection with our work.

Yours faithfully

John B. Zarb (Partner)
for and on behalf of



167, Merchants Street
Valletta
Malta

Forecast profit and loss account

	Note	Forecast year ending 30 April 2008 Lm	Pro forma period ended 30 April 2007* Lm
Turnover		9,243,702	4,711,657
Cost of sales		(7,638,941)	(3,971,675)
Gross profit		1,604,761	739,982
Direct operating costs		(875,236)	(539,077)
Selling and distribution expenses		(153,271)	(34,169)
Administrative expenses		(301,590)	(210,541)
Other operating income		104,340	39,129
Operating profit/(loss)		379,004	(4,676)
Interest receivable		-	15,704
Interest payable		(254,250)	(84,606)
Profit/(loss) before tax		124,754	(73,578)
Tax (expense)/income		(43,285)	57,615
Profit/(loss) after tax		81,469	(15,963)
Earnings per share (cents)	6	2c3	(0c4)

* The reported results for the Group relate principally to the six month trading period commenced from 1 November 2006 to 30 April 2007.

Prospective balance sheet

	Note	Prospective 2008 Lm	Pro forma 2007 Lm
ASSETS			
Fixed assets			
Tangible assets			
- Property, plant and equipment		9,365,636	9,570,204
Current assets			
Stocks		597,870	596,854
Debtors	7	1,037,640	910,931
Cash at bank and in hand		7,055	28,775
Total current assets		1,642,565	1,536,560
Total assets		11,008,201	11,106,764

Prospective balance sheet - continued

	Notes	Prospective 2008 Lm	Pro forma 2007 Lm
EQUITY AND LIABILITIES			
Capital and reserves			
Called up issued share capital		3,600,500	3,600,500
Profit and loss account		51,566	(29,903)
Total equity		3,652,066	3,570,597
Provisions for liabilities and charges			
Deferred taxation		486,978	482,251
Creditors: amounts falling due after more than one year			
Interest-bearing borrowings	8	4,907,005	1,702,107
Trade and other creditors	9	164,000	529,154
		5,071,005	2,231,261
Total non-current liabilities		5,557,983	2,713,512
Creditors: amounts falling due within one year			
Interest-bearing borrowings	8	297,930	953,213
Trade and other creditors	9	1,500,222	3,869,442
Total current liabilities		1,798,152	4,822,655
Total liabilities		7,356,135	7,536,167
Total equity and liabilities		11,008,201	11,106,764

The directors believe that the assumptions on which the prospective financial information is based are reasonable and that, in the absence of unforeseen circumstances outside their control, the working capital available to the Group will be adequate for the carrying out of its business.

This prospective financial information has been approved by the Board of Directors of the Company on 28 September 2007 and signed on its behalf by:

Paul Gauci
Chairman

Victor Grech
Director

Prospective statement of changes in equity

	Share capital Lm	Profit and loss account Lm	Total Lm
Balance at 1 January 2006	3,600,500	(13,940)	3,586,560
Loss for the period	-	(15,963)	(15,963)
Balance at 30 April 2007	3,600,500	(29,903)	3,570,597
Balance at 1 May 2007	3,600,500	(29,903)	3,570,597
Profit for the year	-	81,469	81,469
Balance at 30 April 2008	3,600,500	51,566	3,652,066

Prospective cash flow statement

	Note	Prospective year ending 30 April 2008 Lm	Pro forma period ended 30 April 2007 Lm
Operating activities			
Cash (used in)/generated from operations		(2,432,213)	1,445,315
Interest received		-	15,704
Interest paid		(47,916)	(84,606)
Tax paid		(38,558)	(134)
Net cash (used in)/from operating activities		(2,518,687)	1,376,279
Investing activities			
Purchase of property, plant and equipment		(48,643)	(2,612,533)
Financing activities			
Proceeds from issue of bonds		5,000,000	-
Bond issue costs		(97,000)	-
(Repayments of)/increase in bank borrowings		(1,936,390)	643,082
Net cash from financing activities		2,966,610	643,082
Movement in cash and cash equivalents		399,280	(593,172)
Cash and cash equivalents at beginning of year/period		(690,155)	(96,983)
Cash and cash equivalents at end of year/period	10	(290,875)	(690,155)

Notes to the prospective financial information

1. Introduction

The prospective financial information of PAVI Shopping Complex p.l.c. ("the Company") for the year ending 30 April 2008 has been prepared to provide financial information for the purposes of inclusion in the Prospectus of PAVI Shopping Complex p.l.c. dated 28 September 2007. This prospective financial information, set out on pages 118 to 132, and the assumptions below are the sole responsibility of the directors of the Company.

The prospective financial information for the year ending 30 April 2008 has been based on the following unaudited financial information:

- a) the consolidated management accounts of the Company and its group undertakings for the three months ended 31 July 2007;
- b) prospective financial information of the Company and its subsidiaries covering the period 1 August 2007 to 30 April 2008.

The prospective financial information is intended to show a possible outcome based on assumptions as to future events, which the directors expect to take place, and on actions the directors expect to take. Events and circumstances frequently do not occur as expected and therefore actual results may differ materially from those included in the prospective financial information. Attention is drawn, in particular, to the risk factors set out in the Prospectus which describe the primary risks associated with the business to which the prospective financial information relates.

The directors have exercised due care and diligence in adopting these assumptions. The prospective financial information was formally approved on 28 September 2007 and the assumptions reflect the judgements made by the directors at that date. The assumptions that the directors believe are significant to the prospective financial information are set out below.

2. Basis of preparation

The prospective financial information has been made after due and careful enquiry by the Issuer. The principal assumptions relating to the environment in which PAVI Shopping Complex p.l.c. operates, and the factors which are exclusively outside the influence of the directors and which underlie the prospective financial information, are the following:

- There will be no abnormal intensification in competitive pressures;
- There will be no material adverse events originating from market and economic conditions including consumer spending levels, exchange rate movements, employment and job growth;
- The Company, through its operating subsidiaries, will be able to generate revenues from its three existing business segments namely:
 - Food and non-food retailing from the PAVI Supermarket;
 - Income-sharing arrangements with specialised third party operators in respect of designated areas within the PAVI Supermarket;
 - The management, operation and letting of other retail and commercial outlets within the 'PAVI Shopping Complex';

2. Basis of preparation - continued

- The Company, through its operating subsidiaries, will be able to maintain its market share in its established business and continue to seek strategies to improve its return from this sector by leveraging upon a broad assortment of quality food, household goods and other ancillary products;
- The Company, through its operating subsidiaries, will be able to maintain its ability to gauge the direction of consumer behaviour and successfully offer a combination of price, quality, product mix, brand recognition, in-store marketing and design and promotional strategies;
- There will be no material adverse events arising from seasonal aspects of the operations which generally reach the highest volume of sales during the fourth quarter, and the lowest volume during the first quarter;
- There will be no material adverse events, such as delays or interruptions associated in the supply chain;
- The Company, through its operating subsidiaries, will be able to secure continued enhancements in operating margins through improved logistics and enhanced efficiency of operation. While such improvements will necessarily become more contained as the business matures, there will remain scope for improvement going beyond the remedial actions envisaged in the shorter term;
- Operating and administrative expenses will not change materially throughout the period covered by the forecast, bar the impact of effects of inflation;
- The rates of interest charged by bankers on sanctioned facilities made available to the Group will not change materially throughout the period covered by the forecast;
- The bases and rates of indirect taxation levied on the Company's services will not change materially throughout the period covered by the forecast;
- The Company will continue to enjoy good relations with its employees and their representatives throughout the period covered by the forecast.

3. Significant accounting policies

The significant accounting policies of the Group are set out on pages 95 to 99 in Annex 3 – Pro forma consolidated financial information. Where applicable, these accounting policies, in so far as they relate to recognition and measurement criteria, have been consistently applied in the preparation of the prospective financial information.

4. Principal assumptions

The principal assumptions relating to the environment in which PAVI Shopping Complex p.l.c. operates, and the factors which the directors can influence and which underlie the prospective financial information, are the following:

4.1 Revenues

4.1.1 Revenue represents the projected income generated from operations. Total revenue for 2008 is forecast at Lm9.2million as follows:

Food and non-food retailing	85.7%
Income-sharing arrangements	14.3%
	<hr/>
	100.0%
	<hr/>

4.1.2 Revenue forecast in 2008 (assuming a financial year end of 30 April), is based on revenues generated monthly with the following assumptions:

- Revenues generated in May, June and July 2007 are based on actual revenues, net of VAT;
- Monthly revenues generated between August to November are based on the average monthly revenue generated in May, June and July;
- Revenues generated in December are forecast to be positively influenced by seasonality peaks and in aggregate should increase by 32% over the estimated November sales;
- Revenues generated in January and February are forecast to be equivalent to revenues generated in November less 15% to reflect lower volume of revenues post-holiday season;
- Revenues generated in March are forecast to be equivalent to estimated November sales;
- Revenues generated in April are forecast to be positively influenced by seasonality peaks and in aggregate should increase by 6% over the estimated March sales.

4.1.3 There will be no material adverse events, arising from seasonal aspects of the operations. In particular, total revenues originating from food and non-food retailing from PAVI Supermarket together with Income-sharing arrangements are forecast to increase by:

- 32% in December over the estimated November sales to reflect the holiday season;
- 6% in April over the estimated March sales to reflect Easter period.

4.1.4 Revenues are forecast to increase by inflation-like levels at 3% p.a. with the inflationary impact occurring in the month of May in each financial year.

4.2 Gross profit

4.2.1 Gross profit represents the profit earned after deducting the cost of goods sold during the year. Cost of goods only includes prime costs comprising purchase and distribution costs including inbound freight charges, purchasing and receiving costs, and other direct costs associated with the Company and its operating subsidiaries.

4. Principal assumptions - continued

4.2.2 Gross profit margin for 2008 is forecast at 17.4%. This is made up of a mix between the food and non-food retailing segment and the Income-sharing arrangements segment.

4.2.3 The Group, through its operating subsidiaries is forecast to secure continued enhancements in operating margins through improved logistics and enhanced efficiency of operation. Gross profit margin improvements are expected from enhanced shelf management and, in particular, by PAVI Supermarket negotiating more advantageous trade discounts on the basis of reduced settlement periods with suppliers.

4.2.4 There will be no material adverse events, such as delays or interruptions associated in the supply chain.

4.3 Shop operating expenses, selling & distribution and administrative expenses

4.3.1 Shop operating expenses, selling & distribution and administrative expenses consist primarily of payroll, repairs and maintenance, rent, utilities, provision for pilferage, depreciation and other general expenses. Shop operating expenses include a provision of 0.5% on prime costs originating from food and non-food retailing operations to cater for risks associated with pilferage of dry and perishable food and non-food products and other goods.

4.3.2 The Group, through its operating subsidiaries, is forecasting that expenses relating to costs incurred in the setting up of operations and systems will not have a continuing impact.

4.3.3 Interest charge represents interest payable to Castellana (Malta) Limited prior to the group restructuring until the property transfer to the Company.

4.3.4 These expenses are based on the cost levels experienced in the past, adjusted for the nature and projected growth in future operations and forecast to increase with inflation-like levels at 3% per annum.

4.3.5 The depreciation charge is based on the Group's fixed asset base adjusted for projected additions and disposals during the year and the depreciation rates set out in the property, plant and equipment accounting policy.

