

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

18 September 2015

SECURITIES NOTE

in respect of an Issue of:

€37 million 4.5% Unsecured Bonds 2025

of a nominal value of €100 per Bond issued at par by

HILI PROPERTIES P.L.C.

(a public limited liability company registered under the laws of Malta with registration number C 57954)

ISIN:- MT0000941204

with the joint and several Guarantee* of

Harbour (APM) Investments Limited and Hili Estates Limited

Both private limited liability companies registered in Malta with company registration numbers C 58453 and C20513 respectively

*Prospective investors are to refer to the Guarantee contained in Annex III of the Securities Note forming part of this Prospectus for a description of the scope, nature and term of the Guarantee. Reference should also be made to the sections entitled "Risk Factors" contained in this Registration Document and the Securities Note for a discussion of certain factors which should be considered by prospective investors in connection with the Bonds and the Guarantee provided by Harbour (APM) Investments Limited and Hili Estates Limited (the "Guarantors").

Manager & Registrar

Legal Counsel

Sponsor



APPROVED BY THE DIRECTORS

Carmelo Hili

Margrith Lütischg-Emmenegger

Richard Abdilla Castillo

David Aquilina

Karl Naudi

Victor Tedesco

Martin Xuereb

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

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

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

TABLE OF CONTENTS

Important Information	3
1 Definitions	5
2 Risk Factors	8
2.1 General	8
2.2 Forward Looking Statements	8
2.3 Risks Relating to the Bonds	8
3 Persons Responsible	9
3.1 Consent for Use of Prospectus	9
4 Essential Information	10
4.1 Reasons for the Issue and Use of Proceeds	10
4.2 Expenses	11
4.3 Issue Statistics	11
4.4 Interest of Natural and Legal Persons Involved in the Issue	12
5 Information Concerning the Securities to be Issued and Admitted to Trading	12
5.1 General	12
5.2 Ranking of the Bonds	12
5.3 Rights attached to the Bonds	15
5.4 Interest	15
5.5 Yield	15
5.6 Registration, Form, Denomination and Title	15
5.7 Negative Pledge	16
5.8 Guarantors' Covenant	16
5.9 Payments	16
5.10 Redemption and Purchase	17
5.11 Events of Default	17
5.12 Transferability of the Bonds	17
5.13 Further Issues	18
5.14 Meetings of Bondholders	18
5.15 Authorisations and Approvals	19
5.16 Notices	19
6 Taxation	19
6.1 General	19
6.2 Malta Tax on Interest	19
6.3 European Union Savings Directive	20
6.4 Maltese Taxation on Capital Gains on Transfer of the Bonds	20
6.5 Duty on Documents and Transfers	20
7 Terms and Conditions of the Bond Issue	21
7.1 Expected Timetable of the Bond Issue	21
7.2 Terms and Conditions of Application	21
7.3 Plan of Distribution and Allotment	24
7.4 Pricing	24
7.5 Allocation Policy	24
7.6 Admission to Trading	25
Annex I – Authorised Financial Intermediaries	26
Annex II – Specimen Application Forms	27
Annex III – The Guarantee	33
Annex IV – Financial Analysis Summary	36

IMPORTANT INFORMATION

THIS SECURITIES NOTE CONTAINS INFORMATION ON AN ISSUE BY HILI PROPERTIES PLC (THE "ISSUER") OF €37 MILLION UNSECURED BONDS 2025 OF A NOMINAL VALUE OF €100, ISSUED AT PAR AND BEARING INTEREST AT THE RATE OF 4.5% PER ANNUM, PAYABLE ANNUALLY ON 16 OCTOBER OF EACH YEAR. THE NOMINAL VALUE OF THE BONDS WILL BE REPAYABLE IN FULL AT MATURITY ON THE REDEMPTION DATE UNLESS OTHERWISE PREVIOUSLY REPURCHASED FOR CANCELLATION.

THIS SECURITIES NOTE CONTAINS INFORMATION ABOUT THE ISSUER AND THE BONDS IN ACCORDANCE WITH THE REQUIREMENTS OF THE LISTING RULES, THE ACT AND THE REGULATION, AND SHOULD BE READ IN CONJUNCTION WITH THE REGISTRATION DOCUMENT ISSUED BY THE ISSUER.

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

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

SAVE FOR THE ISSUE IN THE REPUBLIC OF MALTA, NO ACTION HAS BEEN OR WILL BE TAKEN BY THE ISSUER THAT WOULD PERMIT A PUBLIC OFFERING OF THE BONDS OR THE DISTRIBUTION OF THE PROSPECTUS (OR ANY PART THEREOF) OR ANY OFFERING MATERIAL IN ANY COUNTRY OR JURISDICTION WHERE ACTION FOR THAT PURPOSE IS REQUIRED. IN RELATION TO EACH MEMBER STATE OF THE EUROPEAN ECONOMIC AREA (OTHER THAN MALTA) WHICH HAS IMPLEMENTED DIRECTIVE 2003/71/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 4 NOVEMBER 2003 ON THE PROSPECTUS TO BE PUBLISHED WHEN SECURITIES ARE OFFERED TO THE PUBLIC OR ADMITTED TO TRADING OR WHICH, PENDING SUCH IMPLEMENTATION, APPLIES ARTICLE 3.2 OF SAID DIRECTIVE, THE BONDS CAN ONLY BE OFFERED TO "QUALIFIED INVESTORS" (AS DEFINED IN SAID DIRECTIVE) AS WELL AS IN ANY OTHER CIRCUMSTANCES WHICH DO NOT REQUIRE THE PUBLICATION BY THE ISSUER OF A PROSPECTUS PURSUANT TO ARTICLE 3 OF SAID DIRECTIVE.

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

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

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

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

ALL THE ADVISORS TO THE ISSUER NAMED IN THE PROSPECTUS UNDER THE HEADING "**IDENTITY OF DIRECTORS, ADVISORS AND AUDITORS OF THE ISSUER AND THE GUARANTORS**" UNDER SECTION 3 OF THE REGISTRATION DOCUMENT HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER IN RELATION TO THIS ISSUE AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION TOWARDS ANY OTHER PERSON AND WILL ACCORDINGLY NOT BE RESPONSIBLE TO ANY INVESTOR OR ANY OTHER PERSON WHOMSOEVER IN RELATION TO THE TRANSACTIONS PROPOSED IN THE PROSPECTUS.

THE VALUE OF INVESTMENTS CAN GO UP OR DOWN AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. THE NOMINAL VALUE OF THE BONDS WILL BE REPAYABLE IN FULL UPON MATURITY. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER ALL THE INFORMATION CONTAINED IN THE PROSPECTUS AS A WHOLE AND SHOULD CONSULT THEIR OWN INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISORS BEFORE DECIDING TO MAKE AN INVESTMENT IN THE BONDS.

1. DEFINITIONS

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

Act	the Companies Act (Cap. 386 of the Laws of Malta);
Applicant/s	a person or persons whose name or names (in the case of joint applicants) appear in the registration details of an Application Form;
Application/s	the application to subscribe for Bonds made by an Applicant/s by completing an Application Form/s and delivering same to the Registrar or to any of the Authorised Financial Intermediaries;
Application Form	the forms of application of subscription for Bonds, specimens of which are contained in Annex II of this Securities Note;
Authorised Financial Intermediaries	the licensed stockbrokers and financial intermediaries listed in Annex I of this Securities Note;
Bond(s)	the €37 million unsecured bonds due 2025 of a face value of €100 per bond redeemable at their nominal value on the Redemption Date, bearing interest at the rate of 4.5% per annum, as detailed in this Securities Note. The Bonds are guaranteed jointly and severally by Hili Estates Limited and Harbour (APM) Investments Limited;
Bondholder	a holder of Bonds;
Bond Issue or Issue	the issue of the Bonds;
Bond Issue Price	the price of €100 per 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;
Company or Issuer	Hili Properties p.l.c., a company registered under the laws of Malta with company registration number C 57954 and having its registered office at Nineteen Twenty Three, Valletta Road, Marsa MRS 3000, Malta;
CSD	the Central Securities Depository of the Malta Stock Exchange authorised in terms of Part IV of the Financial Markets Act (Cap. 345, Laws of Malta), having its address at Garrison Chapel, Castille Place, Valletta, VLT 1063;
Cut-Off Date	close of business on 11 September 2015 (trading session of 9 September 2015);
Directors or Board	the directors of the Company whose names and addresses are set out in section 3.1 (“Directors”) of the Registration Document;
European Countries	countries located within the European Economic Area (‘EEA’) and the European Union (‘EU’)
Euro or €	the lawful currency of the Republic of Malta;
Exchange, Malta Stock Exchange or MSE	Malta Stock Exchange p.l.c., as originally constituted in terms of the Financial Markets Act (Cap. 345 of the Laws of Malta), having its registered office at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta, and bearing company registration number C 42525;

Financial Reporting Date Group or HP Group	means 30 June and 31 December in each year as from 31 December 2015; the Issuer, its subsidiaries and any affiliates, as further described in section 4.3 of the Registration Document;
Guarantee	the joint and several suretyship of the Guarantors undertaking to effect payment of interest and capital repayments of any amount due by the Issuer to any Bondholder and which remain unpaid by the Issuer after 60 days of the due date for payment thereof. A copy of the Guarantee and a description of the nature, scope and terms of the Guarantee are appended to the Securities Note as Annex III thereof;
Guarantors	(i) Harbour (APM) Investments Limited, a company registered under the laws of Malta having its registered office at Nineteen Twenty Three, Valletta Road, Marsa MRS 3000, Malta and bearing company registration number C 58453; (ii) Hili Estates Limited, a company registered under the laws of Malta having its registered office at Nineteen Twenty Three, Valletta Road, Marsa MRS 3000, Malta and bearing company registration number C 20513;
Hili Ventures Group or HVL	Hili Ventures Limited, a company registered under the laws of Malta with company registration number C 57902 and having its registered office at Nineteen Twenty Three, Valletta Road, Marsa MRS 3000, Malta, its subsidiaries and any affiliates;
Hili Ventures Group Bondholders	the holders of 6.8% Premier Capital p.l.c. Bonds 2017-2020 (ISIN: MT0000511205) and 5.1% PTL Holdings p.l.c. Bonds 2024 (ISIN: MT0000841206) as at the Cut-Off Date;
Hili Ventures Group Preferred Applicants	shareholders, directors and employees of any company forming part of the Hili Ventures Group as at the Cut-Off Date;
Interest Payment Date	16 October of each year between and including each of the years 2016 and the year 2025, provided that if any such day is not a Business Day such Interest Payment Date will be carried over to the next following day that is a Business Day;
Issue Date	expected on 23 October 2015;
Issue Period	the period between 24 September 2015 to 9 October 2015 during which the Bonds are on offer;
Listing Authority	the MFSA, appointed as Listing Authority for the purposes of the Financial Markets Act (Cap. 345 of the Laws of Malta) by virtue of Legal Notice 1 of 2003;
Listing Rules	the listing rules of the Listing Authority;
Memorandum and Articles of Association or M&As	the memorandum and articles of association of the Issuer and/or the Guarantors (as may be indicated) in force at the time of publication of the Prospectus;
MFSA	the Malta Financial Services Authority, incorporated in terms of the Malta Financial Services Authority Act (Cap. 330 of the laws of Malta);
Official List	the list prepared and published by the Malta Stock Exchange as its official list in accordance with the Malta Stock Exchange Bye-Laws;
Prospectus	collectively the Registration Document, Summary Note and this Securities Note (each as defined in this Securities Note);
Prospectus Directive	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 and amending Directive 2001/34/EC, as may be amended from time to time;
Redemption Date	16 October 2025;

Redemption Value	the nominal value of each Bond (€100 per Bond);
Registrar	Bank of Valletta p.l.c. of BOV Centre, Cannon Road, Santa Venera SVR 9030, Malta;
Registration Document	the registration document issued by the Issuer dated 18 September 2015, forming part of the Prospectus;
Regulation	Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in a prospectus and dissemination of advertisements, as amended by: Commission Delegated Regulation (EU) No. 486/2012 of 30 March 2012 amending Regulation (EC) No. 809/2004 as regards the format and the content of the prospectus, the base prospectus, the summary and the final terms and as regards the disclosure requirements; Commission Delegated Regulation (EU) No. 862/2012 of 4 June 2012 amending Regulation (EC) No. 809/2004 as regards information on the consent to use of the prospectus, information on underlying indexes and the requirement for a report prepared by independent accountants or auditors; Commission Delegated Regulation (EU) No. 759/2013 of 30 April 2013 amending Regulation (EC) No. 809/2004 as regards the disclosure requirements for convertible and exchangeable debt securities; and Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014 as regards to regulatory technical standards for publication of supplements to the prospectus;
Securities Note	this document in its entirety;
Sponsor	Charts Investment Management Service Limited (C 7944) of Valletta Waterfront, Vault 17, Pinto Wharf, Floriana FRN 1913, an authorised financial intermediary licensed by the MFSA and a Member of the MSE;
Summary Note	the summary note issued by the Issuer dated 18 September 2015, forming part of the Prospectus;
Terms and Conditions	the terms and conditions of the Bond Issue as contained in section 7 of this Securities Note.