4.4 Other income

4.4.1 Other income represents income generated from the management, operation and letting of other retail and commercial outlets within the 'PAVI Shopping Complex'. Other income for 2008 is forecast at Lm104,340.

4.4.2 This aspect of the Issuer's business offers the prospect for further development and new retail outlets are expected over the next twelve to eighteen months. This includes the opening of a fast food catering outlet which has been leased out to McDonald's. This is expected to become operational before the end of the fourth quarter of 2007 subject to the issue by MEPA of a full development permit. This outlet is already catered for in MEPA's outline development permit for the Complex. Income from this activity in 2008 is forecast at Lm10,000.

4.5 Stock days

4.5.1 Stock levels are assumed to be maintained at current levels, with the current frequency of stock turnover not expected to vary significantly.

4. Principal assumptions - continued

4.6 Credit days

- 4.6.1 Creditors are forecast to increase in tandem with purchases as a result of sales growth. The Company estimates that the majority of trade creditors will be paid within 60 days from date of invoice, with the remaining balances settled within 90 days.

4.7 Financial expenses

- 4.7.1 Financial expenses are estimated on the basis of the projected average borrowings outstanding in the period covered by the forecast and the interest rates sanctioned by the banks. Financial expenses also include:

- Financial expenses originating from the Issuer's outstanding bridge loan facility;
- Interest payments originating from the Bond issue which are forecast to be subject to a fixed interest rate of 7%.

4.8 Taxation

- 4.8.1 Tax is provided at 35% of the chargeable income for the year. Deferred tax is provided for in full using the liability method for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

4.9 Bond proceeds utilisation

- 4.9.1 The Issuer is anticipated to have net bond borrowings in the region of Lm4.9 million. The net proceeds from the issue of the Bonds will be used by the Issuer:

- to repay in full the BOV Bridging Facility of Lm1,900,000;
- to part finance the net balance due by the PAVI Group to Castellana (Malta) Limited of Lm1,910,000. This relates principally to the balance due by the Issuer to Castellana (Malta) Limited on the reorganisation of the PAVI Group less advances made by PAVI SL to Castellana (Malta) Limited;
- to finance the payment of capital creditors of PAVI SL and PAVI BL of Lm580,000;
- for working capital purposes of the PAVI Group.

5. Reporting periods

The reported period being disclosed in the prospective financial information relate to the twelve month period ending 30 April 2008, the Group's first full year of operations.

The comparative information disclosed relates to the sixteen month financial period to 30 April 2007. Within this period the Group operated the 'PAVI Shopping Complex' for a six month period from 1 November 2006 to 30 April 2007.

6. Earnings per share

Earnings per share is based on the profit after taxation attributable to the ordinary shareholders of the Company divided by the weighted average number of ordinary shares in issue during the year.

	Forecast year ending 30 April 2008	Pro forma period ended 30 April 2007
Net profit/(loss) attributable to ordinary shareholders – Lm	81,469	(15,963)
Weighted average number of ordinary shares in issue	3,600,500	3,600,500
Earnings per share (cents)	2c3	(0c4)

7. Debtors

	Prospective 2008 Lm	Pro forma 2007 Lm
Trade debtors	10,242	4,529
Amounts owed by shareholders	50,016	55,139
Amounts owed by related undertaking	920,996	800,000
Indirect taxation	26,408	24,063
Prepayments and accrued income	29,978	27,200
	1,037,640	910,931

8. Interest-bearing borrowings

	Prospective 2008 Lm	Pro forma 2007 Lm
Non-current		
50,000 – Lm100 7.0% bonds 2014 - 2017	4,907,005	-
Bank loans	-	1,702,107
	4,907,005	1,702,107
Current		
Bank overdraft	297,930	718,930
Bank loans	-	234,283
	297,930	953,213
Total borrowings	5,204,935	2,655,320

The carrying amounts of the Group's borrowings are mainly denominated in Maltese Liri. The Group's borrowings are secured by:

- a) hypothecs over the Group's assets;
- b) hypothecs over the assets of parent undertakings;
- c) guarantees provided by parent and related undertakings.

The interest rate exposure of borrowings was as follows:

	Prospective 2008 Lm	Pro forma 2007 Lm
Total borrowings:		
At fixed rates	4,907,005	-
At floating rates	297,930	2,655,320
	5,204,935	2,655,320

Weighted average effective interest rates at the balance sheet date:

	Prospective 2008 %	Pro forma 2007 %
Bank overdraft	5.0	5.5
Bank loans	-	5.5
Bonds	7.0	-

8. Interest-bearing borrowings - continued

The maturity of long-term borrowings is as follows:

	Prospective 2008 Lm	Pro forma 2007 Lm
Between 1 and 2 years	-	224,984
Between 2 and 5 years	-	750,076
Over 5 years	4,907,005	727,047
	4,907,005	1,702,107

The bonds are measured at the amount of net proceeds adjusted for the amortisation of the difference between net proceeds and the redemption value of the bonds using the effective interest method as follows:

	Prospective 2008 Lm	Pro forma 2007 Lm
Original face value of bonds	5,000,000	-
Gross amount of bond issue costs	(97,000)	-
Amortisation charge for the current year/period	4,005	-
Unamortised amount of bond issue costs	(92,995)	-
Amortised cost and closing net book amount of bonds	4,907,005	-

9. Trade and other creditors

	Prospective 2008 Lm	Pro forma 2007 Lm
Non-current		
Capital creditors	-	327,154
Other creditors	164,000	202,000
	164,000	529,154

9. Trade and other creditors - continued

	Prospective 2008 Lm	Pro forma 2007 Lm
Current		
Trade creditors	876,031	1,379,627
Capital creditors	-	1,827,759
Amounts owed to related undertakings	115,704	46,739
Other taxation and social security	-	9,720
Other creditors	48,000	47,531
Accruals and deferred income	460,487	558,066
	1,500,222	3,869,442

On 30 April 2007, amounts due to capital creditors relating to assets integral to the property and operational assets amounted to Lm2,154,913.

Amounts owed to related undertakings are unsecured, interest free and repayable on demand.

Maturity of non-current creditors is as follows:

	Prospective 2008 Lm	Pro forma 2007 Lm
Between 1 and 2 years	38,000	277,733
Between 2 and 5 years	126,000	251,421
	164,000	529,154

10. Cash and cash equivalents

	Prospective 2008 Lm	Pro forma 2007 Lm
Cash at bank and in hand	7,055	28,775
Bank overdraft	(297,930)	(718,930)
	(290,875)	(690,155)

11. Related party transactions

The directors consider all companies ultimately controlled by the shareholders, together with their shareholder companies, subsidiary undertakings and associated undertakings to be related parties. The following operating transactions are carried out with related parties:

	Forecast year ending 30 April 2008 Lm	Pro forma period ended 30 April 2007 Lm
Interest charge to related undertaking	25,000	-

12. Contingent liabilities

Since the date of the pro forma consolidated financial information, there have been no significant changes in the PAVI Shopping Complex Group's contingent liabilities.

13. Financial highlights

In accordance with Legal Notice 4 of 2007, the Group is disclosing the Euro equivalent of the key items in the prospective financial information as follows:

	Prospective year ending 30 April 2008 EUR	Pro forma period ended 30 April 2007 EUR
Turnover	21,532,034	10,975,208
Profit/(loss) for the year/period	189,772	(37,184)
Net asset value	8,507,025	8,317,254

All figures have been translated using the Irrevocably Fixed Conversion Rate of EUR1 : Lm0.4293.

ANNEX 5

ARCHITECT VALUATION

**Valuation Report for the Pavi Shopping Complex,
Manuel Dimech Street, Qormi for the purposes
of a proposed Bond Issue in accordance
with Listing Rules for Property Companies**



ALFRED GRECH & Associates
Project Management + Architecture + Engineering

First Floor, Hercules House, St Mark Str, Valletta, Malta. - Tel 21227220 agrech@aga.com.mt

27th September 2007

The Directors
PAVI Shopping Complex p.l.c.
Manwel Dimech Street
Qormi

1. SCOPE OF VALUATION

In accordance with your instructions, the undersigned has carried out a Valuation of the Pavi Shopping Complex, at the said address, which detailed report is herewith submitted.

It is understood that the purpose of the Valuation Report is in connection with the proposed Bond Issue, and that a copy of this report will be included with the Prospectus, in accordance with the Listing Rules for Property Companies.

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

The undersigned has relied on the floor areas taken up from the plans as provided by the owners.

2. LOCATION & BRIEF DESCRIPTION OF THE PROPERTY

The property for the purposes of this valuation is located in Manwel Dimech Street, Qormi. The site is bounded on the north west side by the said street, on the south west and south east by third party property and on the north east by government property. An access road on the north east gives access from the site on to Lion Street located on the north east side. (See figure 1)

The site covers approximately 13,800 square meters of flat land with an additional 345 square meters for the access road leading to Lion Street. The main façade of the property which has a frontage of 131meters overlooks Manuel Dimech Street, a main distributor road connecting Qormi to Marsa and Hamrun.

It incorporates a supermarket which was built in 2005 and completed in November 2006.

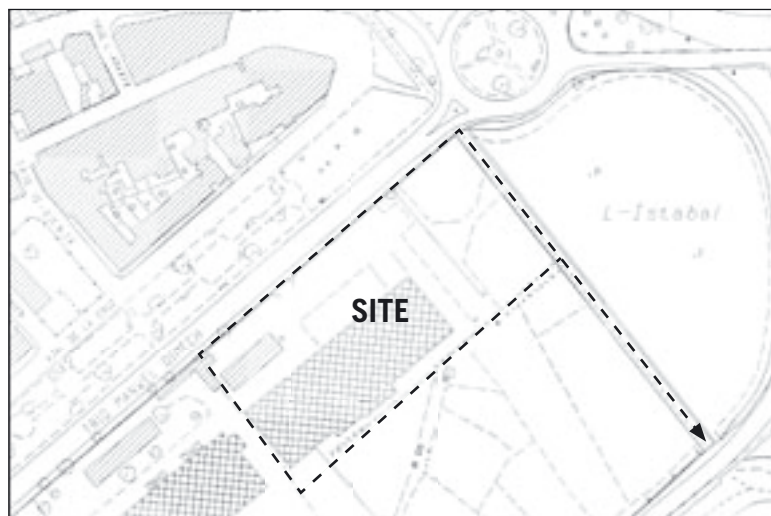


Figure 1.

3. ACCESS ROADS TO THE SITE

A main road (Manuel Dimech Street) passes along the front of the premises. An access road towards the back on to Lion Street provides an alternative convenient exit route at the back. A bus terminus (Qormi) is located within 200 meters from the site.

The site in question in terms of access is located on a very strategic route linking two main arterial roads that is the Qormi Bye Pass linking the north part of the Island to the south western part, and the Mriehel Bye-Pass which links the North eastern localities to those of the south eastern parts. These two main traffic network links passing on either side of the site guarantee ease of access to and from the site, rendering it ideal for retail orientated business ventures. (see Figure 2)

4. SITE HISTORY

The site previously incorporated an old factory (ex-Castellana), which has since been demolished. The factory was constructed on a single storey with a footprint of 3,500 sq meters in the middle of the 13,800 square meter property. An adjoining administration block covered a footprint of 345 sq meters.

5. DEVELOPMENT OF THE SITE

Allowable Development Permits

The site which was previously designated for industrial use, has been granted Planning Permission for commercial purposes in the retail sector. In fact the development permit PA 6867/04 and PA 7381/05 covers the construction of a supermarket with ancillary facilities and parking on two floors. The permit also includes the roof level for use as a car park. In effect this permit covered the development of approximately 15,000 square meters of retail and ancillary space and 7,000 square meters of car parking space at roof level.

Figure 2.



Current Development

In accordance with the MEPA issued permits mentioned above, the site has been developed into the largest retail supermarket on the island focusing mainly on the retailing of food stuffs and related household ancillary items. The development of the project has been spread over three levels.

*Ground Floor*

- This comprises a supermarket located on one floor, covering a retail area of 5,340 square meters. This main retail hall which is the largest on the local market includes the following;
- All kinds of foods including a large section dedicated for frozen foods.
- A number of delicatessen shops strung along the façade and with an entrance from the main hall are a number of supporting shops comprising of:
 - Agenda Stationery & Book Shop
 - Flower Shop
 - Go Mobile Shop & Maltacom
 - Bank of Valletta bank outlet with ATM
 - DIY (proposed)
 - Perfumery
- A fully furnished cafeteria with a dispensing bar and and a fully fitted kitchen.
- Ancillary stores and cold rooms on two floors covering an area of 2,813 square meters.
- Loading bay goods receiving area complete with large walk in cold rooms covering an area of 2,172 square meters.
- Administrative offices and other staff facilities covering an area of 1,980 square meters

- A food preparation area complete with a fully equipped kitchen covering an area of 1,170 square meters.
- The main retail hall incorporates 22 rows of propriety shelving units with a 2.3 meters wide aisle for comfortable shopping.
- Public and staff toilets and restrooms are strategically located within the ground floor layout.
- 4 fast passenger lifts which give access to the parking on roof



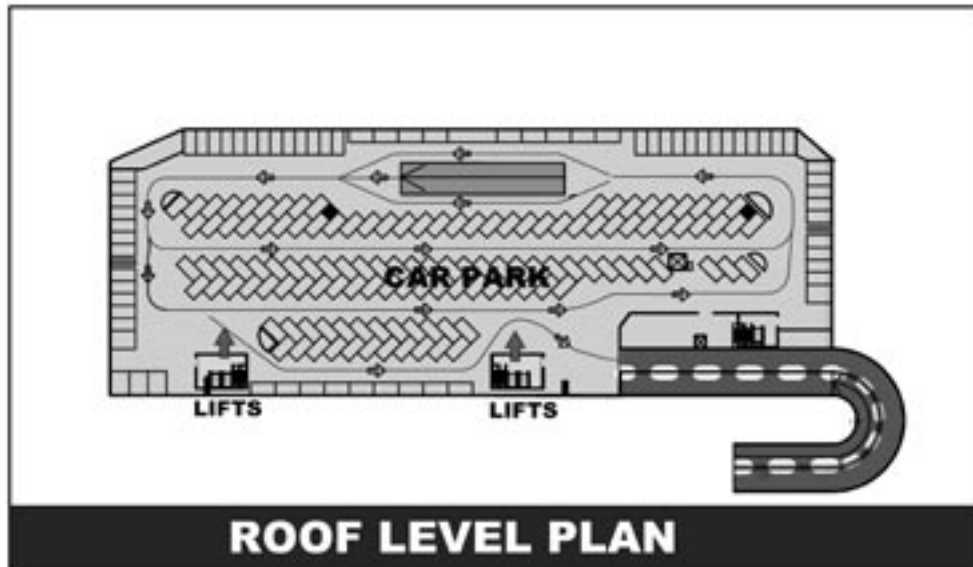
Intermediate Floor

- This covers an internal covered carpark of 4,615 square meters. This parking area can accommodate over 120 cars.



Roof

- Roof is utilized as a car parking area accommodating over 200 cars. Easy ramps lead to and from the car park to the ground level.



Lifts and Stairs

- A series of large lifts and staircases provide access from the lower shopping areas to the upper car parking areas.

Externally

- A dedicated road network has been laid out to control traffic management allowing for entry and exit of customers and servicing vehicles. An access road provides outgoing customers with an exit route to a road at the back.

Project Execution

The project has been executed as a comprehensive project from start to finish. Construction was carried out taking into consideration of all site conditions particularly rain water flooding. In fact measures have been taken in the design of the structure to mitigate this eventuality, as explained by the architect in charge of the project Perit Anthony Fenech Vella in his report of the 10 September 2007 which certified the following:

"The PAVI Supermarket is built on the site of the old Castellana factory, which was demolished prior to the construction of the new supermarket. Since the area was prone to flooding during heavy rains, a number of protective measures were taken to safeguard the new structure against such eventuality.

The whole site has been raised with infill material, and the finished floor level of PAVI Supermarket now lies 2 metres above the finished floor level of the previous Castellana factory, and 2.4 metres above Manwel Dimech Road at the main entrance point.

As a result, the service road level within the complex is higher than the top of the retaining wall of the storm water culvert built by Government on the North end, so that surface runoff now just pours over into it and there is no possibility of the damming effect which previously had caused damages. Moreover, the PAVI rain water culverts now also pour into this culvert from a higher level.

The finished floor level of the supermarket now lies 3.6 metres above the bottom of the water culvert, which has also been widened last year to almost double capacity. It has also been cleaned from all debris.

It is relevant to point out that the main warehouse/stores area are located on the South side of the site, ie, furthest away from the Storm Culvert, at a distance of over 100 meters away.

The supermarket is built of a reinforced concrete frame structure, consisting of underground piles, ground beams, columns and beams. All concrete used for foundations below ground is waterproof and a waterproofing membrane is laid all along the floors, around lift pits, and all structural members; water bars and other specific products were used at all construction joints between the vertical and horizontal concrete elements, to ensure a continuous and flexible protection against water penetration."

The building is serviced by an integrated system of mechanical, electrical and air-conditioning systems throughout.

Level of finishes is high in terms of floor, wall and ceiling treatments. General ambience of the premises is very good and externally all areas are fully landscaped.

6. VALUATION ANALYSIS

The Listing rules require that this Valuation be based on the open market value for its existing use. An open market value represents an opinion of the best price for which the sale of an interest in a property would have been completed unconditionally for a cash consideration on the date of the valuation. An open market valuation assumes

- (i) that there is a willing seller;
- (ii) that the interest being valued would have been, prior to the transaction, properly marketed;
- (iii) that the state of the market, level of values and other circumstances are consistent over the period of the valuation;
- (iv) that no account is taken of any additional bid by a prospective purchaser with a special interest;
- (v) and that both parties to the transaction act knowledgeably, prudently and without compulsion.

An existing use value follows on the definition of the open market value, with the added assumptions that

- (a) the property can be used, for the foreseeable future, only for the existing use, and
- (b) that vacant possession is provided on completion of the sale of all parts occupied by the business as has been specifically approved in accordance with the Development Permits issued by MEPA.

In the assessment of the valuation of the property, consideration has been taken of the development carried out and present on the site in terms of commercial retail use, the layout and the level of the final building product and the location of the property in terms of ease of access on a regional level and the superficial area with special reference to the provision of car parking facilities.

7. OTHER CONSIDERATIONS

- The open market value of the property may vary according to future changes in the trading potential or the actual level of trade as compared with the information and assumptions considered in this valuation.
- No allowance has been made for outstanding loans, hypothecary and other charges and interests or intra-group leases that may exist in respect of the property.
- It has been assumed that freehold and leasehold properties can be transferred to third party purchasers.
- No allowance has been made for any existing or proposed local legislation relating to the taxation of the property asset.
- It has been assumed that any existing financing and contractual arrangements can continue interrupted.
- The flexibility of the building fabric.

8. HYPOTHECARY CHARGES

Following are the hypothecary charges registered over the property as at the date of this report:

Creditor/s	Secured by	Hypothec No
Government of Malta	Special privilege for the balance of price owing by Castellana (Malta) Limited, presently amounting to approximately Lm192,000 in respect of the acquisition of the temporary utile dominium and relative annual and temporary groundrent for the remaining period of 150 years which started running on 3 June 1963 and the absolute ownership thereafter of an area measuring approximately 13,687 square meters. by virtue of a deed dated 11 November 2003 in the records of Notary Vincent Miceli.	I. 19875/2003
Bank of Valletta p.l.c.	Special hypothec over the property in security of a bridging loan facility of approximately Lm1,900,000 granted to PAVI Shopping Complex p.l.c. by virtue of a deed dated 12 September 2007 in the records of Notary Sam Abela.	I. 17625/2007
Bank of Valletta p.l.c.	Special hypothec over the property in security of an overdraft facility of Lm625,000 granted to PAVI Supermarkets Limited (a subsidiary of PAVI Shopping Complex p.l.c.) by virtue of a deed dated 12 September 2007 in the records of Notary Doctor Naomi Micallef Mugliette.	I. 17626/2007
Bank of Valletta p.l.c.	Special hypothec over the property in security of a general banking facility of Lm230,000 granted to PAVI Supermarkets Limited (a subsidiary of PAVI Shopping Complex p.l.c.) by virtue of a deed dated 12 September 2007 in the records of Notary Doctor Naomi Micallef Mugliette.	I. 17626/2007

As indicated above no allowance for such charges has been made in our valuation of the property.

9. CERTIFICATION

In view of all the above assumptions, the existing and the potential commercial use of the property, I consider the open market value of the Pavi Shopping Complex, Manwel Dimech Street Qormi, which is currently held on a freehold basis (save for the access road leading to Lion Street, Qormi measuring approximately 345 square meters which is held under title of temporary emphyteusis for the period which remains from the original period of 150 years which commenced on 3 June 1963), to be equivalent to four million five hundred thousand liri (Lm4,500,000) for the value of the land and three million nine hundred thousand liri (Lm3,900,000) for the value of the building for a total property value of eight million four hundred thousand and Malta Liri (Lm8,400,000), that is equivalent to €19,566,737.

This valuation has been carried out according to the condition and state of the property and the Area Planning Policies as at 27 September 2007.

This value has been derived assuming that there are no onerous or unusual outgoings or encumbrances of which we have no knowledge and that the premises are covered with all the valid necessary permits and licences for its operation.

Finally, I would like to note that having taken all reasonable care to ensure that such is the case, the information contained herein is to the best of my knowledge in accordance with the facts and contains no omission likely to affect its import.

Yours sincerely,



Alfred Grech
Architect & Civil Engineer

ANNEX 6

BLOCK PLAN



ANNEX 7

SECURITY TRUST DEED

An Agreement dated 28 September 2007

PAVI Shopping Complex p.l.c. (1)
(The Company)

and

Bank of Valletta p.l.c. (2)
(The Security Trustee)

Constituting the issue of Lm5,000,000 (equivalent to €11,646,867) 7% Secured Bonds due 26 October 2017 (subject to early redemption at the option of the Issuer on 26 October 2014, 26 October 2015 and 26 October 2016) of a nominal value of Lm100 (equivalent to €233) per Bond issued at par.

THIS TRUST DEED is made the 28th day of September 2007 BETWEEN

(1) PAVI SHOPPING COMPLEX P.L.C.

a public limited company registered and existing under the laws of the Republic of Malta having its registered office at PAVI Shopping Complex, Manuel Dimech Street, Qormi (hereinafter called the **"Company"**);

and

(2) BANK OF VALLETTA P.L.C.

a public limited company registered and existing under the laws of the Republic of Malta having its registered office at 58, Zachary Street, Valletta, Malta (hereinafter called the **"Security Trustee"**).