2. RISK FACTORS

2.1 GENERAL

THE VALUE OF INVESTMENTS CAN GO UP OR DOWN AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE.

THE NOMINAL VALUE OF THE BONDS WILL BE REPAYABLE IN FULL UPON MATURITY ON THE REDEMPTION DATE UNLESS THE BONDS ARE PREVIOUSLY RE-PURCHASED AND CANCELLED.

AN INVESTMENT IN THE BONDS INVOLVES CERTAIN RISKS INCLUDING THOSE DESCRIBED BELOW. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER, WITH THEIR OWN INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISORS, THE FOLLOWING RISK FACTORS AND OTHER INVESTMENT CONSIDERATIONS AS WELL AS ALL THE OTHER INFORMATION CONTAINED IN THE PROSPECTUS BEFORE DECIDING TO MAKE AN INVESTMENT IN THE BONDS. THE SEQUENCE IN WHICH THE RISKS BELOW ARE LISTED IS NOT INTENDED TO BE INDICATIVE OF ANY ORDER OF PRIORITY OR OF THE EXTENT OF THEIR CONSEQUENCES.

NEITHER THIS SECURITIES NOTE, NOR ANY OTHER PARTS OF THE PROSPECTUS OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE BONDS: (I) IS INTENDED TO PROVIDE THE BASIS OF ANY CREDIT OR OTHER EVALUATION OR (II) SHOULD BE CONSIDERED AS A RECOMMENDATION BY THE ISSUER OR THE SPONSOR OR AUTHORISED FINANCIAL INTERMEDIARIES THAT ANY RECIPIENT OF THIS SECURITIES NOTE OR ANY OTHER PART OF THE PROSPECTUS OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE PROSPECTUS OR ANY BONDS, SHOULD PURCHASE ANY BONDS.

ACCORDINGLY PROSPECTIVE INVESTORS SHOULD MAKE THEIR OWN INDEPENDENT EVALUATION OF ALL RISK FACTORS, AND SHOULD CONSIDER ALL OTHER SECTIONS IN THIS DOCUMENT.

2.2 FORWARD LOOKING STATEMENTS

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

2.3 RISKS RELATING TO THE BONDS

- The existence of an orderly and liquid market for the Bonds depends on a number of factors, including but not limited to the presence of willing buyers and sellers of the Issuer’s Bonds at any given time and the general economic conditions in the market in which the Bonds are traded. Such factors are dependent upon the individual decisions of investors and the general economic conditions of the market, over which the Issuer has no control. Accordingly, there can be no assurance that an active secondary market for the Bonds will develop, or, if it develops, that it will continue. Furthermore, there can be no assurance that an investor will be able to sell or otherwise trade in the Bonds at or above the Bond Issue Price or at all.
- Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds.
- A Bondholder will bear the risk of any fluctuations in exchange rates between the currency of denomination of the Bonds (€) and the Bondholder’s currency of reference, if different.
- 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.
- The Bonds constitute the general, direct, unconditional and unsecured obligations of the Issuer, guaranteed by the Guarantors, and shall at all times rank *pari passu*, without any priority or preference among themselves and with other unsecured debt of each of the Issuer and Guarantors. Furthermore, subject to the negative pledge clause (section 5.7 of

this Securities Note), third party security interests may be registered which will rank in priority to the Bonds against the assets of the Issuer and of the Guarantors, as the case may be, for so long as such security interests remain in effect.

- The terms and conditions of this Bond Issue are based on Maltese law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in Maltese law or administrative practice after the date of this Prospectus.
- Repayment of interest and capital on the Bonds is being guaranteed jointly and severally by the Guarantors and therefore, Bondholders are entitled to request either or both Guarantors to pay the full amounts due under the Bonds if the Issuer fails to meet any amount. The guarantee also entitles the Bondholders to take action against either or both Guarantors without having to first take action against the Issuer. The level of recoverability by the Bondholders from either or both Guarantors of any amounts due under any of the Bonds is dependent upon the financial strength of the Guarantors and in the case of insolvency of the Guarantors, such level of recoverability is further dependent upon the existence or otherwise of any prior ranking claims over the assets of the Guarantors.
- In the event that the Issuer wishes to amend any of the Terms and Conditions of Issue of the Bond it shall call a meeting of Bondholders in accordance with the provisions of section 5.14 of this Securities Note. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

3. PERSONS RESPONSIBLE

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

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

3.1 CONSENT FOR USE OF PROSPECTUS

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

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

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

Neither the Issuer nor the Sponsor have any responsibility for any of the actions of any Authorised Financial Intermediary, including their compliance with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to a resale or placement of Bonds.

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

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

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

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

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

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

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

4. ESSENTIAL INFORMATION

4.1 REASONS FOR THE ISSUE AND USE OF PROCEEDS

The proceeds from the Bond Issue, which net of Bond Issue expenses are expected to amount to approximately €36.2 million, will be used by the Issuer for the following purposes, in the amounts and order of priority set out below:

- (i) an amount of €19.54 million of proceeds shall be used to repay short term bank facilities, which funds were applied for the purpose of part-financing the acquisition consideration and refurbishment cost of a number of properties of the Group. A breakdown of such amount and details of each bank facility is provided in section 5.2 below. The respective properties are described in further detail in section 4.4 of the Registration Document;
- (ii) an amount of €6 million shall be applied to part-finance the deposit payable on the promise of share purchase agreement in relation to the acquisition of Harbour (APM) Investments Limited, the company that owns the Benghajsa site; and
- (iii) the remaining balance of €10.66 million of the net Issue proceeds will be used for the purpose of part-funding new property acquisitions and/or to further reduce the corporate indebtedness of the Group. For the purpose of identifying such properties, the Issuer shall fully adhere to the parameters established in terms of its business development strategy described in further detail in section 4.7 of the Registration Document. Saving the foregoing, with respect to the aforementioned €10.66 million, the Issuer's Board of Directors shall aim to acquire attractively priced commercial properties located in European Countries. Furthermore, in accordance with the principle of generating sustainable income for the Issuer, the Directors shall select commercial properties that have a high level of tenancy that is broadly similar to the Group's current average occupancy rate of 93%'

As at the date of the Prospectus, the Group was in discussions to acquire commercial properties estimated at *circa* €26.4 million which will contribute to an average portfolio yield of about 8%. Such acquisitions relate to a number of retail outlets in Romania and Greece and logistics distribution and office facilities in Lithuania. The said proposed acquisitions are presently governed by non-disclosure arrangements and are subject to final agreement with the respective counterparties.

In the event that the Bond Issue is not fully subscribed, the Issuer will proceed with the listing of the amount of Bonds subscribed for, and the proceeds from the Bond Issue shall be applied in the manner and order of priority set out above. Any residual

amounts required by the Issuer for the purposes of the uses specified in this section 4.1 which shall not have been raised through the Bond Issue shall be financed from the Group's general cash flow and/or bank financing.

4.2 EXPENSES

Professional fees, and costs related to publicity, advertising, printing, listing, registration, sponsor, management, registrar fees, selling commission, and other miscellaneous expenses in connection with this Bond Issue are estimated to be in the region of €800,000. There is no particular order of priority with respect to such expenses.

4.3 ISSUE STATISTICS

Amount:	€37 million;
Form:	The Bonds will be issued in fully registered and dematerialised form and will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the CSD;
Denomination:	Euro (€);
ISIN:	MT0000941204;
Minimum amount per subscription:	Minimum of €2,000 and multiples of €100 thereafter;
Redemption Date:	16 October 2025;
Plan of Distribution:	The Bonds are open for subscription by all categories of investors, including: Hili Ventures Group Preferred Applicants, Hili Ventures Group Bondholders and the general public;
Preferred Allocations:	(i) Hili Ventures Group Preferred Applicants will be granted preference in their applications for Bonds up to an aggregate amount of €1 million; (ii) Hili Ventures Group Bondholders will be granted preference in their applications for Bonds up to an aggregate amount of €16 million;
Bond Issue Price:	At par (€100 per Bond);
Status of the Bonds:	The Bonds constitute the general, direct, unconditional and unsecured obligations of the Issuer, guaranteed by the Guarantors, and shall at all times rank <i>pari passu</i> , without any priority or preference among themselves and with other unsecured debt of each of the Issuer and Guarantors;
Listing:	Application has been made to the Listing Authority for the admissibility of the Bonds to listing and to the Malta Stock Exchange for the Bonds to be listed and traded on its Official List;
Application Forms available:	24 September 2015;
Closing date for Applications:	5 October 2015 in the case of Hili Ventures Group Preferred Applicants and Hili Ventures Group Bondholders, and 9 October 2015 for the general public;
Issue Period:	24 September 2015 to 9 October 2015, both days included;
Interest:	4.5% per annum;
Interest Payment Date(s):	Annually on 16 October as from 16 October 2016 (the first interest payment date);
Governing Law of Bonds:	The Bonds are governed by and shall be construed in accordance with Maltese law;
Jurisdiction:	The Maltese Courts shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Bonds.

4.4 INTEREST OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Save for the possible subscription for Bonds by Charts Investment Management Service Limited and Bank of Valletta p.l.c., and any fees payable in connection with the Issue to Charts Investment Management Service Limited as Sponsor and Bank of Valletta p.l.c. as Manager & Registrar, so far as the Issuer is aware no person involved in the Issue has an interest material to the Issue.

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

5.1 GENERAL

- 5.1.1 Each Bond forms part of a duly authorised issue of 4.5% Unsecured Bonds 2025 of a nominal value of €100 per Bond issued by the Issuer at par up to the principal amount of €37 million (except as otherwise provided under section 5.13 “Further Issues”). The Bonds are guaranteed jointly and severally by Hili Estates Limited and Harbour (APM) Investments Limited.
- 5.1.2 The currency of the Bonds is Euro (€).
- 5.1.3 Subject to admission to listing of the Bonds to the Official List of the MSE, the Bonds are expected to be assigned ISIN MT0000941204.
- 5.1.4 Unless previously purchased and cancelled, the Bonds shall be redeemable at par on the Redemption Date.
- 5.1.5 The issue of the Bonds is made in accordance with the requirements of the Listing Rules, the Act, and the Regulation.
- 5.1.6 The Issue Period of the Bonds is between 24 September 2015 and 9 October 2015, both days included.
- 5.1.7 The expected Issue Date of the Bonds is 23 October 2015.
- 5.1.8 The Bond Issue is not underwritten.