WHEREAS the Company on 28 September 2007 by resolution of its Board of Directors authorised the issue of Lm5,000,000 (equivalent to €11,646,867) Secured Bonds having a nominal value of Lm100 (equivalent to €233) each issued at par due on 26 October 2017 (with an option of the Company to redeem them in full or in part on 26 October 2014, 26 October 2015 and 26 October 2016) and determined to constitute and secure the same in the manner hereinafter set out.

AND WHEREAS the Security Trustee is authorised by the Malta Financial Services Authority in terms of the Trusts and Trustees Act (Cap. 331, Laws of Malta) to receive property under trust and to act as a trustee or co-trustee;

Now therefore it is **AGREED AND DECLARED** as follows:-

1. DEFINITIONS AND INTERPRETATION

(1) In this Agreement the following words shall, unless the context otherwise requires have the meanings assigned to them hereunder:

"Act"	The Companies Act, 1995, Cap. 386, Laws of Malta;
"Beneficiary"	a Bondholder whose interest in and benefit of the Trust Property is recognised by the Security Trustee by means of an appropriate entry in the register of Bondholders maintained at the Central Securities Depository of the MSE;
"Bond/s"	The amount of Bonds to be issued not exceeding in aggregate Lm5,000,000, (equivalent to €11,646,867) having a nominal value of Lm100 (equivalent to €233) per Bond, bearing interest at the rate of 7% per annum and falling due for redemption on the Maturity Date at their nominal value;
"Bondholders"	The holders of the Bonds, each a "Bondholder";
"Bond Issue"	The issue of Lm5,000,000 (equivalent to €11,646,867) 7% Secured Bonds due 26 October 2017 (subject to the Issuer's option to redeem all or any part of the Bonds at their nominal value on the Optional Redemption Dates) of a nominal value of Lm100 (equivalent to €233) per Bond;
"Bond Offer Price"	The price of Lm100 (equivalent to €233) for each Bond;

“Business Day”	Any day between Monday and Friday (both days included) on which commercial banks in Malta settle payments and are open for normal banking business;
“Central Securities Depository”	The central registration system for dematerialised financial instruments operated by the Exchange and set up in terms of the Financial Markets Act, 1990, (Cap. 345, Laws of Malta);
“Directors” or “Board”	The Directors of the Issuer whose names and addresses are set out under the heading “Directors of the Issuer” on page 45 of the Registration Document;
“Euro” or “€”	The single currency recognised as legal tender by the member countries of the European Monetary Union;
“Interest Payment Date”	26 October of each year, between 2008 and the year in which the Bonds are redeemed (both years included), 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;
“Intermediaries”	The financial intermediaries set out in Annex 9 of the Prospectus;
“Issuer” or “Company”	PAVI Shopping Complex p.l.c., a company registered in Malta with registration number C 41962;
“Listing Authority”	The MFSA, appointed as Listing Authority for the purposes of the Financial Markets Act, 1990, (Cap. 345, Laws of Malta) by virtue of L.N. 1 of 2003;
“Malta Stock Exchange”, “Exchange” or “MSE”	The Malta Stock Exchange established by the Financial Markets Act, 1990, (Cap. 345, Laws of Malta);
“Maltese Lira” or “Lm”	The lawful currency of the Republic of Malta as at the date of the Prospectus;
“Manager”	Charts Investment Management Service Limited which is authorised to conduct investment services business by the Malta Financial Services Authority;
“Maturity Date”	26 October 2017 (subject to the Issuer’s option to redeem all or any part of the Bonds at their nominal value on the Optional Redemption Dates by giving not less than sixty (60) days advance written notice to all Bondholders);
“MFSA”	The Malta Financial Services Authority established in terms of the Malta Financial Services Authority Act, 1988, (Cap. 330, Laws of Malta);
“Optional Redemption Dates”	The dates falling on 26 October 2014, 26 October 2015 and 26 October 2016 when the Issuer may, at its option, redeem all or any part of the Bonds then outstanding at their nominal value by giving at least sixty (60) days advance written notice to all Bondholders;
“PAVI BL”	PAVI Bakery Limited, a company registered in Malta with registration number C 38920;

“PAVI Shopping Complex” or “Complex” or “Hypothecated Property”	The shopping complex known as ‘PAVI Shopping Complex’ without official number in Manuel Dimech Street, Qormi built on the site formerly occupied by the factory known as ‘Castellana’, an administration block and adjoining land which were originally built on two (2) adjoining plots of land known as ‘Ta’ L-Istabar’ in the limits of Qormi together measuring approximately fourteen thousand and thirty two square meters (14,032 sq.m.) shown shaded in green on the plan set out in Annex 6 of the Prospectus, bounded all together from the north and north-west by Manuel Dimech Street and on the north-east by government property as shown shaded in black and including also the area of approximately three hundred and forty-five square metres (345 sq.m.) comprising the access road leading to Lion Street, Qormi, shaded in red on the said plan, which area is bordered on the east by Lion Street, on the south by property of Nylon Knitting Limited or its successors in title, shaded in grey, and on the north by a waterway shaded in black;
“PAVI Group”	The Issuer and its subsidiary undertakings (as defined in article 2(2) of the Act), presently PAVI SL and PAVI BL;
“PAVI SL”	PAVI Supermarkets Limited, a company registered in Malta with registration number C 29878;
“Prepayment”	The early repayment of the principal amount of the Bonds in whole and all interests accrued up to the date of prepayment;
“Prospectus”	The Prospectus in relation to the Bonds issued by the Company and dated 28 September 2007 in its entirety, comprising the Summary, the Registration Document and the Securities Note;
“Redemption”	The redemption of the Bonds made on the Maturity Date or Optional Redemption Dates;
“Registrar”	Central Securities Depository, Malta Stock Exchange, Garrison Chapel, Castille Place, Valletta CMR01;
“Security”	(i) The first general hypothec over all its present and future property by the Issuer; (ii) The first special hypothec over the Hypothecated Property; (iii) Any other document, real or personal right or property which the Security Trustee and the Issuer agree at any time is to be comprised within the “Security” for the purposes of the Security Trust Deed;
“Security Trust Deed” or “Deed”	This trust deed;
“Security Trustee”	Bank of Valletta p.l.c., which is authorised by the Malta Financial Services Authority in terms of the Trusts and Trustees Act (Cap. 331, Laws of Malta) to receive property under trust and to act as a trustee or co-trustee;
“Trust Property”	Initially the undertaking to grant the Security as stated in clause 2 of the Trust Deed and subsequently the rights emanating from the Security Trust Deed, including the rights attaching to and emanating from the Security;
“Terms and Conditions”	The terms and conditions of issue applicable to the Bonds as set out on pages 66 to 77 (both pages included) of the Prospectus;

- (2) Unless the context otherwise requires words and expressions contained in this Deed shall bear the same meanings as in the Prospectus and the Terms and Conditions of the issue of the Bonds.
- (3) The headings to the Clauses of this Agreement are for convenience only and shall not effect the construction or interpretation hereof.
- (4) Any reference to the Issuer or the Security Trustee includes a reference to its or their duly delegates.
- (5) Reference to clauses is to clauses of this Deed.
- (6) The Euro equivalents indicated in the Prospectus are included at the unalterable and irrevocably fixed conversion rate ("IFCR") between the Euro and the Maltese Lira of €1 = Lm0.4293 adopted by the European Council according to the first sentence of Article 109I(4) of the Treaty establishing the European Community and are for information purposes only in accordance with the provisions of the Euro Adoption (Dual Display and Euro Pricing) Regulations (L.N. 4/2007). The target date of 1 January 2008 as the date on which Malta will adopt the Euro and the IFCR were confirmed by the Council of Ministers (ECOFIN) on 10 July 2007. When the Euro becomes the legal currency of Malta the Bonds will be redenominated in Euro and conversion from Maltese Lira into Euro shall take place at the IFCR on the date the Euro becomes legal tender in Malta in accordance with any applicable law and/or guidelines.

2. APPOINTMENT OF THE SECURITY TRUSTEE

The Issuer undertakes and binds itself to grant to the Security Trustee the Security in the manner and at the time and under the conditions stated in the Prospectus and the Security Trustee:

- (1) accepts this undertaking and declares a trust thereon for the benefit of all the Beneficiaries; and
- (2) agrees and undertakes to receive the Security on trust for the benefit of all the Beneficiaries.

3. DECLARATION OF TRUST

Subject to the provisions of this Deed and the applicable law:

- (1) The Trust Property is held by the Security Trustee on trust for the Beneficiaries *pari passu* according to the rights and interests held by each Beneficiary in the Trust Property as evidenced in the register of Bondholders;
- (2) The Security Trustee shall make additional declarations of trust whenever additional property is received under these trusts and such declarations of trust shall be on the same terms as stated herein and shall form an integral part hereof; and
- (3) The trust established under this Deed is to be known as the "PAVI Bond Trust" or the "Trust".

4. SECURITY TRUST DEED BINDING ON BENEFICIARIES

The terms and conditions of this Deed shall, upon subscription or purchase of any Bond be binding on each Beneficiary as if he had been a party hereto and as if this Deed contains covenants on the part of each Beneficiary to observe and be bound by all the provisions hereof, and the Security Trustee is hereby authorised and required to do the things required of it by this Deed.

5. ISSUE CLAUSES

- (1) Application has been made by the Company to the Listing Authority for the Bonds once issued to be admitted to the Alternative Companies List of the Malta Stock Exchange. Unless admitted to the Alternative Companies List in accordance with the provisions of section 101 of the Act any proceeds from the Bonds shall be returned by the Issuer to investors in accordance with the provisions of the said section 101 of the Act.
- (2) In the event that the Bonds are duly admitted to the Alternative Companies List a register of the Bonds will be kept at the Central Securities Depository of the Malta Stock Exchange (the "CSD") wherein there will be entered the names and addresses of the Bondholders and particulars of the Bonds held by them respectively and a copy of such register will, at all reasonable times during business hours, be open to the inspection of the Bondholders at the registered office of the Company.
- (3) The CSD operates a de-materialised securities system, accordingly no certificates for the Bonds shall be issued as each Bondholder's entitlement will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Company at the CSD. The interests of Bondholders shall be recorded in the register of Bonds at the CSD and the entry in the register shall, in the absence of manifest error, be conclusive evidence of the interests of the Bondholder. Bondholders shall receive at least on an annual basis a statement of holdings evidencing the entry in the register.
- (4) Every registered Bondholder shall be a beneficiary under this Trust. The entries at CSD in the register of Bondholders shall conclusively establish such person's beneficial interest in the Trust Property. Bondholders shall be entitled to only one entry in the register of Bondholders and accordingly to only one statement of holdings that shall be issued and delivered to that one of the joint Bondholders whose name first appears in the register of Bondholders and the CSD shall not be bound to register more than three (3) persons as the joint Bondholders.
- (5) The Security Trustee or its agents shall comply with the Terms and Conditions of the Bonds and this Deed and such conditions which shall be deemed to be incorporated herein shall be binding upon the Company, the Security Trustee and the Bondholders and all persons claiming through or under them respectively.
- (6) The register of Bondholders to be maintained by the Company at the CSD shall identify the beneficiaries of this Trust from time to time. An entry in the register of Bondholders shall be conclusive evidence of the beneficial interest of the person or persons named therein in the Trust Property. The Register of Bondholders shall contain the following information:
 - a. Name of the Bondholder;
 - b. Address;
 - c. Identity card number (in the case of an individual);
 - d. Company registration number (in the case of a company);
 - e. The value expressed in Maltese Liri and/or in Euro (as appropriate) of the interest

of the Bondholder in the Trust Property.

- (7) All entries and other records in the register of Bondholders shall be made under such terms and conditions as may be established by the CSD.
- (8) If and to the extent that the Bonds are admitted by the Malta Stock Exchange to the Alternative Companies List, the Bonds shall be freely transferable in accordance with the applicable rules, regulations and by-laws of the Malta Stock Exchange from time to time.
- (9) The Security Trustee is entitled to full and unrestricted information, at all times at the cost of the Company, to the register of Bondholders.

6. REDEMPTION AND PREPAYMENT

- (1) The principal amount of the Bonds shall be limited to a total of Lm5,000,000 (equivalent to €11,646,867). All the Bonds of this Issue shall rank *pari passu* in all respects between them and without discrimination or preference.
- (2) The Company hereby irrevocably covenants in favour of the Bondholders and the Security Trustee that:
 - (a) The Bonds will be redeemed at par (together with interest accrued to the date fixed for redemption) on 26 October 2017 by payment directly to the Bondholders whose name is entered in the register of the Bonds held at the CSD and which determines the Beneficiaries under the Trust. Upon payment the Company shall be discharged of any and all obligations under the Bonds. The Company reserves the right to prepay the Bonds prior to the Maturity Date, on either of the Optional Redemption Dates, in whole or in part, together with all interest accrued up to the date of prepayment, and any other sums payable under this Deed, provided that it gives Bondholders not less than sixty (60) days notice of its intention to effect such prepayment specifying the date when such prepayment shall be effected. Redemption shall take place by payment of all or part of the principal and interest accrued until the date of prepayment. The notice of prepayment shall be effective only on actual receipt by the Bondholders and once received by such Bondholder shall be irrevocable, and shall oblige the Company to make and the Bondholders to accept such prepayment on the date specified in the notice.
 - (b) The Company will, until the Bonds have been paid off, prepaid or redeemed in accordance with the provision of sub-clause (a) above, pay to the registered Bondholders at the last registered address entered in the register of Bondholders interest on such principal amount for the time being outstanding on the Bonds at the rate of 7% which shall be payable annually in arrears on 26 October of each year. The first of such interest payments shall be made on 26 October 2008.
 - (c) The Company shall be discharged from any payment obligations under this clause upon payment made net of any withholding or other taxes due or which may be due under Maltese Law and which have been duly paid to the Beneficiaries.

7. COVENANTS BY THE COMPANY

The Company hereby irrevocably covenants with the registered Beneficiaries and the Security Trustee that at all times during the continuance of this security:

- (a) It will, until the whole of the Bonds has been paid off or redeemed, pay to the registered Beneficiaries directly

interest at the rate of 7% per annum on each Interest Payment Date and shall pay to the registered Beneficiaries directly the principal amount of the Bonds on the Maturity Date or the Optional Redemption Dates;

- (b) It will maintain its corporate existence as a Company duly organised and existing in good standing under Maltese Law;
- (c) It will use its best endeavours to maintain the listing of the Bonds on the Malta Stock Exchange and to procure that there will, at all times, be furnished to the Malta Stock Exchange and to the Listing Authority such information as may be required to be furnished in accordance with their requirements;
- (d) It will promptly, upon the happening of any event of default notify the Security Trustee of such event;
- (e) it shall at all times and without cost or expense to the Security Trustee maintain, preserve and keep in proper order, repair and condition or cause to be so maintained and preserved such parts of the Hypothecated Property as are of a repairable nature and shall procure and furnish the Security Trustee with an Architect's report of the state of the Hypothecated Property at least once annually on 26 October of every year with effect from 26 October 2008, without cost or expense to the Security Trustee, which report shall, without prejudice to the powers of the Security Trustee under clause 9 hereof, constitute full proof and evidence of the state of the property for the Security Trustee for the purposes of this Deed and the Security Trustee shall not be required or bound to carry out any additional or further inspection, inquiry or verification of the state of the Hypothecated Property. The Security Trustee shall have power in the event of any such part of the Hypothecated Property being or becoming out of proper order repair or condition to call upon the Company to affect such repairs within a reasonable time as may be specified in the notice. If the Company fails to undertake the repairs requested by the Security Trustee in the notice after the lapse of the time granted to it by the Security Trustee in the notice, the Security Trustee may, but shall not be bound to do so, call a meeting of registered Beneficiaries for the purpose of determining what action, if any, should be taken in the circumstances. Provided that if requested to do so in writing by not less than seventy-five per cent (75%) in value of the registered Beneficiaries, the Security Trustee shall, provided it is indemnified by the registered Beneficiaries to the satisfaction of the Security Trustee, have the power itself to engage such persons as may be necessary to repair or to put and maintain the same in proper order repair and condition and any expenses incurred by the Security Trustee and its costs and charges therein shall be a debt due from the Company and payable on demand;
- (f) it will insure and keep insured to the satisfaction of the Security Trustee and to the full replacement value thereof all such parts of the Hypothecated Property as are of an insurable nature against loss or damage by fire, explosion, lightning, storm, tempest, flood, aircraft and things dropped therefrom and such other risks as in accordance with sound commercial practice are normally insured against by companies carrying on a similar business with one or more insurance companies licensed to transact insurance business in Malta or such other insurance company agreed to between the Company and the Security Trustee and will procure that the interest of the Security Trustee as hypothecary creditor is duly noted on the policies of insurance and will produce the policies of such insurance to the Security Trustee if required and duly pay or cause to be paid the premia and other sums of money payable in respect of such insurance and if required produce to the Security Trustee the receipt for the same within fifteen (15) days of the same becoming due. All monies received by virtue of any such insurance shall so far as they are in respect of part of the Hypothecated Property be deemed part of the Hypothecated Property and shall be paid to the Security Trustee and shall be applied in making good the loss or damage in respect of which the monies were received or in such other manner as the Security Trustee shall approve. The sums insured under any policy taken out in favour of the Security Trustee as trustee for Bondholders shall be equivalent at least to the value of the Bonds from time to time outstanding and one year's interest thereon and shall be over and above any insurance or other indemnity given to any other creditor as may be permitted from time to time in accordance with the Terms and Conditions of the issue of the Bonds.
- (g) it will not remove or destroy or suffer to be removed or destroyed any part of the Hypothecated Property except for the purpose of renewing or replacing the same and will in such case forthwith renew or replace the same accordingly;

- (h) it will duly and punctually pay perform and observe all rents, rates, taxes, stamp duties, covenants and other obligations whatsoever which ought properly to be paid or to be observed or performed by the Company in respect of any part of the Hypothecated Property;
- (i) it will permit the Security Trustee or any person or persons authorised by it at any time and from time to time during the usual times of business so long as any money shall remain due upon the security of this Deed to inspect and examine any part of the Hypothecated Property and will afford the Security Trustee and its agents access to the Hypothecated Property and render them such assistance as may be required for any of the purposes aforesaid; provided that the aforementioned inspection may only be made by the Security Trustee after having notified the Company in writing of its intention and provided further that the aforementioned inspection is made during reasonable business hours;
- (j) it will keep proper books of account which shall at all reasonable times be open to inspection by the Security Trustee or any person appointed by the Security Trustee for that purpose and will furnish to the Security Trustee or any such agent all such information relating to the business or affairs of the Company as it shall require in accordance with International Financial Reporting Standards and will deliver to the Security Trustee at least five (5) days before the annual general meeting of the Company and each year a copy of the balance sheet and profit and loss account of the Company certified by the auditors of the Company and copies of the auditors' and directors' reports thereon together with copies of any other documents required by law to be attached thereto. The Security Trustee may but shall not be required or bound to carry out any independent audit or other verification of any books of account, balance sheet, profit and loss account, certificates or other information furnished to it by the Issuer;
- (k) it will carry on and conduct its business in a proper and efficient manner;
- (l) it will permit the Security Trustee to hold the Land Registry Certificate or a certified copy thereof showing title to the Hypothecated Property, if applicable;
- (m) it will forthwith on receipt of the same, deliver to the Security Trustee, all orders, directions, notices and any other thing whatsoever affecting or likely to adversely affect the Hypothecated Property but the Company shall be entitled at its own expense to take copies thereof;
- (n) it will comply with the requirements of the Development Planning Act 1992 (Cap. 356 of the Laws of Malta), or any other relevant legislation, so far as such requirements relate to the Hypothecated Property or any part thereof and will promptly produce to the Security Trustee any notice, order, direction, requisition, permission or other document served on it in connection with such law which affects or is likely to affect the Hypothecated Property or any part thereof;
- (o) subject to any Permitted Security Interest as provided in paragraph (p) below, it will not hypothecate the Hypothecated Property further nor transfer ownership and/or any other real right over the Hypothecated Property under any title whatsoever without the Security Trustee's consent;
- (p) the Company undertakes, for as long as any principal or interest under the Bonds or any of the Bonds remains outstanding, not to create or permit to subsist any Security Interest (as defined below) other than a Permitted Security Interest (as defined below), upon the whole or any part of its respective present or future assets or revenues or those of any entity in which the Company has a controlling interest to secure any Financial Indebtedness (as defined below) of the PAVI Group.

For the purposes of this Clause and of the Clause entitled 'Default, Acceleration and Enforcement' below:

"BOV General Banking Facility" means the general banking facility with Bank of Valletta p.l.c. of Lm230,000 in the name of PAVI SL as secured by a general hypothec over all the property, present and future, of PAVI SL and a general hypothec over all the property, present and future, of the Issuer and a special hypothec against the Issuer over the PAVI Shopping Complex pursuant to a deed dated 12 September 2007 in the records of Doctor Naomi Micallef Mugliette;

“BOV Overdraft Facility” means the overdraft facility with Bank of Valletta p.l.c. of Lm625,000, in the name of PAVI SL as secured by a general hypothec against all the property, present and future, of PAVI SL and a general hypothec against all the property, present and future, of the Issuer and a special hypothec against the Issuer over the PAVI Shopping Complex pursuant to a deed dated 12 September 2007 in the records of Doctor Naomi Micallef Mugliette.

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

“Security Interest” means any privilege, hypothec, pledge, lien, charge or other encumbrance which grants rights of preference to a creditor over the assets of the debtor;

“Permitted Security Interest” means (A) any Security Interest arising by operation of law; (B) any Security Interest securing temporary bank loans or overdrafts in the ordinary course of business, including the BOV General Banking Facility and the BOV Overdraft Facility; (C) any other Security Interest (in addition to (A) and (B) above) securing Financial Indebtedness of the Company, or an entity in which the Company has a controlling interest, in an aggregate outstanding amount not exceeding eighty-five per cent (85%) of the difference between the value of Unencumbered Assets of the PAVI Group and the aggregate principal amount of Bonds outstanding at the time.