5.2 RANKING OF THE BONDS

The Bonds constitute the general, direct, unconditional and unsecured obligations of the Issuer, guaranteed by the Guarantors, and shall at all times rank *pari passu*, without any priority or preference among themselves and with other unsecured debt of each of the Issuer and Guarantors. Furthermore, subject to the negative pledge clause set out in section 5.7 of this Securities Note, third party security interests may be registered which will rank in priority to the Bonds against the assets of the Issuer and of the Guarantors, as the case may be, for so long as such security interests remain in effect.

The following sets out a summary of the indebtedness of the Group (which includes Hili Estates Limited (a Guarantor)) as at 10 September 2015, in aggregate amounting to €38.94 million, and which comprises of bank loans. An aggregate amount of €19.54 million of bank loans shall be repaid from Bond Issue proceeds in accordance with section 4.1 above. The bank borrowings listed below are secured by the pledges and mortgages described below. The indebtedness being created by the Bonds ranks after these bank borrowings. In addition, the Bonds would also rank after any future debts which may be secured by a cause of preference such as a pledge, mortgage, privilege and/or a hypothec.

Borrower	Lender	Description of facility	Amount Outstanding €	Repayment with Bond Proceeds €	Balance post Bond Issue €	Security
Hili Properties p.l.c.	HSBC Bank Malta p.l.c.	To finance the acquisition of property in Malta and Latvia and meet capital expenditure for the refurbishment of Group's Head office in Marsa and Office in Sta Venera	16,000,000	16,000,000	-	<p>- Company guarantee of €6.6M given by:</p> <ul style="list-style-type: none"> - Hili Ventures Ltd, - Harbour (APM) Investments Ltd <p>Letter of undertaking by Hili Ventures and Harbour (APM) Investments Ltd.</p> <p>First general hypothec for €16.3M on loan basis over all assets present and future to be given by Hili Properties p.l.c.</p> <p>First general hypothec for €16.3M on loan basis over all assets present and future to be given by Harbour (APM) Investments Ltd.</p> <p>Special hypothec over APCO Building B'Kara (property of principal debtor) Special hypothec over portions of land at Benghajsa (property of surety Harbour (APM) Investments Limited); Special hypothec over property at Tigne', Sliema (property of surety Premier Estates Limited); Special hypothec over Tower Business Centre B'Kara (property of surety Hili Properties (Swatar) Limited)</p>
Premier Estates Ltd	HSBC Bank Malta p.l.c.	To acquire property at 21, Tigne' Seafront Sliema	3,579,119	1,000,000	2,579,119	<p>First general hypothec €4,620,000 over all assets present and future by Premier Estates Ltd,</p> <p>First special hypothec €4,620,000 by Premier Estates Ltd over Tigne' Seafront Sliema,</p> <p>Company guarantee for €4,620,000 by Premier Restaurants Malta,</p> <p>Company guarantee for €2,000,000 by Hili Company Ltd.,</p> <p>First pledge by Premier Estates Ltd over insurance</p>

SIA Premier Estates Ltd	AS DnB NORD Banka	Acquisition of 6 land plots, construction of restaurants	2,207,426	550,000	1,657,426	First rank commercial pledge on all property First mortgage on real estate Suretyship of SIA Premier Restaurants Latvia Financial pledge over all deposits Insurance of tangibles pledged in the favour of the bank
SIA Premier Estates Ltd	Nordea Bank Finland Plc	Purchase of real estate (flat 84 & 79 Dunties street, Riga)	195,698	-	195,698	Mortgage over the real estate Guarantee Agreement with SIA Premier Restaurants Latvia
Premier Estates Lietuva UAB	Swedbank AB	Financing investments & construction of new restaurants	1,907,959	550,000	1,357,959	Mortgage on all real estate (including buildings & land) Pledge on shares Surety of Premier Restaurants UAB Surety of Premier Capital p.l.c. Pledge on all rights to payments between Premier Restaurants UAB and Premier Estates Lietuva UAB
APEX Investments SIA / Tukuma Projekti SIA	Swedbank AS	To finance the acquisition of the Apex investment and Tukuma Projekts retail pool and to repay current liabilities of Apex investments and Tukuma projekts	15,048,611	1,438,000	13,610,611	First ranking mortgages in Real Estate properties (9 retail centres), Commercial pledge of the Borrower's assets and shares
TOTAL			38,938,813	19,538,000	19,400,813	

Details of the indebtedness of Harbour (APM) Investments Limited (a Guarantor) as at 10 September 2015 of €1.73 million is included hereunder. The indebtedness being created by the Bonds ranks after this bank loan. In addition, the Bonds would also rank after any future debts which may be secured by a cause of preference such as a pledge, mortgage, privilege and/or a hypothec.

Borrower	Lender	Description of facility	Amount Outstanding €	Repayment with Bond Proceeds €	Balance post Bond Issue €	Security
Harbour (APM) Investments Limited	HSBC Bank Malta p.l.c.	Business commitments	1,732,772	-	1,732,772	General hypothec, special hypothec over various portions of land at Benghajsa Security

5.3 RIGHTS ATTACHED TO THE BONDS

There are no special rights attached to the Bonds other than the right of the Bondholders to:

- (i) the payment of capital;
- (ii) the payment of interest;
- (iii) ranking with respect to other indebtedness of the Issuer in accordance with the provisions of section 5.2 hereof;
- (iv) attend, participate in and vote at meetings of Bondholders in accordance with the terms and conditions of the Bond; and
- (v) enjoy all such other rights attached to the Bonds emanating from this Prospectus.

5.4 INTEREST

5.4.1 The Bonds shall bear interest from and including 16 October 2015 at the rate of 4.5% per annum on the nominal value thereof, payable annually in arrears on each Interest Payment Date. The first interest payment will be effected on 16 October 2016 (covering the period 16 October 2015 to 15 October 2016). Any Interest Payment Date which falls on a day other than a Business Day will be carried over to the next following day that is a Business Day. In terms of article 2156 of the Civil Code (Cap. 16 of the Laws of Malta), the right of Bondholders to bring claims for payment of interest and repayment of the principal on the Bonds is barred by the lapse of five years.

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

5.5 YIELD

The gross yield calculated on the basis of the Interest, the Bond Issue Price and the Redemption Value of the Bonds at Redemption Date is 4.5%.

5.6 REGISTRATION, FORM, DENOMINATION AND TITLE

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

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

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

5.6.4 Any person in whose name a Bond is registered may (to the fullest extent permitted by applicable law) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute owner of such Bond. Title to the Bonds may be transferred as provided below under the heading "Transferability of the Bonds" in section 5.12 of this Securities Note.

5.7 NEGATIVE PLEDGE

The Company and Guarantors undertake, for as long as any principal or interest under the Bonds or any of the Bonds remains outstanding, not to create or permit to subsist any Security Interest (as defined below), other than a Permitted Security Interest (as defined below), upon the whole or any part of their present or future assets or revenues to secure any Financial Indebtedness (as defined below) of the Issuer and Guarantors, unless at the same time or prior thereto the Issuer's indebtedness under the Bonds, shares in and is secured equally and rateably therewith, and the instrument creating such Security Interest so provides.

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

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

"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; (C) any other Security Interest (in addition to (A) and (B) above) securing Financial Indebtedness of the Issuer or the Guarantors, in an aggregate outstanding amount not exceeding 70% of the difference between the value of the unencumbered assets of the Issuer and Guarantors and the aggregate principal amount of Bonds outstanding at the time.

Provided that the aggregate Security Interests referred to in (B) and (C) above do not result in the unencumbered assets of the Issuer and Guarantors being less than 104.5% of the aggregate principal amount of the Bonds still outstanding;

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

5.8 GUARANTORS' COVENANT

So long as any Bond remains outstanding, the Guarantors shall collectively ensure that their aggregate net asset value will amount to not less than €37 million on each Financial Reporting Date.

"net asset value" means the value of an entity's assets minus the value of its liabilities.

5.9 PAYMENTS

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

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

5.9.3 Payment of interest on a Bond will be made to the person in whose name such Bond is registered at the close of business fifteen (15) days prior to the Interest Payment Date, by means of a direct credit transfer into such bank account as the Bondholder may designate, from time to time, which is denominated in Euro and held with any licensed bank in Malta. Such payment shall be effected within seven (7) days of the Interest Payment Date. The Issuer shall not be responsible for any charges, and any loss or delay in transmission.

5.9.4 All payments with respect to the Bonds are subject in all cases to any applicable fiscal or other laws and regulations prevailing in Malta. In particular, but without limitation, all payments of principal and interest by or on behalf of the Issuer in respect of the Bonds shall be made net of any amount which the Issuer is 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.

5.9.5 No commissions or expenses shall be charged by the Issuer to Bondholders in respect of such payments.

5.10 REDEMPTION AND PURCHASE

5.10.1 Unless previously purchased and cancelled, the Bonds will be redeemed at their nominal value (together with interest accrued to the date fixed for redemption) on 16 October 2025.

5.10.2 Subject to the provisions of this section 5.10, the Issuer may at any time purchase Bonds in the open market or otherwise at any price. Any purchase by tender shall be made available to all Bondholders alike.

5.10.3 All Bonds so purchased will be cancelled forthwith and may not be re-issued or re-sold.

5.11 EVENTS OF DEFAULT

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

5.11.1 the Issuer or, in the event of default by the Issuer, the Guarantors, shall fail to pay any interest on any Bond when due and such failure shall continue for sixty (60) days after written notice thereof shall have been given to the Issuer and Guarantors by any Bondholder; or

5.11.2 the Issuer or, in the event of default by the Issuer, the Guarantors, shall fail duly to perform or shall otherwise be in breach of any other material obligation contained in the terms and conditions of the Bonds and such failure shall continue for sixty (60) days after written notice thereof shall have been given to the Issuer and Guarantors by any Bondholder; or

5.11.3 the Guarantors shall be in breach of their obligation contained in section 5.8 above under the heading “Guarantors’ Covenant” and such failure shall continue for sixty (60) days after written notice thereof shall have been given to the Issuer and Guarantors by any Bondholder; or

5.11.4 an order is made or resolution passed or other action taken for the dissolution, termination of existence, liquidation, winding-up or bankruptcy of the Issuer and/or any Guarantor; or

5.11.5 the Issuer or, in the event of default by the Issuer, the Guarantors, stops or suspends payments (whether of principal or interest) with respect to all or any class of its respective debts or announces an intention to do so or ceases or threatens to cease to carry on its respective business or a substantial part of its respective business; or

5.11.6 the Issuer or, in the event of default by the Issuer, the Guarantors, is unable, or admits in writing its inability, to pay its debts as they fall due or otherwise becomes insolvent; or

5.11.7 there shall have been entered against the Issuer and/or any Guarantor a final judgment by a court of competent jurisdiction from which no appeal may be or is made for the payment of money in excess of €5 million or its equivalent and ninety (90) days shall have passed since the date of entry of such judgment without its having been satisfied or stayed; or

5.11.8 any default occurs and continues for ninety (90) days under any contract or document relating to any Financial Indebtedness (as defined above) of the Issuer and/or any Guarantor in excess of €5 million or its equivalent at any time.