Provided that the aggregate Security Interests referred to in (B) and (C) above do not result in the Unencumbered Assets of the PAVI Group being less than one hundred and seven per cent (107%) of the aggregate principal amount of the Bonds still outstanding;

“Unencumbered Assets” means assets which are not subject to a Security Interest (including, such share of any asset which is subject to a Security Interest as exceeds in value the aggregate principal amount secured by that Security Interest);

(q) it will, with effect from the end of the financial year ending on 30 April 2008, over the period until the Maturity Date build a reserve equivalent at least to 50% of the value of the Bonds from the available free cash flows arising from the operations of the PAVI Group with a view to funding in part the repayment of capital on the Bonds on the Maturity Date. The Issuer shall set aside such monies for the purposes of building this reserve in a segregated account (the “Reserve Account”) which shall be held in the name of the Security Trustee for the benefit of Bondholders. At any time or times before the Security shall have become enforceable and the Security Trustee shall have determined or become bound to enforce the same, the Security Trustee may, at the request of the Issuer, utilise such funds standing to the credit of the Reserve Account for any one or more of the following purposes:

- (i) any interest bearing deposit with a credit institution licensed under the Banking Act, 1994 or authorised in a EU Member State or EEA State or with such other credit institution agreed to between the Company and the Security Trustee; or
- (ii) investment or re-investment in any EU Government debt securities or other debt securities issued or guaranteed by an OECD sovereign state and without any currency exchange risk, or in such other instruments as the Security Trustee may approve in its absolute discretion; or
- (iii) prepayment of the Bonds on any of the Optional Redemption Dates; or

(iv) re-purchase of the Bonds on the open market or by tender offer;

and any interest or investment income in relation to such monies standing to the credit of the Reserve Account or the investment or re-investment of such monies as aforesaid shall accrue in favour of and for the benefit of the Issuer.

Provided that the Security Trustee may, but shall not be required or bound, to ensure, monitor or otherwise procure the creation and funding of the said Reserve Account by the Issuer;

- (r) The Bonds constitute the general, direct, unconditional and secured obligations of the Company and, save for such exceptions as may be provided by applicable law, will rank with priority and preference to all other present and future obligations of the Company by virtue of the first general hypothec against the Issuer and the first special hypothec over the Hypothecated Property which the Company has agreed to constitute in favour of the Security Trustee for the benefit of the Bondholders.

8. REPRESENTATIONS AND WARRANTIES

(1) The Company represents and warrants to the Security Trustee and to Bondholders that shall be entitled to rely on such representations and warranties that:

- a. 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;
- b. It has the power to execute, deliver and perform its obligations under this Deed; all necessary corporate, shareholder and other action has been duly taken to authorise the execution, delivery and performance of the same and no limitation on the powers of the Company to borrow shall be exceeded as a result of this Deed;
- c. This Deed constitutes valid and legally binding obligations of the Issuer;
- d. The execution and performance of its obligations under, and in compliance with the provisions of this Deed by the Company shall not:
 - i. Contravene any existing applicable law, statute, rule or regulation or any judgement, decree or permit to which the Issuer is subject;
 - ii. Conflict with, or result in any breach of any terms of, or constitute a default under any bond or other instrument to which the Issuer is a party or is subject or by which it or any of its property is bound;
 - iii. Contravenes any provision of the Company's articles of association.
- e. No litigation, arbitration or administrative proceedings is taking place, pending or, to the knowledge of the officers of the Company, threatened against the Company which could have a material adverse effect on the business, assets or financial condition of the Company;
- f. The historical pro forma financial statements of the Company in respect of the financial period ended 30 April 2007 as delivered to the Security Trustee have been prepared with the generally accepted accounting principles and practices in Malta which have been constantly applied and present truly and fairly the financial position of the Company as at such date and the results of the operations of the Company for the financial year ended on such date. The Company has not had any significant liabilities actual or contingent which are not disclosed by, or reserved against, in such financial statements, and the Company did not have any unrealised losses.

- (2) The Prospectus contains all material information with respect to the Company and that all information contained therein is in every material respect true and accurate and not misleading and that there are no other facts in relation to the Company, its respective business and financial position, the omission of which would in the context of issue of the Bonds make any statements in the Prospectus misleading or inaccurate in any material aspect.
- (3) The Issuer further represents and warrants to the Security Trustee that rely on such representations and warranties that:
 - a. There has been no material adverse change in its financial position from that set forth in the financial statements referred to in paragraph (f) of sub-clause (1) above;
 - b. Every consent, authorisation, approval or registration with or declaration to, governmental or public bodies or authorities or courts, required by the Company in connection with the execution, validity, enforceability of this Deed of the performance of its obligations under this Deed have been obtained or made and are in full force and effect and there has been no default in the observance of any of the conditions or restrictions, if any, imposed in, or in connection with, any of the same;
 - c. No default mentioned in this Deed has occurred and is continuing.

9. FUNCTIONS AND POWERS OF SECURITY TRUSTEE

- (1) The Security Trustee may but shall not be bound, unless requested to do so in writing by not less than seventy-five per cent (75%) in value of the Registered Beneficiaries, enforce or take any step to enforce the covenants in clause 7 hereof contained, and (subject to any such request as aforesaid) may in its absolute and uncontrolled discretion waive on such terms and conditions as it shall deem expedient any of the covenants and provisions hereinabove contained and on the part of the Company to be performed and observed.

Provided that the Security Trustee shall not be bound to act in accordance with this sub-clause unless the registered Beneficiaries indemnify the Security Trustee in full for any fees, charges, expenses, and damages it may incur as a result, direct or indirect, of so acting.

- (2) The Security Trustee shall have the power to monitor financial information relating to the Company, on behalf of the registered Beneficiaries, as may be forwarded to the Security Trustee by the Company on annual basis.
- (3) Without prejudice to the powers and reliefs conferred on trustees by the applicable law and by this Deed, the Security Trustee shall have the following powers:
 - a. To employ and pay at the reasonable cost of the Company in discharge of its duties under this Deed any servant or agent to do any thing or transact any business to be done or transacted hereunder, without being under any liability for any default of such servant or agent; provided that prior to employing any such servant or agent as aforementioned, notice in writing of the estimated costs to be incurred is to be given to the Company;
 - b. To rely on the advice, opinion, direction, report, statement, certificate or other information furnished by any lawyer, broker, surveyor, valuer or accountant or other professional person without incurring any liability for so relying notwithstanding that such professional person may have been employed by the Company or may otherwise not be disinterested and without incurring liability for any error in the transmission of any such advice or by reason of the same not being authentic. The Security Trustee may but shall not be bound to make investigation or inquiry into any matters stated in such advice, opinion, direction, report statement, certificate or other information;

- c. To delegate, whenever it thinks fit any of its powers and discretions under this Deed to any person or persons, (including without limitation to the generality of the foregoing any officer, employee or servant of the Security Trustee) believed by it to be competent and responsible and to delegate all or any of the trusts, powers and duties vested in it under this Deed to such persons (including any such officer, employee or servant as aforesaid) as it shall think fit, and to confer power to sub-delegate, without incurring any liability for the default of any person to whom such discretions, powers or duties are delegated or sub-delegated;
- d. To deposit any Land Registry Certificates or other documents of title relating to the Hypothecated Property with any banker or firm of lawyers or accountants or in any safe or other place where securities are commonly kept;
- e. To accept such title as the Company has to the Hypothecated Property without being liable for accepting a defective title.

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

- (4) In addition to the foregoing, the Security Trustee shall receive from the Registrar for release in favour of the Company the proceeds of the Bond, which proceeds shall be released in favour of the Company by the Security Trustee upon the constitution by the Company of a first general hypothec over all the present and future assets of the Company as well as a first special hypothec over the Hypothecated Property in favour of the Security Trustee, for the benefit of the Bondholders in accordance with the provisions of Clause 13 below.

10. REMUNERATION OF SECURITY TRUSTEE

- (1) During the continuance of this security the Company shall pay to the Security Trustee in respect of its services as Security Trustee remuneration amounting to Lm3,500 (equivalent to €8,153) per annum, payable in advance. The remuneration fee shall be payable by the Company to the Security Trustee on 28 September of each year in advance, the first of such payment being due today. The Company shall in addition pay all reasonable travelling and other costs charges and expenses that the Security Trustee shall properly incur in connection with the execution of the trusts hereof and the exercise of the powers and discretions hereby vested in it together with interest thereon as hereinafter provided. The said remuneration and increased remuneration (if any) shall continue notwithstanding that a receiver shall have been appointed or that the trusts hereof shall be in course of administration by or under the direction of the court. All remuneration costs charges and expenses due to the Security Trustee or to any receiver appointed by it shall be payable upon demand and pending payment shall carry interest at the rate of eight per cent (8%) per annum.
- (2) The Security Trustee may retain and pay to itself out of any monies or the proceeds of any investments in its hands upon the trusts of this Deed all sums owing to it in respect of remuneration, costs, charges, expenses or interest or by virtue of any indemnity from the Company to which it is entitled hereunder 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 registered Beneficiaries and shall constitute an additional charge upon the Hypothecated Property.

11. ASSET PRESERVATION COVENANTS

Without prejudice to the provisions of paragraphs (g) and (o) of clause 7 and subject to the provisions of clause 15, the Company shall not, except with the consent of the Security Trustee, sell, transfer or otherwise dispose of the whole or substantial part (being in the aggregate substantial in relation to the Company and all the subsidiaries as a whole) of its respective undertakings or assets (except in the ordinary course of trading operations) whether by means of a single transaction or a number of transactions related or not. For the purpose of this Article, none of the following shall be deemed to be a sale, transfer or disposal:

- (a) the exchange of assets for other assets of a similar nature and approximately equal value; and
- (b) the sale of immovable or movable property for cash and the application of the proceeds of the sale in the acquisition of property; and
- (c) the application if the proceeds of any issue of shares or loan capital for the purposes for which it was expressly intended.

12. DEFAULT, ACCELERATION AND ENFORCEMENT

- (1) The Security Trustee may, in its absolute discretion after having exercised due reasonable care and shall upon the request in writing of not less than seventy-five per cent (75%) in value of the registered Beneficiaries by notice in writing to the Company declare the Bonds to have become immediately payable:
 - a. If the Company defaults for thirty (30) Business Days in the payment of any interest owing on the Bonds;
 - b. If the Company is in default for thirty (30) Business Days in the payment of any principal monies owing in respect of the Bonds;
 - c. If in terms of section 214(5) of the Companies Act 1995, Cap. 386 of the Laws of Malta, a Court order or other judicial process is levied or enforced upon or sued out against any part of the property of the Company and is not paid out, withdrawn or discharged within ninety (90) Business Days;
 - d. If the Company stops payment of its material debts, which amount shall mean a sum exceeding Lm500,000 (equivalent to €1,164,687), within the meaning of section 214(5) of the Act or any statutory modification or re-enactment thereof;
 - e. If the Company is unable to pay its material debts, which amount shall mean a sum exceeding Lm500,000 (equivalent to €1,164,687), within the meaning of section 214(5) of the Companies Act, Cap. 386 of the Laws of Malta or any statutory modification or re-enactment thereof;
 - f. If a judicial administrator is appointed of the whole or any part of the property of the Company, and such appointment is certified by the Security Trustee to be prejudicial in its opinion to the registered Beneficiaries;
 - g. If an order is made or an effective resolution is passed for winding up of the Company, except for the purpose of a reconstruction or amalgamation or division, the terms of which have been approved in writing by the Security Trustee, which approval shall not be unreasonably withheld;
 - h. If the Company without the written consent of the Security Trustee sells or otherwise disposes of the whole or any substantial part of its undertaking or assets in contravention of Clause 11 hereof;

- i. If the Company substantially changes the object or nature of business as currently carried on;
 - j. If the Company commits a breach of any of the covenants or provisions herein contained and on its part to be observed and performed (other than any covenant for the payment of interests or principal monies owing in respect of the Bonds) after the lapse of sixty (60) Business Days from having been called upon to do so;
 - k. If the security constituted by any hypothec or charge upon the whole or any part of the undertaking or assets of the Company shall become enforceable and steps are taken to enforce the same and taking of such steps shall be certified in writing by the Security Trustee to be in its opinion prejudicial to the registered Beneficiaries;
 - l. If the Security Trustee deems that any material representation or warranty made or deemed to be made or repeated by or in respect of the Company is or proves to have been incorrect in any material respect;
 - m. If any material indebtedness of the Company is not paid when properly due, or becomes properly due and payable, or any creditor of the Company 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 Company in respect of indebtedness is not honoured when properly due and called upon, provided that for the purpose of this provision, material indebtedness shall mean an amount exceeding Lm500,000 (equivalent to €1,164,687).
 - n. If any consent authorisation, licence or approval of or registration with or declaration to governmental or public bodies or authorities or courts required by the Company in connection with or pursuant to the execution, delivery, validity, enforceability or admissibility in evidence hereof or the performance by the Company of its obligations hereunder and which has a material effect on the business of the Company, is substantially modified or is not granted or is revoked or terminated or expires and is not renewed or otherwise ceases to be in full force and effect;
 - o. If all or a material part of the undertakings, assets, rights or revenues of or shares or other ownership interests in the Company are seized, nationalised, expropriated or compulsorily acquired by or under the authority of any government and are not released within ninety (90) Business Days;
 - p. If it becomes unlawful at any time for the Company to perform all or any of its obligations hereunder;
 - q. If the Company repudiates or does or causes or permits to be done any act or thing evidencing an intention to repudiate the Bonds and/or this Trust Deed.
- (2) Upon any such declaration being made as aforesaid the said principal monies shall be deemed to have become immediately payable at the time of the event which shall have happened as aforesaid.

Provided that and except as otherwise stated in this Trust Deed, in the event of any breach by of any of the covenants, obligations or provisions herein contained due to any fortuitous event of a calamitous nature, beyond the control of the Company then the Security Trustee may, but shall be under no obligation so to do, give the Company 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 registered Beneficiaries. Provided that in the circumstances contemplated by this clause the Security Trustee shall at all times act on and in accordance with any instructions it may receive from a simple majority in value of the registered Beneficiaries present and voting at a meeting of the registered Bondholders.

- (3) 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 Company is observing and performing all the obligations, conditions and provisions on its respective parts contained in the Bonds and the Trust Deed.

13. SECURITY

In warranty of the proper observance by the Company of all the covenants and obligations undertaken by it in this Deed and the Bonds, and in particular in warranty of its obligation to repay the principal amount of the Bonds and all interests thereon, and all other monies intended to be thereby secured, the Company has agreed subject, to the provisions of clause 9(4) above, to constitute in favour of the Security Trustee, for the benefit of the Bondholders, a first general hypothec over all its assets, present and future and a first special hypothec over the Hypothecated Property. The Company undertakes to constitute the said general and special hypothec by no later than 26 October 2007 or such later time as the Bond Trustee may allow in its absolute discretion.

14. TRUST OF HYPOTHECATED PROPERTY

The Security Trustee shall permit the Company until the Security hereby constituted shall have become enforceable and the Security Trustee shall have determined or become bound to enforce the same, to hold and enjoy the Hypothecated Property and to receive and apply as it thinks fit all rents and income arising therefrom and (subject to the provisions of this Deed) to carry on thereon and therewith any of the businesses authorised by its memorandum of association for the time being.

15. DEALING WITH HYPOTHECATED PROPERTY

(1) At any time or times before the Security hereby constituted shall have become enforceable and the Security Trustee shall have determined or become bound to enforce the same, the Security Trustee may at the cost and request of the Company and with due regard to the interests of all the registered Beneficiaries do or concur with the Company in doing all or any of the things which the Company might have done with or in respect of the Hypothecated Property had not this security been created and particularly but not by way of limitation may sell, let, exchange, surrender, develop, deal with or exercise any rights in respect of all or any part of the Hypothecated Property upon such terms or for such consideration or in any such manner as is herein mentioned and having due regard to the interests of the registered Beneficiaries as it shall think fit.

Provided that all property of any description and all net capital monies arising from or receivable upon any such dealing as aforesaid and remaining after payment thereon of the costs and expenses of and incidental to such dealing shall be and become part of the Hypothecated Property and shall be assured or paid to the Security Trustee by the Company or shall be dealt with by the Company as the Security Trustee shall direct or approve.

(2) At any such time or times as aforesaid the Company shall at its own cost and with the consent of the Security Trustee be at liberty to withdraw, or to obtain the reduction of the Security over the Hypothecated Property or any part thereof upon substituting this with any other document, real or personal right or property whether of the same or a different kind as the Hypothecated Property (including, without limitation to the generality of the foregoing, any monies standing to the credit of the Reserve Account or any investments or reinvestments made with such monies as referred to in paragraph (q) of clause 7 above),

but of a value which in the sole opinion and decision of the Security Trustee, be equal to or greater than the value of the Security over the Hypothecated Property being withdrawn or reduced as aforesaid; but in such event the Company must prove to the satisfaction of the Security Trustee (who shall be entitled to make at the cost of the Company such investigations as to the property proposed to be substituted as it thinks fit) that such other document, real or personal right or property proposed to be substituted for the Hypothecated Property is of a value equal to or greater than the value of the Security over the Hypothecated Property being withdrawn or reduced and that such proposed document, real or personal right or property is suitable for the purposes of withdrawing or obtaining the reduction of the Security in accordance with the provisions of the Security Trust Deed. For the sake of clarity, in the event of conflicting opinions between the Security Trustee and the Company, the opinion of the Security Trustee shall prevail.

16. DISTRIBUTIONS BY SECURITY TRUSTEE

(1) All monies arising from any, calling in or collection hereunder and all monies received by the Security Trustee hereunder at any time shall be held by the Security Trustee (subject to any prior ranking claims thereon) upon trust to apply the same for the following purposes and in the following order of priority in payment of:

(a) all costs charges expenses and liabilities incurred and payments made in or about the exercise of the trust in relation to this Deed by the Security Trustee including all remuneration payable to the Security Trustee with interest thereon as hereinafter provided;

(b) the interest owing upon the Bonds *pari passu* and without any preference or priority;

(c) the principal monies owing upon the Bonds *pari passu* and without any preference or priority;

and the surplus (if any) shall be paid to the Company. Provided that if the Security Trustee shall be of opinion that the security may prove deficient, payments may be made on account of principal monies and before the interest or the whole of the interest on the Bonds has been paid but such alteration in the order of payment of principal monies and interest shall not prejudice the right of the registered Beneficiaries to receive the full amount to which they would have been entitled if the primary order of payment had been observed or any lesser amount which the sum ultimately realised from the Security may be sufficient to pay.

(2) In case the Bonds are de-listed from the Alternative Companies List of the Malta Stock Exchange or if the Central Securities Depository ceases to maintain the register of Bondholders for any reason whatsoever, then, without prejudice to any other right or power or discretion of the Security Trustee under this Deed including any rights of enforcement, the Company shall immediately notify the Security Trustee and shall be bound to observe any directions with respect to the keeping of a register of Bondholders which the Security Trustee in its discretion shall give it.

17. MEETINGS OF REGISTERED BENEFICIARIES

(1) The Security Trustee at any time, prior to exercising any power or discretion hereunder may:

(a) call a meeting of registered Beneficiaries by giving such registered Beneficiaries not less than seven (7) days notice, in writing setting out in the notice the time, place and date set for the meeting and the matters to be discussed thereat; or

(b) write to all registered Beneficiaries requesting their instructions/directions.

Provided that the Security Trustee shall not be liable for any action it may deem necessary to take prior to acting in accordance with paragraphs (a) or (b) above.

- (2) In the event that there are more than two (2) registered Beneficiaries, at any meeting of registered Beneficiaries, two (2) persons present in person or by proxy shall constitute a quorum. Unless this Deed determines otherwise all decisions taken at meetings of registered Beneficiaries shall be passed by a simple majority of those present and voting.
- (3) Upon request made at any time by registered Beneficiaries holding at least ten per cent (10%) of the outstanding value of the Bonds the Security Trustee shall call a meeting of registered Beneficiaries.
- (4) The Security Trustee shall not be bound to act on behalf of the registered Beneficiaries under this Deed unless it receives duly authorised instructions/directions as stipulated in this Deed.
- (5) Nothing in this Deed shall be construed as meaning that the Security Trustee is bound to act in the manner specified in this clause unless so required by this Deed.

18. RELEASE OF SECURITY

At the end of the security period, which materialises upon redemption, whether by way of prepayment or upon maturity, of the principal amount of the Bonds, payment of all interest thereunder and reimbursement of all expenses incurred by, and payment of remuneration due to, the Security Trustee under this Deed, all security interests created by the Bonds or this Deed shall be released and re-assigned to the Company, whereupon the Security Trustee shall be discharged from all liabilities and obligations which it has under this Trust Deed and the Security; in determining whether, for the purposes of this Trust Deed, the security period has come to an end, there shall be disregarded the liabilities of the Company in respect of the expenses of the Company in connection with any such release or re-assignment.

19. REMOVAL OR RETIREMENT OF SECURITY TRUSTEE

- (1) The Security Trustee may retire any time on giving not less than three (3) months prior written notice to the Issuer without assigning any reason and without being responsible for any costs occasioned by such retirement.
- (2) The Company undertakes that in the event of the Security Trustee gives notice under this clause it will use all reasonable endeavours to procure a new security trustee to be appointed. Such appointment shall require the approval of at least seventy-five per cent of the registered Bondholders.
- (3) The retirement of the Security Trustee shall not become effective until a successor security trustee is appointed and to whom the Security is assigned.

20. TERMINATION

The Security Trustee shall only be discharged from all liabilities and obligations which it has under this Trust Deed upon the early redemption or redemption on maturity of the principal amount of the Bonds and payment of all interests thereunder and reimbursement of all expenses incurred by, and payment of remuneration due to, the Security Trustee under this Deed.

21. EXCLUSION OF IMPLIED DUTIES

The Security Trustee shall not have or incur any obligation, duty or responsibility, whether fiduciary or otherwise, to the Company, or to any of the registered Beneficiaries, as the case may be, except those expressly specified in this Trust Deed or under any mandatory provision of law.

22. LIMITATION OF LIABILITY

The Security Trustee shall not be liable to the Company or any of the registered Beneficiaries, as the case may be, 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 under or in connection with this Trust Deed or the Bonds, unless the loss or expense is shown to have been caused by the gross negligence or misconduct of the Security Trustee or the person appointed by the Security Trustee; and the Company and/or registered Beneficiaries shall not make any claims against the Security Trustee or against any person appointed by the Security Trustee in respect of such loss or expense unless he is shown to have acted dishonestly.