5.12 TRANSFERABILITY OF THE BONDS

5.12.1 The Bonds are freely transferable and, once admitted to the Official List of the MSE, shall be transferable only in whole in accordance with the rules and regulations of the MSE applicable from time to time.

5.12.2 Any person becoming entitled to a Bond in consequence of the death or bankruptcy of a Bondholder may, upon such evidence being produced as may from time to time properly be required by the Issuer or the CSD, elect either to be registered himself as holder of the Bond or to have some person nominated by him registered as the transferee thereof. If

the person so becoming entitled shall elect to be registered himself, he shall deliver or send to the CSD a notice in writing signed by him stating that he so elects. If he shall elect to have another person registered he shall testify his election by transferring the Bond, or procuring the transfer of the Bond, in favour of that person.

- 5.12.3 All transfers and transmissions are subject in all cases to any pledge (duly constituted) of the Bonds and to any applicable laws and regulations.
- 5.12.4 The cost and expenses of effecting any registration of transfer or transmission, except for the expenses of delivery by any means other than regular mail (if any) and except, if the Issuer shall so require, the payment of a sum sufficient to cover any tax, duty or other governmental charge or insurance charges that may be imposed in relation thereto, will be borne by the Issuer.
- 5.12.5 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.

5.13 FURTHER ISSUES

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

5.14 MEETINGS OF BONDHOLDERS

- 5.14.1 The Issuer may from time to time call meetings of Bondholders for the purpose of consultation with Bondholders or for the purpose of obtaining the consent of Bondholders on matters which in terms of the Prospectus require the approval of a Bondholders' meeting.
- 5.14.2 A meeting of Bondholders shall be called by the Directors by giving all Bondholders listed on the register of Bondholders as at a date being not more than thirty (30) days preceding the date scheduled for the meeting, not less than fourteen (14) days' notice in writing. Such notice shall set out the time, place and date set for the meeting and the matters to be discussed or decided thereat, including, if applicable, sufficient information on any amendment of the Prospectus that is proposed to be voted upon at the meeting and seeking the approval of the Bondholders. Following a meeting of Bondholders held in accordance with the provisions contained hereunder, the Issuer shall, acting in accordance with the resolution(s) taken at the meeting, communicate to the Bondholders whether the necessary consent to the proposal made by the Issuer has been granted or withheld. Subject to having obtained the necessary approval by the Bondholders in accordance with the provisions of this section 5.14 at a meeting called for that purpose as aforesaid, any such decision shall subsequently be given effect to by the Issuer.
- 5.14.3 The amendment or waiver of any of the provisions of and/or conditions contained in this Securities Note, or in any other part of the Prospectus, may only be made with the approval of Bondholders at a meeting called and held for that purpose in accordance with the terms hereof.
- 5.14.4 A meeting of Bondholders shall only validly and properly proceed to business if there is a quorum present at the commencement of the meeting. For this purpose at least two (2) Bondholders present, in person or by proxy, representing not less than 50% in nominal value of the Bonds then outstanding, shall constitute a quorum. If a quorum is not present within thirty (30) minutes from the time scheduled for the commencement of the meeting as indicated on the notice convening same, the meeting shall stand adjourned to a place, date and time as shall be communicated by the Directors to the Bondholders present at that meeting. The Issuer shall within two (2) days from the date of the original meeting publish by way of a company announcement the date, time and place where the adjourned meeting is to be held. An adjourned meeting shall be held not earlier than seven (7) days, and not later than fifteen (15) days, following the original meeting. At an adjourned meeting: the number of Bondholders present, in person or by proxy, shall constitute a quorum; and only the matters specified in the notice calling the original meeting shall be placed on the agenda of, and shall be discussed at, the adjourned meeting.
- 5.14.5 Any person who in accordance with the Memorandum and Articles of Association of the Issuer is to chair the annual general meetings of shareholders shall also chair meetings of Bondholders.

- 5.14.6 Once a quorum is declared present by the chairman of the meeting, the meeting may then proceed to business and address the matters set out in the notice convening the meeting. In the event of decisions being required at the meeting, the directors or their representative shall present to the Bondholders the reasons why it is deemed necessary or desirable and appropriate that a particular decision is taken. The meeting shall allow reasonable and adequate time to Bondholders to present their views to the Issuer and the other Bondholders present at the meeting. The meeting shall then put the matter as proposed by the Issuer to a vote of the Bondholders present at the time at which the vote is being taken, and any Bondholders taken into account for the purpose of constituting a quorum who are no longer present for the taking of the vote shall not be taken into account for the purpose of such vote.
- 5.14.7 The voting process shall be managed by the Company Secretary under the supervision and scrutiny of the auditors of the Issuer.
- 5.14.8 The proposal placed before a meeting of Bondholders shall only be considered approved if at least 65% in nominal value of the Bondholders present at the meeting at the time when the vote is being taken, in person or by proxy, shall have voted in favour of the proposal.
- 5.14.9 Save for the above, the rules generally applicable to proceedings at general meetings of shareholders of the Issuer shall *mutatis mutandis* apply to meetings of Bondholders.

5.15 AUTHORISATIONS AND APPROVALS

The Board of Directors of the Issuer authorised the Bond Issue pursuant to a board of directors' resolution passed on 20 August 2015.

5.16 NOTICES

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

6. TAXATION

6.1 GENERAL

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

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

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

6.2 MALTA TAX ON INTEREST

Since interest is payable in respect of a Bond which is the subject of a public issue, unless the Issuer is otherwise instructed by a Bondholder or if the Bondholder does not fall within the definition of "recipient" in terms of article 41(c) of the Income Tax Act, (Cap. 123 of the Laws of Malta), interest shall be paid to such person net of a final withholding tax, currently at the rate of 15% of the gross amount of the interest, pursuant to article 33 of the Income Tax Act (Cap. 123 of the Laws of Malta). Bondholders who do not fall within the definition of a "recipient" do not qualify for the said rate and should seek advice on the taxation of such

income as special rules may apply.

This withholding tax is considered as a final tax and a Maltese resident individual Bondholder need not declare the interest so received in his income tax return. No person shall be charged to further tax in respect of such income. However where the Bondholder is a Maltese resident individual, he is still entitled to declare the gross interest in the tax return and the tax so deducted will be available as a credit against the individual'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 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 beneficiary is a non-resident of Malta. Any such election made by a resident Bondholder at the time of subscription may be subsequently changed by giving notice in writing to the Issuer. Such election or revocation will be effective within the time limit set out in the Income Tax Act.

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

6.3 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 Director General Inland Revenue, Malta, who will in turn exchange the information with the competent tax authority of the Member State where the recipient of interest is resident. This exchange of information takes place in terms of the EU Savings Directive 2003/48/EC.

6.4 MALTESE TAXATION ON CAPITAL GAINS ON TRANSFER OF THE BONDS

On the assumption that the Bonds would not fall within the definition of "securities" in terms of article 5(1)(b) of the Income Tax Act, that is, "shares and stocks and such like instrument that participate in any way in the profits of the company and whose return is not limited to a fixed rate of return", no tax on capital gains is chargeable in respect of transfer of the Bonds.

6.5 DUTY ON DOCUMENTS AND TRANSFERS

In terms of article 50 of the Financial Markets Act (Cap. 345 of the Laws of Malta) as the Bonds constitute financial instruments of a company quoted on a regulated market Exchange, as is the MSE, redemptions and transfers of the Bonds are exempt from Maltese duty.

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

7. TERMS AND CONDITIONS OF THE BOND ISSUE

7.1 EXPECTED TIMETABLE OF THE BOND ISSUE

1	Applications Forms mailed to Hili Ventures Group Bondholders as at the Cut-Off Date	22 September 2015
2	Application Forms available	24 September 2015
3	Closing date for Applications to be received from Hili Ventures Group Preferred Applicants and Hili Ventures Group Bondholders	5 October 2015
4	Opening and closing of subscription lists, respectively	7 October 2015 to 9 October 2015, both days included
5	Commencement of interest on the Bonds	16 October 2015
6	Announcement of basis of acceptance	16 October 2015
7	Refunds of unallocated monies	23 October 2015
8	Expected dispatch of allotment advices	23 October 2015
9	Expected date of admission of the securities to listing	23 October 2015
10	Expected date of commencement of trading in the securities	26 October 2015

The Issuer reserves the right to close the Issue of Bonds before 9 October 2015 in the event of over-subscription, in which case, the events set out in steps 6 to 10 above shall be brought forward, although the number of workings days between the respective events shall not also be altered.

7.2 TERMS AND CONDITIONS OF APPLICATION

- 7.2.1 The issue and allotment of the Bonds is conditional upon the Bonds being admitted to the Official List of the MSE. In the event that the Bonds are not admitted to the Official List of the MSE any Application monies received by the Issuer will be returned without interest by direct credit into the Applicant's bank account indicated by the Applicant on the relative Application Form.
- 7.2.2 Hili Ventures Group Preferred Applicants, Hili Ventures Group Bondholders and the general public may subscribe for Bonds by submitting Application Form 'A', Application Form 'B' and Application Form 'C' respectively. Application Form 'A' and Application Form 'B' are to be completed and submitted by not later than 14:00 hours on 5 October. Subscription lists, in relation to the general public offer, will open at 08:30 hours on 7 October 2015 and will close thereafter as may be determined by the Issuer, but in any event no later than 16:00 hours on 9 October 2015.
- 7.2.3 The contract created by the Issuer's acceptance of an Application filed by a prospective bondholder shall be subject to all the terms and conditions set out in this Securities Note and the Memorandum and Articles of Association of the Issuer. 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 external transaction requirements in Malta and any exchange control in the countries of their nationality, residence or domicile.
- 7.2.4 If an Application Form is signed on behalf of another party or on behalf of a corporation or corporate entity or association of persons, the person signing will be deemed to have duly bound his principal, or the relative corporation, corporate entity, or association of persons, and will be deemed also to have given the confirmations, warranties and undertakings contained in these terms and conditions on their behalf. Such representative may be requested to submit the relative power of attorney/resolution or a copy thereof duly certified by a lawyer or notary public if so required by the Issuer and the Registrar, but it shall not be the duty or responsibility of the Registrar or Issuer to ascertain that such representative is duly authorised to appear on the Application Form.
- 7.2.5 In the case of joint Applications, reference to the Applicant in these Terms and Conditions is a reference to each of the joint Applicants, and liability therefor is joint and several. The person whose name shall be inserted in the field entitled "Applicant" on the Application Form, or first-named in the register of Bondholders shall, for all intents and purposes, be deemed to be such nominated person by all those joint holders whose names appear in the field entitled "Additional

Applicants” in the Application Form or joint holders in the register, as the case may be. Such person shall, for all intents and purposes, be deemed to be the registered holder of the Bond/s so held.