23. MODIFICATION AND WAIVER

- (1) At any time and without the consent of the registered Bondholders, the Security Trustee may concur with the Company in making any modification to this Trust Deed which, in the opinion of the Security Trustee, will not be prejudicial to the interests of the Bondholders or which is to correct a manifest error, in which case the Company shall promptly take all such reasonable steps as the Security Trustee may require.
- (2) The Security Trustee may, whenever it thinks fit, unless otherwise previously directed in writing by a simple majority in value of the Beneficiaries, and on such terms and subject to such conditions as it shall deem fit whenever, it is of the opinion that this will not be prejudicial to the interests of the Bondholders:
 - (a) authorise or waive any proposed breach or any breach by the Company of any of the terms of this Trust Deed or the Terms and Conditions of the Bonds, without prejudice to the rights of the Security Trustee in respect of any subsequent breach of any such terms; and
 - (b) determine that any event which constitutes (or which, with the giving of notice and/or the lapse of time or any other matter would constitute) an event on the happening of which the Bonds shall have or may become immediately payable shall not be treated as such for the purposes of this Trust Deed, without prejudice to the rights of the Trustee in respect of any subsequent such event.

24. NOTICES

Any notice or demand to the Issuer or the Security Trustee required to be given, made or served for any purpose under the Bonds or this Trust Deed shall only be given, made or served by sending the same by registered mail, facsimile transmission or electronic mail or by delivering it by hand as follows:

To the Issuer:	PAVI Shopping Complex p.l.c.
Attention:	Mr. Paul Gauci
Facsimile:	+356 22700400

To the Security Trustee:	Bank of Valletta p.l.c.
Attention:	Dr. Andrew Chetcuti Ganado
Facsimile:	+356 22757383

or such other address, or facsimile number as shall have been notified (in accordance with this clause) to the parties hereto and any notice or demand sent by post as aforesaid shall be deemed to have been given, made or served three (3) days after despatch and any notice sent by facsimile transmission or electronic mail shall be deemed to have been given, made or served twenty-four (24) hours after the time of despatch provided that in the case of a notice or demand given by facsimile transmission or electronic mail such notice or demand shall forthwith be confirmed by post. The failure of the addressee to receive such confirmation shall not invalidate the relevant notice or demand given by facsimile transmission or electronic mail.

25. APPLICABLE LAW

This Trust Deed shall be governed, interpreted and construed in accordance with the laws of Malta.


26. SUBMISSION TO JURISDICTION

The Issuer and the Security Trustee agree and submit for all purposes of or in connection with this Trust Deed, and other related documentation to the exclusive jurisdiction of the Courts of Malta.

Executed as a binding agreement on this the 28th day of September 2007.

ANNEX 8

APPLICATION FORM SPECIMEN



PAVI
SHOPPING COMPLEX P.L.C.

Lm5,000,000 (equivalent to €11,646,867)
7% Secured Bonds 2014 - 2017

Application Form

Application Number:

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

APPLICANT (see notes 2 to 6)

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

B TITLE (Mr/Mrs/Ms/.....) FULL NAME & SURNAME / REGISTERED NAME

ADDRESS

POST CODE

MSE A/C NO. (if applicable) ID CARD / PASSPORT / COMPANY REG. NO. TEL NO. MOBILE NO.

ADDITIONAL (JOINT) APPLICANTS (see note 2) (please use additional Application Forms if space is not sufficient)

C TITLE (Mr/Mrs/Ms/.....) FULL NAME & SURNAME / REGISTERED NAME ID CARD / PASSPORT NO.

TITLE (Mr/Mrs/Ms/.....) FULL NAME & SURNAME / REGISTERED NAME ID CARD / PASSPORT NO.

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

D i. TITLE (Mr/Mrs/Ms/.....) FULL NAME & SURNAME / REGISTERED NAME ID CARD / PASSPORT NO.

ii. TITLE (Mr/Mrs/Ms/.....) FULL NAME & SURNAME / REGISTERED NAME ID CARD / PASSPORT NO.

E I / WE APPLY TO PURCHASE AND ACQUIRE (see notes 7 & 8)

AMOUNT IN FIGURES AMOUNT IN WORDS

PAVI Shopping Complex p.l.c. (minimum Lm1,000 [equivalent to €2,329] and in multiples of Lm100 [equivalent to €233] thereafter) or any smaller amount of Bonds for which this Application may be accepted at the Bond Offer Price as defined in the Prospectus dated 28 September 2007 (the "Prospectus") payable in full upon application under the Terms and Conditions as defined in the Prospectus.

WITHHOLDING TAX ON INTEREST (see note 9) (to be completed ONLY if the Applicant is a resident)

F ☐ I / We elect to have Final Withholding Tax deducted from my/our interest.

☐ I / We elect to receive interest GROSS (i.e. without deduction of Withholding Tax).

INTEREST MANDATE (see note 9)


G BANK BRANCH ACCOUNT NUMBER

H 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 which I/we fully accept. Furthermore, I/we confirm that this is the only Application Form I/we am/are submitting on my/our behalf or on behalf of the company or other entity I/we represent.

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

Authorised Distributor's Stamp

Authorised Distributor's Code



Notes on how to complete this Application Form and other information

The following notes are to be read in conjunction with the Prospectus dated 28 September 2007

1. The Application Form is to be completed in BLOCK LETTERS.
2. Applicants are to insert full personal details in Panel B. In the case of an application by more than one person (including husband and wife) full details of all individuals – including I.D. Card Numbers – must be given in Panels B and C but the person whose name appears in Panel B shall, for all intents and purposes, be deemed to be the registered holder of the Bond. Interest and redemption proceeds will be issued in Maltese Liri in the name of such Bondholder.
3. Non-Resident applicants must indicate their passport number in Panel B. Applications must be accompanied by the corresponding amount in Maltese Liri of the Bonds applied for.
4. In the case of an Applicant who is a minor, the word ‘minor’ must be indicated in Panel B next to the Applicant’s name and the relative box in Panel A must also be marked. A Public Registry birth certificate must be attached to the Application Form. (The birth certificate is not required if the minor already holds securities which are listed on the Malta Stock Exchange (MSE)). The Application Form must be signed by both parents or by the legal guardian/s. In the latter case, documentary evidence of the legal guardian’s appointment should be provided. (Interest and redemption proceeds will be made payable to the parent / legal guardian named in Panel D(i) until such time as the Company is notified that the minor named in Panel B has attained the age of 18). The address to be inserted in Panel B is to be that of the parents / legal guardian.
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. Applications must be signed by duly authorised representatives indicating the capacity in which they are signing.
6. Applicants, who hold securities on the Malta Stock Exchange, are to indicate their MSE account number. If details shown on this Application Form differ from the existing account details at the MSE, a new MSE account may be opened for this Application.
7. Applications must be for a minimum of LM1,000 (equivalent to €2,329) and thereafter in multiples of LM100 (equivalent to €233).
8. Payment in Maltese Liri may be made by cheque drawn on a Maltese Bank or by a banker’s draft drawn on a first class foreign bank payable to ‘The Registrar – PAVI Shopping Complex p.l.c.’ In the event that cheques accompanying Application Forms are not honoured on their first presentation, the Company and the Registrar reserve the right to invalidate the relative Application.
9. 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 he/she will be obliged to declare interest so received on his/her return. Interest received by non-resident Applicants is not taxable in Malta and non-residents will receive interest gross. Authorised entities applying in the name of a Prescribed Fund (having indicated their status in the appropriate box in Panel A) will have Final Withholding Tax, currently 10%, deducted from interest payments. Applicants may/will receive their interest directly in a bank account held locally which has to be indicated in Panel G.
10. Subscription lists will open at 8:30a.m. on 15 October 2007 and will close at 12:00p.m. on 19 October 2007. The Issuer reserves the right, however, to close the Bond Issue before 19 October 2007 in the event of over-subscription. Any Applications received by the Registrar after the subscription lists close will be rejected.
11. Completed Application Forms are to be delivered to the offices of the Company, the Registrar or any Authorised Distributor listed in the Prospectus, during normal office hours. Remittances by post are made at the risk of the Applicant and the Company disclaims all responsibility for any such remittances not received by the closing of the subscription lists.
12. The Company reserves the right to refuse any Application which appears to be in breach of the terms and conditions of the Bond as contained in the Prospectus.
13. The terms used in this Application Form have the same meaning as that assigned to them in the Prospectus.
14. The Euro equivalents indicated in this Application Form are included at the unalterable and irrevocably fixed conversion rate (“IFCR”) between the Euro and the Maltese Lira of €1 = Lm0.4293 adopted by the European Council according to the first sentence of Article 109I(4) of the Treaty establishing the European Community and are for information purposes only in accordance with the provisions of the Euro Adoption (Dual Display and Euro Pricing) Regulations (L.N. 4/2007). The target date of 1 January 2008 as the date on which Malta will adopt the Euro and the IFCR were confirmed by the Council of Ministers (ECOFIN) on 10 July 2007. When the Euro becomes the legal currency of Malta the Bonds will be automatically redenominated in Euro and conversion from Maltese Lira into Euro shall take place at the IFCR on the date the Euro becomes legal tender in Malta in accordance with any applicable law and/or guidelines.
15. The Issuer may process the personal data that the Applicant provides in the Application Form, for all purposes necessary for and related to the issue of the Bonds applied for, in accordance with the Data Protection Act, 2001. The Applicant, has the right to request access to and rectification of the personal data relating to him/her, as processed by the Issuer. Any such requests must be made in writing and sent to the Issuer at the address indicated in the Prospectus. The requests must further be signed by the Applicant to whom the personal data relates.

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 investment advisor, licensed under the Investment Services Act (Cap.370 of the Laws of Malta), for advice.

ANNEX 9

INTERMEDIARIES

Members of the Malta Stock Exchange

Atlas Investment Services Ltd	Tel: 21 322590	Fax: 23 265691
Bank of Valletta p.l.c.	Tel: 21 312020	Fax: 22 751733
Calamatta Cuschieri & Co. Ltd	Tel: 25 688688	Fax: 25 688256
Charts Investment Management Service Ltd	Tel: 21 224106	Fax: 21 241101
Curmi & Partners Ltd	Tel: 21 347331	Fax: 21 347333
Financial Planning Services Ltd	Tel: 21 344243	Fax: 21 341202
FINCO Treasury Management Ltd	Tel: 21 220002	Fax: 21 243280
GlobalCapital Financial Management Ltd	Tel: 21 310088	Fax: 23 282207
Hogg Capital Investments Ltd	Tel: 21 322872	Fax: 21 342760
HSBC Stockbrokers (Malta) Ltd	Tel: 25 972241	Fax: 25 972494
Rizzo, Farrugia & Co (Stockbrokers) Ltd	Tel: 21 314038	Fax: 21 310671

Investment Services Providers

All Invest Co Ltd	Tel: 21 800919	Fax: 21 821933
APS Bank Ltd	Tel: 25 671177	Fax: 25 671167
Crystal Finance Investments Ltd	Tel: 21 226190	Fax: 21 226188
Growth Investments Ltd	Tel: 21 226411	Fax: 21 249811
HSBC Bank Malta p.l.c.	Tel: 25 972209	Fax: 25 972475
Island Financial Services Ltd	Tel: 23 855555	Fax: 23 855238
Jesmond Mizzi Financial Services Ltd	Tel: 21 224410	Fax: 21 223810
Lombard Bank Malta p.l.c.	Tel: 21 248411	Fax: 25 581150
Michael Grech Financial Investment Services Ltd	Tel: 21 554492	Fax: 21 559199
MZ Investment Services Ltd	Tel: 21 453739	Fax: 21 453407

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