- 7.2.6 In respect of a Bond held subject to usufruct, the name of the bare owner and the usufructuary shall be entered in the register. The usufructuary shall, for all intents and purposes, be deemed vis-à-vis the Issuer to be the holder of the Bond/s so held and shall have the right to receive interest on the Bond/s and to vote at meetings of the Bondholders but shall not, during the continuance of the Bond/s, have the right to dispose of the Bond/s so held without the consent of the bare owner, and shall not be entitled to the repayment of principal on the Bond (which shall be due to the bare owner).
- 7.2.7 Applications in the name and for the benefit of minors shall be allowed provided that they are signed by both parents or the legal guardian/s and accompanied by a Public Registry birth certificate of the minor in whose name and for whose benefit the Application Form is submitted. Any Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest and redemption monies payable to the parents / legal guardian/s signing the Application Form until such time as the minor attains the age of eighteen (18) years, following which all interest and redemption monies shall be paid directly to the registered holder, provided that the Issuer has been duly notified in writing of the fact that the minor has attained the age of eighteen (18) years.
- 7.2.8 The Bonds have not been and will not be registered under the Securities Act of 1933 of the United States of America and accordingly may not be offered or sold within the United States or to or for the account or benefit of a U.S. person.
- 7.2.9 No person receiving a copy of the Prospectus or an Application Form in any territory other than Malta may treat the same as constituting an invitation or offer to such person nor should such person in any event use such Application Form, unless, in the relevant territory, such an invitation or offer could lawfully be made to such person or such Application Form could lawfully be used without contravention of any registration or other legal requirements.
- 7.2.10 It is the responsibility of any person outside Malta wishing to make any Application to satisfy himself/herself as to full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.
- 7.2.11 Subject to all other terms and conditions set out in the Prospectus, 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.
- 7.2.12 The Bonds will be issued in multiples of €100. The minimum subscription amount of Bonds that can be subscribed for by Applicants is €2,000.
- 7.2.13 The Bond Issue shall close on the earlier of: (i) the date on which the aggregate amount of Applications received reaches €37 million, provided such date shall not be prior to 7 October 2015; or (ii) on 9 October 2015. Within 5 business days from closing of the subscription lists, the Issuer shall announce the result of the Issue and shall determine, and issue a company announcement setting out, the basis of acceptance of applications and allocation policy to be adopted.
- 7.2.14 In the event that an Applicant has not been allocated any Bonds or has been allocated a number of Bonds which is less than the number applied for, the Applicant shall receive a full refund or, as the case may be, the balance of the price of the Bonds applied for but not allocated, without interest, by credit transfer to such account indicated in the Application Form, at the Applicant’s sole risk within five Business Days from the date of final allocation. The Issuer shall not be responsible for any charges, and any loss or delay in transmission.
- 7.2.15 The completed Application Forms ‘A’, ‘B’ and ‘C’ are to be lodged with any of the Authorised Financial Intermediaries.
- 7.2.16 All Application Forms must be accompanied by the full price of the Bonds applied for in Euro. Payment may be made either in cash or by cheque payable to “**The Registrar – Hili Properties 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.
- 7.2.17 For the purposes of the Prevention of Money Laundering and Funding of Terrorism Regulations 2008 as amended from time to time, all appointed Authorised Financial Intermediaries are under a duty to communicate, upon request, all information about clients as is mentioned in Articles 1.2(d) and 2.4 of the “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 said appointed Authorised Financial 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 of the Laws of Malta) for the purposes and within the terms of the Malta Stock Exchange Data Protection Policy as published from time to time.

7.2.18 By completing and delivering an Application Form the Applicant:

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

- i. renounces to any rights the Applicant may have to set off any amounts the Applicant may at any time owe the Issuer against any amount due under the terms of these Bonds.

7.3 PLAN OF DISTRIBUTION AND ALLOTMENT

The Bonds are open for subscription to all categories of investors, which may be broadly split as follows:

- i. The Issuer has reserved an aggregate amount of Bonds amounting to €1 million for subscription by Hili Ventures Group Preferred Applicants;
- ii. The Issuer has reserved an aggregate amount of Bonds amounting to €16 million for subscription by Hili Ventures Group Bondholders;
- iii. The remaining balance of €20 million in Bonds shall be made available for subscription by the general public. In the event that the aggregate amount of €17 million reserved for the Hili Ventures Group Preferred Applicants and Hili Ventures Group Bondholders (detailed in clauses (i) and (ii) above) is not fully taken up, such unutilised portion/s shall also become available for allocation to the general public.

In the event that subscriptions exceed the reserved portions referred to in clauses (i) and (ii) above of €1 million and €16 million respectively, the unsatisfied excess amounts of such Applications will automatically participate in the amount of Bonds available to the general public.

The minimum subscription amount of Bonds that can be subscribed for by Applicants is €2,000 and subscription amounts shall be in multiples of €100. Subscriptions may be made through any of the Authorised Financial Intermediaries.

It is expected that an allotment advice will be dispatched to Applicants within five (5) Business Days of the announcement of the allocation policy. The registration advice and other documents and any monies returnable to Applicants may be retained pending clearance of the remittance and any verification of identity as required by the Prevention of Money Laundering Act (Cap. 373 of the Laws of Malta), and regulations made thereunder. Such monies will not bear interest while retained as aforesaid.

Dealings in the Bonds shall not commence prior to admission to trading of the Bonds by the MSE or prior to the said notification

7.4 PRICING

The Bonds are being issued at par, that is, at €100 per Bond

7.5 ALLOCATION POLICY

The Issuer shall allocate the Bonds on the basis of the following policy and order of priority:

- i. Up to an aggregate amount of €1 million shall be allocated to Hili Ventures Group Preferred Applicants in accordance with the allocation policy as determined by the Issuer and Registrar. In the event that subscriptions exceed the reserved portion of €1 million, the unsatisfied excess amount of such Applications will be considered for allocation purposes with the Applications submitted by the general public without priority or preference;
- ii. Up to an aggregate amount of €16 million shall be allocated to Hili Ventures Group Bondholders in accordance with the allocation policy as determined by the Issuer and Registrar. In the event that subscriptions exceed the reserved portion of €16 million, the unsatisfied excess amount of such Applications will be considered for allocation purposes with the Applications submitted by the general public without priority or preference.

Applications received by the general public, including such unsatisfied excess amounts detailed in clauses (i) and (ii) above, if any, shall be allocated without priority or preference and in accordance with the allocation policy as determined by the Issuer and Registrar.

Any amounts which were reserved for the Hili Ventures Group Preferred Applicants and Hili Ventures Group Bondholders (detailed in clauses (i) and (ii) above) but not fully taken up, will be taken into consideration by the Issuer and the Registrar in formulating the allocation policy for the general public portion.

7.6 ADMISSION TO TRADING

- 7.6.1 The Listing Authority has authorised the Bonds as admissible to Listing pursuant to the Listing Rules by virtue of a letter dated 18 September 2015.
- 7.6.2 Application has been made to the Malta Stock Exchange for the Bonds being issued pursuant to the Prospectus to be listed and traded on the Official List of the Malta Stock Exchange.
- 7.6.3 The Bonds are expected to be admitted to the Malta Stock Exchange with effect from 23 October 2015 and trading is expected to commence on 26 October 2015.

ANNEX I – AUTHORISED FINANCIAL INTERMEDIARIES

Name	Address	Telephone
APS Bank Ltd	APS Centre, Tower Road, Birkirkara BKR 4012	25603000
Bank of Valletta p.l.c.	BOV Centre, Cannon Road, St Venera SVR 9030	22751732
Calamatta Cuschieri & Co Ltd	Fifth Floor, Valletta Buildings, South Street, Valletta VLT 1103	25688688
Charts Investment Management Service Ltd	Valletta Waterfront, Vault 17, Pinto Wharf, Floriana FRN 1913	21224106
Crystal Finance Investments Ltd	Allcare Building, University Roundabout, Msida MSD 1751	23479380
Curmi & Partners Ltd	Finance House, Princess Elizabeth Street, Ta' Xbiex XBX 1102	21347331
Financial Planning Services Ltd	4, Marina Court No. 1, G. Call Street, Ta' Xbiex XBX 1421	21344244
FINCO Treasury Management Ltd	Level 5, The Mall Complex, The Mall, Floriana FRN 1470	21220002
GlobalCapital Financial Management Ltd	Testaferrata Street, Ta'Xbiex XBX 1403	21342342
Growth Investments Ltd	Customer Service Centre, Pjazza Papa Giovanni XXIII, Floriana FRN 1420	25909357
Hogg Capital Investments Ltd	Ferris Building, Level 4, 1, St Luke's Road, Gwardamangia, Pieta PTA 1020	21322872
HSBC Bank Malta p.l.c.	116, Archbishop Street, Valletta VLT 1444	23802381
Jesmond Mizzi Financial Advisors Ltd	1/2, St Joseph High Street, Hamrun, HMR 1019	23265690
Lombard Bank Malta p.l.c.	67, Republic Street, Valletta VLT 1117	25581806
Mediterranean Bank plc	10, St Barbara Bastion, Valletta VLT 1961	25574400
MFSP Financial Management Ltd	220, Immaculate Conception Street, Msida MSD 1838	21332200
Michael Grech Financial Investment Services Ltd	The Brokerage, Level O A, St Marta Street, Victoria, Gozo VCT 2550	21554492
MZ Investment Services Ltd	55, MZ House, St Rita Street, Rabat RBT 1523	21453739
Rizzo, Farrugia & Co (Stockbrokers) Ltd	Airways House, Third Floor, High Street, Sliema SLM 1549	22583000

ANNEX II - SPECIMEN APPLICATION FORMS



Hili Properties plc
 €37,000,000 4.5% Unsecured Bonds 2025
 Guaranteed by Harbour (APM) Investments Limited and Hili Estates Limited
APPLICATION FORM 'A'

THIS APPLICATION FORM IS NOT TRANSFERABLE AND IS TO BE COMPLETED ONLY BY SHAREHOLDERS, DIRECTORS AND EMPLOYEES OF ANY COMPANY FORMING PART OF HILI VENTURES GROUP. Please read the notes overleaf before completing this Application Form. Mark 'X' if applicable. Unless otherwise indicated, each of the panels below is to be completed.

APPLICANT/S (see notes 2 to 7)			
A	<input type="checkbox"/> Shareholder	<input type="checkbox"/> Director	<input type="checkbox"/> Employee
	<input type="checkbox"/> Non-Resident	<input type="checkbox"/> Minor (under 18)	<input type="checkbox"/> Body Corporate / Body of Persons
B	TITLE (Mr/Mrs/Ms/...)	FULL NAME & SURNAME / REGISTERED NAME	
	ADDRESS / REGISTERED OFFICE		POST CODE
	MSE A/C NO. (if applicable)	I.D. CARD / PASSPORT / COMPANY REG NO.	MOBILE NO.
C ADDITIONAL (JOINT) APPLICANTS (see note 3) (please use an additional Application Form if space is not sufficient)			
	TITLE (Mr/Mrs/Ms/...)	FULL NAME & SURNAME	I.D. CARD / PASSPORT NO.
	TITLE (Mr/Mrs/Ms/...)	FULL NAME & SURNAME	I.D. CARD / PASSPORT NO.
D MINOR'S PARENTS / LEGAL GUARDIAN/S (see note 4) (to be completed ONLY if the Applicant is a minor)			
I	TITLE (Mr/Mrs/Ms/...)	FULL NAME & SURNAME	I.D. CARD / PASSPORT NO.
II	TITLE (Mr/Mrs/Ms/...)	FULL NAME & SURNAME	I.D. CARD / PASSPORT NO.
E I/WE APPLY TO PURCHASE AND ACQUIRE (see notes 8 and 9)			
	AMOUNT IN FIGURES €	AMOUNT IN WORDS	
Hili Properties plc 4.5% Unsecured Bonds 2025 (minimum of €2,000 and in multiples of €100 thereafter) at the Bond Issue Price (at par), as defined in the Prospectus dated 18 September 2015 (the "Prospectus"), payable in full upon application under the Terms and Conditions specified in the Prospectus.			
F RESIDENT - WITHHOLDING TAX DECLARATION (see note 10) (to be completed ONLY if the Applicant is a resident of Malta)			
	<input type="checkbox"/> I/We elect to have final withholding tax deducted from my/our interest.		
	<input type="checkbox"/> I/We elect to receive interest gross (i.e. without deduction of withholding tax).		
G NON-RESIDENT - DECLARATION FOR TAX PURPOSES (see note 11) (to be completed ONLY if the Applicant is a non-resident)			
	TAX COUNTRY	CITY OF BIRTH	COUNTRY OF BIRTH
	PASSPORT / NATIONAL I.D. CARD NO.	T.I.N. (Tax Identification Number)	COUNTRY OF ISSUE
			ISSUE DATE
	<input type="checkbox"/> I/We am/are NOT resident in Malta but I/we am/are resident in the European Union.		
	<input type="checkbox"/> I/We am/are NOT resident in Malta and I/we am/are NOT resident in the European Union.		
H INTEREST, REFUND AND REDEMPTION MANDATE (see note 12) (completion of this panel is mandatory)			
	BANK	IBAN	
I	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 subject to the Terms and Conditions as contained therein which I/we fully accept.		
	Signature/s of Applicant/s <small>(Both parents or legal guardian/s are/is to sign if the Applicant is a minor) (All parties are to sign in the case of a joint application)</small>		Date
	AUTHORISED FINANCIAL INTERMEDIARY'S STAMP	AUTHORISED FINANCIAL INTERMEDIARY'S CODE	APPLICATION NUMBER

ANNEX II - SPECIMEN APPLICATION FORMS

Notes on how to complete this application form and other information

The following notes are to be read in conjunction with the Prospectus dated 18 September 2015 (the "Prospectus") regulating the Bond Issue.

1. This Application is governed by the Terms and Conditions contained in Section 7 of the Securities Note dated 18 September 2015 forming part of the Prospectus. Capitalised terms not defined herein shall, unless the context otherwise requires, have the meaning ascribed to them in the Prospectus.
2. The Application Form is to be completed in BLOCK LETTERS and entitles you to a preferential treatment as shareholder, director or employee of any company forming part of the Hili Ventures Group.
3. Applicants are to insert full personal details in Panel B. In the case of an application by more than one person (including husband and wife) full details of all individuals - including I.D. card numbers - must be given in Panels B and C but the person whose name appears in Panel B shall, for all intents and purposes, be deemed to be the registered holder of the Bonds. Interest, redemption proceeds and any refund payments will be issued in the name of such Bondholder (vide note 7 below).
4. Applications in the name and for the benefit of minors shall be allowed provided that they are signed by both parents or by the legal guardian/s and accompanied by a Public Registry birth certificate of the minor in whose name and for whose benefit the Application Form is being submitted. The relative box in Panel A must also be marked appropriately. Any Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest and redemption proceeds payable to the parents or legal guardian/s signing the Application Form until such time as the minor attains the age of eighteen (18) years, following which all interest and redemption proceeds shall be payable directly to the registered holder, provided that the Issuer has been duly notified in writing of the fact that the minor has attained the age of eighteen (18) years.
5. Applicants who are non-resident in Malta for tax purposes, must indicate their passport number in Panel B and complete Panel G. The relative box in Panel A must also be marked appropriately.
6. In the case of a body corporate, the name of the entity exactly as registered, and the registration number are to be inserted in Panel B, the relative box in Panel A must also be marked appropriately. Applications must be signed by the duly authorised representatives indicating the capacity in which they are signing.
7. **APPLICANTS WHO ALREADY HOLD SECURITIES ON THE MALTA STOCK EXCHANGE ARE TO INDICATE THEIR MSE ACCOUNT NUMBER IN PANEL B. APPLICANTS ARE TO NOTE THAT ANY SECURITIES ALLOTTED TO THEM WILL BE RECORDED BY THE MSE IN THE MSE ACCOUNT NUMBER QUOTED ON THE APPLICATION FORM EVEN IF THE DETAILS OF SUCH MSE ACCOUNT NUMBER, AS HELD BY THE MSE, DIFFER FROM ANY OR ALL OF THE DETAILS APPEARING OVERLEAF. A SEPARATE REQUEST BY THE APPLICANT TO CHANGE THESE DETAILS AS RECORDED AT THE MSE WILL HAVE TO BE EFFECTED.**
8. Applications must be for a minimum of €2,000 (and in multiples of €100 thereafter).
9. Payment must be made in Euro, in cleared funds, to 'The Registrar - Hili Properties plc Bond Issue'. In the event that the cheque accompanying an Application Form is not honoured on the first presentation, the Registrar reserves the right to invalidate the relative Application.
10. Only Applicants who hold a valid official Maltese identity card or companies registered in Malta will be treated as resident in Malta. In such a case the Applicant may elect to have final withholding tax, currently 15% deducted from interest payments in which case such interest need not be declared in the Applicant's income tax return. The Applicant may elect to receive the interest gross (i.e. without deduction of final withholding tax), but 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. In terms of Section 6.2 of the Securities Note, unless the Issuer is otherwise instructed by Bondholder, or if the Bondholder does not fall within the definition of 'Recipient' in terms of Article 41(c) of the Income Tax Act (Cap. 123 of the laws of Malta), interest shall be paid to such persons 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.
11. European Council Directive 2003/48/EC on the Taxation of Savings Income in the form of interest payments requires all payors established in the EU which pay interest to an individual resident in another EU Member State, to report the interest payment to the tax authorities of the Member State in which the payor is established. If the applicant's permanent residential address is in a EU Member State or is in a country to which the Directive applies (called a "specified territory") then the interest paid will be reported as aforementioned.
The contents of clauses 10 and 11 above do not constitute tax advice by the Issuer, and Applicants are to consult their own independent tax advisors in case of doubt.
12. If any Application is not accepted, or is accepted for fewer Bonds after the closure of the subscription lists than those applied for, the monies or the balance of the amount paid but not allocated, as the case may be, will be returned by direct credit into the Applicant's bank account as indicated in Panel H. Applicants will receive their interest and redemption proceeds directly in a bank account held locally in Euro as indicated in Panel H or as otherwise amended by the Bondholder/s during the term of the Bond.
13. Application Forms 'A' may be accepted by latest 14:00 on 5 October 2015. Subscriptions may be made during office hours through any of the Authorised Financial intermediaries listed in Annex I of the Prospectus. The Issuer reserves the right not to accept any Application which appears to be in breach of the Terms and Conditions of the Issue as contained in the Prospectus. Any Applications received by the Registrar after the subscription lists close will be rejected. Any remittances by post are at the sole risk of the Applicant and the Issuer disclaims all responsibility for such remittances not received by the closing of the subscription lists.
14. By completing and delivering an Application Form you (as the Applicant(s)):
 - a. acknowledge that the Issuer may process the personal data that you provide in the Application Form in accordance with the Data Protection (Cap. 440 of the Laws of Malta);
 - b. acknowledge that the Issuer may process such personal data for all purposes necessary for and related to the Bonds applied for; and
 - c. acknowledge that you, as the Applicant(s), have the right to request access to and rectification of the personal data relating to you, as processed by the Issuer. Any such requests must be made in writing and addressed to the Issuer. The requests must be signed by you, as the applicant(s) to whom the personal data relates.

The value of the 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. Prior to applying for the purchase of Bonds, an investor should consult an independent financial advisor, licensed under the Investment Services Act (Cap. 370 of the Laws of Malta), for advice.

ANNEX II - SPECIMEN APPLICATION FORMS



Hili Properties plc
 €37,000,000 4.5% Unsecured Bonds 2025
 Guaranteed by Harbour (APM) Investments Limited and Hili Estates Limited
APPLICATION FORM 'B'

THIS APPLICATION FORM IS NOT TRANSFERABLE AND ENTITLES YOU TO A PREFERENTIAL TREATMENT AS HOLDER OF 6.8% PREMIER CAPITAL PLC BONDS 2017/2020 AND/OR 5.1% PTL HOLDINGS PLC UNSECURED BONDS 2024. Please read the notes overleaf before completing this Application Form. Mark 'X' if applicable. Unless otherwise indicated, each of the panels below is to be completed.

APPLICANT/S (see notes 2 to 7)			
A			
I/WE APPLY TO PURCHASE AND ACQUIRE (see notes 8 and 9:)			
Hili Properties plc 4.5% Unsecured Bonds 2025 (minimum of €2,000 and in multiples of €100 thereafter) at the Bond Issue Price (at par), as defined in the Prospectus dated 18 September 2015 (the "Prospectus"), payable in full upon application under the Terms and Conditions specified in the Prospectus.			
RESIDENT - WITHHOLDING TAX DECLARATION (see note 10) (to be completed ONLY if the Applicant is a resident of Malta)			
<input type="checkbox"/> I/We elect to have final withholding tax deducted from my/our interest. <input type="checkbox"/> I/We elect to receive interest gross (i.e. without deduction of withholding tax).			
NON-RESIDENT - DECLARATION FOR TAX PURPOSES (see note 11) (to be completed ONLY if the Applicant is a non-resident)			
<input type="checkbox"/> I/We am/are NOT resident in Malta but I/we am/are resident in the European Union. <input type="checkbox"/> I/We am/are NOT resident in Malta and I/we am/are NOT resident in the European Union.			
INTEREST, REFUND AND REDEMPTION MANDATE (see note 12) (completion of this panel is mandatory)			
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 subject to the Terms and Conditions as contained therein which I/we fully accept.			
Signature/s of Applicant/s <small>(Both parents or legal guardian/s are/is to sign if the Applicant is a minor) (All parties are to sign in the case of a joint application)</small>			Date

ANNEX II - SPECIMEN APPLICATION FORMS

Notes on how to complete this application form and other information

The following notes are to be read in conjunction with the Prospectus dated 18 September 2015 (the "Prospectus") regulating the Bond Issue.

1. This Application is governed by the Terms and Conditions contained in Section 7 of the Securities Note dated 18 September 2015 forming part of the Prospectus. Capitalised terms not defined herein shall, unless the context otherwise requires, have the meaning ascribed to them in the Prospectus.
 2. The Application Form is to be completed in BLOCK LETTERS and entitles you to a preferential treatment as a holder of the Premier Capital p.l.c. 6.8% Bonds 2017-2020 and/or PTL Holdings plc 5.1% Unsecured Bonds 2024 as at the close of business on 11 September 2015.
 3. The first-named person in Panel A shall, for all intents and purposes, be deemed to be the registered holder of the Bonds. Interest, redemption proceeds and any refund payments will be issued in the name of such Bondholder (vide note 7 below).
 4. Applications in the name and for the benefit of minors shall be allowed provided that they are signed by both parents or by the legal guardian/s. Any Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest and redemption proceeds payable to the parents or legal guardian/s signing the Application Form until such time as the minor attains the age of eighteen (18) years, following which all interest and redemption proceeds shall be payable directly to the registered holder, provided that the Issuer has been duly notified in writing of the fact that the minor has attained the age of eighteen (18) years.
 5. Applicants who are non-resident in Malta for tax purposes, must complete Panel D.
 6. In the case of a body corporate, Applications must be signed by the duly authorised representatives indicating the capacity in which they are signing.
 7. **APPLICANTS ARE TO NOTE THAT ANY SECURITIES ALLOTTED TO THEM WILL BE RECORDED BY THE MSE IN THE MSE ACCOUNT NUMBER QUOTED ON THE APPLICATION FORM EVEN IF THE DETAILS OF SUCH MSE ACCOUNT NUMBER, AS HELD BY THE MSE, DIFFER FROM ANY OR ALL OF THE DETAILS APPEARING OVERLEAF. A SEPARATE REQUEST BY THE APPLICANT TO CHANGE THESE DETAILS AS RECORDED AT THE MSE WILL HAVE TO BE EFFECTED.**
 8. Applications must be for a minimum of €2,000 (and in multiples of €100 thereafter).
 9. Payment must be made in Euro, in cleared funds, to **'The Registrar - Hili Properties plc Bond Issue'**. In the event that the cheque accompanying an Application Form is not honoured on the first presentation, the Registrar reserves the right to invalidate the relative Application.
 10. Only Applicants who hold a valid official Maltese identity card or companies registered in Malta will be treated as resident in Malta. In such a case the Applicant may elect to have final withholding tax, currently 15% deducted from interest payments in which case such interest need not be declared in the Applicant's income tax return. The Applicant may elect to receive the interest gross (i.e. without deduction of final withholding tax), but 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.
 11. Authorised entities applying in the name of a prescribed fund (having indicated their status in the appropriate box in Panel A) will have final withholding tax, currently 10%, deducted from interest payments. In terms of Section 6.2 of the Securities Note, unless the Issuer is otherwise instructed by Bondholder, or if the Bondholder does not fall within the definition of 'Recipient' in terms of Article 41(c) of the Income Tax Act (Cap. 123 of the laws of Malta), interest shall be paid to such persons 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.
- The contents of clauses 10 and 11 above do not constitute tax advice by the Issuer, and Applicants are to consult their own independent tax advisors in case of doubt.
12. If any Application is not accepted, or is accepted for fewer Bonds after the closure of the subscription lists than those applied for, the monies or the balance of the amount paid but not allocated, as the case may be, will be returned by direct credit into the Applicant's bank account as indicated in Panel E. Applicants will receive their interest and redemption proceeds directly in a bank account held locally in Euro as indicated in Panel E or as otherwise amended by the Bondholder/s during the term of the Bond.
 13. Application Forms 'B' may be accepted by the latest 14:00 on 5 October 2015. Subscriptions may be made during office hours through any of the Authorised Financial intermediaries listed in Annex I of the Prospectus. The Issuer reserves the right not to accept any Application which appears to be in breach of the Terms and Conditions of the Issue as contained in the Prospectus. Any Applications received by the Registrar after the subscription lists close will be rejected. Any remittances by post are at the sole risk of the Applicant and the Issuer disclaims all responsibility for such remittances not received by the closing of the subscription lists.
 14. By completing and delivering an Application Form you (as the Applicant(s)):
 - a. acknowledge that the Issuer may process the personal data that you provide in the Application Form in accordance with the Data Protection (Cap. 440 of the Laws of Malta);
 - b. acknowledge that the Issuer may process such personal data for all purposes necessary for and related to the Bonds applied for; and
 - c. acknowledge that you, as the Applicant(s), have the right to request access to and rectification of the personal data relating to you, as processed by the Issuer. Any such requests must be made in writing and addressed to the Issuer. The requests must be signed by you, as the applicant(s) to whom the personal data relates.
- The value of the 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. Prior to applying for the purchase of Bonds, an investor should consult an independent financial advisor, licensed under the Investment Services Act (Cap. 370 of the Laws of Malta), for advice.**

ANNEX II - SPECIMEN APPLICATION FORMS



Hili Properties plc
 €37,000,000 4.5% Unsecured Bonds 2025
 Guaranteed by Harbour (APM) Investments Limited and Hili Estates Limited
APPLICATION FORM 'C'

Please read the notes overleaf before completing this Application Form. Mark 'X' if applicable. Unless otherwise indicated, each of the panels below is to be completed.

APPLICANT/S (see notes 2 to 7)			
A	<input type="checkbox"/> Non-Resident <input type="checkbox"/> Minor (under 18) <input type="checkbox"/> Body Corporate / Body of Persons <input type="checkbox"/> CIS-Prescribed Fund		
B	TITLE (Mr/Mrs/Ms/...)	FULL NAME & SURNAME / REGISTERED NAME	
ADDRESS / REGISTERED OFFICE			POST CODE
MSE A/C NO. (if applicable)	I.D. CARD / PASSPORT / COMPANY REG NO.	TEL NO.	MOBILE NO.
C ADDITIONAL (JOINT) APPLICANTS (see note 3) (please use an additional Application Form if space is not sufficient)			
TITLE (Mr/Mrs/Ms/...)	FULL NAME & SURNAME	I.D. CARD / PASSPORT NO.	
TITLE (Mr/Mrs/Ms/...)	FULL NAME & SURNAME	I.D. CARD / PASSPORT NO.	
D MINOR'S PARENTS / LEGAL GUARDIAN/S (see note 4) (to be completed ONLY if the Applicant is a minor)			
I	TITLE (Mr/Mrs/Ms/...)	FULL NAME & SURNAME	I.D. CARD / PASSPORT NO.
II	TITLE (Mr/Mrs/Ms/...)	FULL NAME & SURNAME	I.D. CARD / PASSPORT NO.
E I/WE APPLY TO PURCHASE AND ACQUIRE (see notes 8 and 9)			
AMOUNT IN FIGURES €	AMOUNT IN WORDS		
<small>Hili Properties plc 4.5% Unsecured Bonds 2025 (minimum of €2,000 and in multiples of €100 thereafter) at the Bond Issue Price (at par), as defined in the Prospectus dated 18 September 2015 (the "Prospectus"), payable in full upon application under the Terms and Conditions specified in the Prospectus.</small>			
F RESIDENT - WITHHOLDING TAX DECLARATION (see note 10) (to be completed ONLY if the Applicant is a resident of Malta)			
<input type="checkbox"/> I/We elect to have final withholding tax deducted from my/our interest. <input type="checkbox"/> I/We elect to receive interest gross (i.e. without deduction of withholding tax).			
G NON-RESIDENT - DECLARATION FOR TAX PURPOSES (see note 11) (to be completed ONLY if the Applicant is a non-resident)			
TAX COUNTRY	CITY OF BIRTH	COUNTRY OF BIRTH	
PASSPORT / NATIONAL I.D. CARD NO.	T.I.N. (Tax Identification Number)	COUNTRY OF ISSUE	ISSUE DATE
<input type="checkbox"/> I/We am/are NOT resident in Malta but I/we am/are resident in the European Union. <input type="checkbox"/> I/We am/are NOT resident in Malta and I/we am/are NOT resident in the European Union.			
H INTEREST, REFUND AND REDEMPTION MANDATE (see note 12) (completion of this panel is mandatory)			
BANK	IBAN		
I 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 subject to the Terms and Conditions as contained therein which I/we fully accept.			
Signature/s of Applicant/s <small>(Both parents or legal guardian/s are/is to sign if the Applicant is a minor) (All parties are to sign in the case of a joint application)</small>		Date	
AUTHORISED FINANCIAL INTERMEDIARY'S STAMP	AUTHORISED FINANCIAL INTERMEDIARY'S CODE	APPLICATION NUMBER	

ANNEX II - SPECIMEN APPLICATION FORMS

Notes on how to complete this application form and other information

The following notes are to be read in conjunction with the Prospectus dated 18 September 2015 (the "Prospectus") regulating the Bond Issue.

1. This Application is governed by the Terms and Conditions contained in Section 7 of the Securities Note dated 18 September 2015 forming part of the Prospectus. Capitalised terms not defined herein shall, unless the context otherwise requires, have the meaning ascribed to them in the Prospectus.
2. The Application Form is to be completed in BLOCK LETTERS.
3. Applicants are to insert full personal details in Panel B. In the case of an application by more than one person (including husband and wife) full details of all individuals - including I.D. card numbers - must be given in Panels B and C but the person whose name appears in Panel B shall, for all intents and purposes, be deemed to be the registered holder of the Bonds. Interest, redemption proceeds and any refund payments will be issued in the name of such Bondholder (vide note 7 below).
4. Applications in the name and for the benefit of minors shall be allowed provided that they are signed by both parents or by the legal guardian/s and accompanied by a Public Registry birth certificate of the minor in whose name and for whose benefit the Application Form is being submitted. The relative box in Panel A must also be marked appropriately. Any Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest and redemption proceeds payable to the parents or legal guardian/s signing the Application Form until such time as the minor attains the age of eighteen (18) years, following which all interest and redemption proceeds shall be payable directly to the registered holder, provided that the Issuer has been duly notified in writing of the fact that the minor has attained the age of eighteen (18) years.
5. Applicants who are non-resident in Malta for tax purposes, must indicate their passport number in Panel B and complete Panel G. The relative box in Panel A must also be marked appropriately.
6. In the case of a body corporate, the name of the entity exactly as registered, and the registration number are to be inserted in Panel B, the relative box in Panel A must also be marked appropriately. Applications must be signed by the duly authorised representatives indicating the capacity in which they are signing.
7. **APPLICANTS WHO ALREADY HOLD SECURITIES ON THE MALTA STOCK EXCHANGE ARE TO INDICATE THEIR MSE ACCOUNT NUMBER IN PANEL B. APPLICANTS ARE TO NOTE THAT ANY SECURITIES ALLOTTED TO THEM WILL BE RECORDED BY THE MSE IN THE MSE ACCOUNT NUMBER QUOTED ON THE APPLICATION FORM EVEN IF THE DETAILS OF SUCH MSE ACCOUNT NUMBER, AS HELD BY THE MSE, DIFFER FROM ANY OR ALL OF THE DETAILS APPEARING OVERLEAF. A SEPARATE REQUEST BY THE APPLICANT TO CHANGE THESE DETAILS AS RECORDED AT THE MSE WILL HAVE TO BE EFFECTED.**
8. Applications must be for a minimum of €2,000 (and in multiples of €100 thereafter).
9. Payment must be made in Euro, in cleared funds, to **'The Registrar - Hili Properties plc'**. In the event that the cheque accompanying an Application Form is not honoured on the first presentation, the Registrar reserves the right to invalidate the relative Application.
10. Only Applicants who hold a valid official Maltese identity card or companies registered in Malta will be treated as resident in Malta. In such a case the Applicant may elect to have final withholding tax, currently 15% deducted from interest payments in which case such interest need not be declared in the Applicant's income tax return. The Applicant may elect to receive the interest gross (i.e. without deduction of final withholding tax), but 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. In terms of Section 6.2 of the Securities Note, unless the Issuer is otherwise instructed by Bondholder, or if the Bondholder does not fall within the definition of 'Recipient' in terms of Article 41(c) of the Income Tax Act (Cap. 123 of the laws of Malta), interest shall be paid to such persons 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.
11. European Council Directive 2003/48/EC on the Taxation of Savings Income in the form of interest payments requires all payors established in the EU which pay interest to an individual resident in another EU Member State, to report the interest payment to the tax authorities of the Member State in which the payor is established. If the applicant's permanent residential address is in a EU Member State or is in a country to which the Directive applies (called a "specified territory") then the interest paid will be reported as aforementioned.
The contents of clauses 10 and 11 above do not constitute tax advice by the Issuer, and Applicants are to consult their own independent tax advisors in case of doubt.
12. If any Application is not accepted, or is accepted for fewer Bonds after the closure of the subscription lists than those applied for, the monies or the balance of the amount paid but not allocated, as the case may be, will be returned by direct credit into the Applicant's bank account as indicated in Panel H. Applicants will receive their interest and redemption proceeds directly in a bank account held locally in Euro as indicated in Panel H or as otherwise amended by the Bondholder/s is during the term of the Bond.
13. Subscriptions will open at 08:30 hours on 7 October 2015 and close at 16:00 hours on 9 October 2015. The Issuer reserves the right, however, to close the Issue before 9 October 2015, in the event of over-subscription. Subscriptions may be made during office hours through any of the Authorised Financial intermediaries listed in Annex I of the Prospectus. The Issuer reserves the right not to accept any Application which appears to be in breach of the Terms and Conditions of the Issue as contained in the Prospectus. Any Applications received by the Registrar after the subscription lists close will be rejected. Any remittances by post are at the sole risk of the Applicant and the Issuer disclaims all responsibility for such remittances not received by the closing of the subscription lists.
14. By completing and delivering an Application Form you (as the Applicant(s)):
 - a. acknowledge that the Issuer may process the personal data that you provide in the Application Form in accordance with the Data Protection (Cap. 440 of the Laws of Malta);
 - b. acknowledge that the Issuer may process such personal data for all purposes necessary for and related to the Bonds applied for; and
 - c. acknowledge that you, as the Applicant(s), have the right to request access to and rectification of the personal data relating to you, as processed by the Issuer. Any such requests must be made in writing and addressed to the Issuer. The requests must be signed by you, as the applicant(s) to whom the personal data relates.

The value of the 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. Prior to applying for the purchase of Bonds, an investor should consult an independent financial advisor, licensed under the Investment Services Act (Cap. 370 of the Laws of Malta), for advice.

ANNEX III - THE GUARANTEE

To All Bondholders:


Reference is made to the issue of the €37 million 4.5% Unsecured Bonds 2025 by Hili Properties p.l.c. (the “**Issuer**”) pursuant to and subject to the terms and conditions contained in the Securities Note to be dated 18 September 2015 (the “**Bonds**”).

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


All terms used in this guarantee shall, unless the context otherwise requires, have the same meaning assigned to them in the Prospectus.

This guarantee shall be governed by the laws of Malta.

Signed and executed on this the 21 day of August 2015, after approval of the respective Boards of Directors of Hili Estates Limited and Harbour (APM) Investments Limited in the meetings of the 20 day of August 2015.



Richard Abdilla Castillo
Director
For and on behalf of
Harbour (APM) Investments Limited



Richard Abdilla Castillo
Director
For and on behalf of
Hili Estates Limited

NATURE, SCOPE AND TERMS OF THE GUARANTEE

1. NATURE OF THE GUARANTEE

The offering of Bonds that will be made by the Issuer pursuant to a Securities Note to be published by the Issuer, dated 18 September 2015, will be made with the benefit of the joint and several corporate Guarantee of the Guarantors, the full terms of which are set out in clause 4 below.

2. SCOPE OF THE GUARANTEE

The Guarantee is unconditional and shall cover all payments that may be due to Bondholders pursuant to the Securities Note. The Guarantee binds the Guarantors to pay to Bondholders any amount of interest or capital under the Bonds that may have become due under the terms of issue of a Bond.

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

3. INFORMATION ABOUT THE GUARANTORS

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

4. TERMS OF THE GUARANTEE

4.1 Guarantee

For the purposes of the Guarantee, the Guarantors irrevocably and unconditionally guarantee to each holder of the Bonds described in the Prospectus ("Bondholder") that if for any reason the Issuer fails to pay any sum payable by it to such Bondholder pursuant to the terms of the Bonds detailed in the Securities Note as and when the same shall become due under any of the foregoing, the Guarantors will pay to such bondholder on demand the amount payable by the Issuer to such bondholder.

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

This Guarantee shall apply to all Bonds issued on or after 16 October 2015 in accordance with the terms of the Securities Note.

4.2 Guarantors as Joint and Several Sureties

The Guarantors will be liable under this Guarantee as joint and several sureties with the Issuer.

4.3 Guarantors' Continuing Obligations

The Guarantors' obligations under this Guarantee are and will remain in full force and effect by way of continuing security until no sum remains payable to any Bondholder pursuant to the issue of the Bonds.

4.4 Repayment to the Issuer

If any payment received by a Bondholder is, on subsequent liquidation or insolvency of the Issuer, avoided under any laws relating to liquidation or insolvency, such payment will not be considered as having discharged or diminished the liability of the Guarantors, and this Guarantee will continue to apply as if such payment had at all times remained owing by the Issuer.

4.5 Indemnity

As a separate and alternative stipulation, the Guarantors unconditionally and irrevocably agree that any sum expressed to be payable by the Issuer pursuant to the terms of the Bonds but which is for any reason (whether or not now known or becoming known to the Issuer, the Guarantors or any Bondholder) not recoverable from the Guarantors, will nevertheless be recoverable from them as if they were the sole principal debtors and will be paid by them to the Bondholder on demand. This indemnity constitutes a separate and independent obligation from the other obligations in this Guarantee, gives rise to a separate and independent obligation from the other obligations in this Guarantee and gives rise to a separate and independent cause of action.

4.6 Status of Guarantee

The obligation of the Guarantors under this Guarantee constitutes a general, direct and unsecured obligation of the Guarantors and ranks equally with all their other existing and future unsecured obligations, except for any debts for the time being preferred by law.

4.7 Net asset value covenant

The Guarantors undertake that so long as any Bond remains outstanding, the Guarantors shall collectively ensure that their aggregate net asset value will amount to not less than €37 million on each Financial Reporting Date (being 30 June and 31 December in each year as from 31 December 2015).

4.8 Power to execute

The Guarantors hereby warrant and represent with each Bondholder that they each have all corporate power, and have each taken all necessary corporate or other steps, to enable them to execute, deliver and perform this Guarantee, and that this Guarantee constitutes a legal, valid and binding obligation of each of the Guarantors in accordance with the terms laid out in this clause 4.

4.9 Deposit and Production of the Guarantee

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

4.10 Subrogation

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

4.11 Governing Law and Jurisdiction

This Guarantee is governed by and shall be construed in accordance with Maltese Law, and any disputes which may arise out of or in connection with this Guarantee are to be settled by the Courts of Malta, whose decision on the dispute shall be conclusive and binding.

ANNEX IV - FINANCIAL ANALYSIS SUMMARY

Hili Properties p.l.c.

Financial Analysis Summary

18 September 2015

The Directors
Hili Properties p.l.c.
Nineteen Twenty Three
Valletta Road
Marsa MRS 3000

18 September 2015

Dear Sirs

Hili Properties p.l.c. Financial Analysis Summary

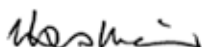
In accordance with your instructions, and in line with the requirements of the Listing Authority Policies, we have compiled the 2015 Financial Analysis Summary set out on the following pages and which is being forwarded to you together with this letter.

The purpose of the financial analysis is that of summarising key financial data appertaining to Hili Properties p.l.c. (the “**Group**” or the “**Company**”), and Harbour (APM) Investments Limited and Hili Estates Limited (the “**Guarantors**”). The data is derived from various sources or is based on our own computations as follows:

- (a) Historical financial data for the period 23 October 2012 to 31 December 2013 and for the year ended 31 December 2014 has been extracted from the audited consolidated financial statements of Hili Properties p.l.c.
- (b) Historical financial data for the period 4 December 2012 to 31 December 2013 and for the year ended 31 December 2014 has been extracted from the audited financial statements of Harbour (APM) Investments Limited.
- (c) Historical financial data for the years ended 31 December 2013 and 31 December 2014 has been extracted from the audited financial statements of Hili Estates Limited.
- (d) The forecast data of the Company and Guarantors for the years ending 31 December 2015 and 31 December 2016 has been provided by management of the respective companies.
- (e) Our commentary on the results of the Company and the Guarantors, and on their respective financial position is based on the explanations provided by the Company.
- (f) The ratios quoted in the Financial Analysis Summary have been computed by us applying the definitions set out in Part 4 of the Analysis.
- (g) Relevant financial data in respect of the companies included in Part 3 has been extracted from public sources such as websites of the companies concerned, financial statements filed with the Registrar of Companies or websites providing financial data.

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

Yours faithfully,



Wilfred Mallia
Director

TABLE OF CONTENTS

PART 1

1	Key Activities	40
2	Directors and Key Employees	41
3	Organisational Structure	42
4	Real Estate Portfolio	42
5	Investments	47
6	Business Development Strategy	48
7	Property Market	48

PART 2

8	Company Performance Review	51
	8.1 Group Income Statement	51
	8.2 Group Balance Sheet	52
	8.3 Group Cash Flow Statement	54
9	Harbour (APM) Investments Limited - Performance Review	54
10	Hili Estates Limited - Performance Review	56
11	The Bond Guarantee	58
12	Related Party Debt Securities	58

PART 3

13	Comparables	59
----	-------------	----

PART 4

14	Explanatory Definitions	61
----	-------------------------	----

PART 1

1. KEY ACTIVITIES

THE COMPANY

The principal object of Hili Properties p.l.c. (the “**Company**” or the “**Group**”) is to purchase or otherwise acquire, under any title whatsoever, to hold and manage, by any title, movable and immovable property or other assets, both locally and overseas. The Company was registered on 23 October 2012 as a private limited liability company and was subsequently converted into a public limited liability company on 22 June 2015. It is a wholly-owned subsidiary of Hili Ventures Limited and is the parent company of the property division of the Hili Ventures Group.

The Company’s strategy is to create a property portfolio consisting primarily of commercial and retail property in Europe, to deliver income and capital growth through active asset management. The Company relies on active asset management to maximise operating efficiency and profitability at the property level. At present, the Company holds, directly and indirectly through subsidiary companies, *circa* 46,900m² of rentable real estate, of which, approximately half consists of real estate area that is rented out to companies within the Hili Ventures Group.

THE GUARANTORS

Harbour (APM) Investments Limited (“**HIL**”) was registered on 4 December 2012 as a private limited liability company. It is a wholly-owned subsidiary of APM Holdings Company Limited. The principal object of HIL is to purchase or otherwise acquire, under any title whatsoever, to hold and manage, by any title, movable and immovable property or other assets, both locally and overseas.

HIL owns one property which comprises a parcel of land measuring *circa* 92,000m² in Bnghajsa, Malta. In virtue of a promise of share purchase agreement entered into by and between APM Holdings Limited, the Company and Hili Ventures Limited on 25 August 2015, the Company agreed to acquire from APM Holdings Limited all of the ordinary shares held by APM Holdings Limited in HIL, in consideration of the total price of €25 million. The final deed of acquisition of the shares in question is to be executed by not later than three (3) years from the date of such agreement.

Hili Estates Limited (“**HEL**”) was registered on 30 August 1996 as a private limited liability company and forms part of the Group. The principal object of HEL is to purchase or otherwise acquire, under any title whatsoever, to hold and manage, by any title, movable and immovable property or other assets, both locally and overseas.

HEL owns and manages one property, the Hili Building situated in Luqa, Malta, and includes *circa* 5,015m² of office and warehouse space. The property is fully leased to companies forming part of the Hili Ventures Group and other related parties.

2. DIRECTORS AND KEY EMPLOYEES

THE COMPANY

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

Board of Directors

Margrith Lütschg-Emmenegger	Chairperson and independent non-executive Director
Karl Naudi	Executive Director
Carmelo <i>sive</i> Melo Hili	Non-executive Director
Richard Abdilla Castillo	Non-executive Director
Victor Tedesco	Non-executive Director
David Aquilina	Independent non-executive Director
Martin Xuereb	Independent non-executive Director

The executive Director of the Issuer is entrusted with the Company’s day-to-day management and is also a director or officer of other companies within the Hili Ventures Group. He is supported in this role by several consultants and benefits from the know-how gained by members and officers of the HP Group.

Senior Management

Karl Naudi Managing Director
Daniel Mangion Chief Financial Officer

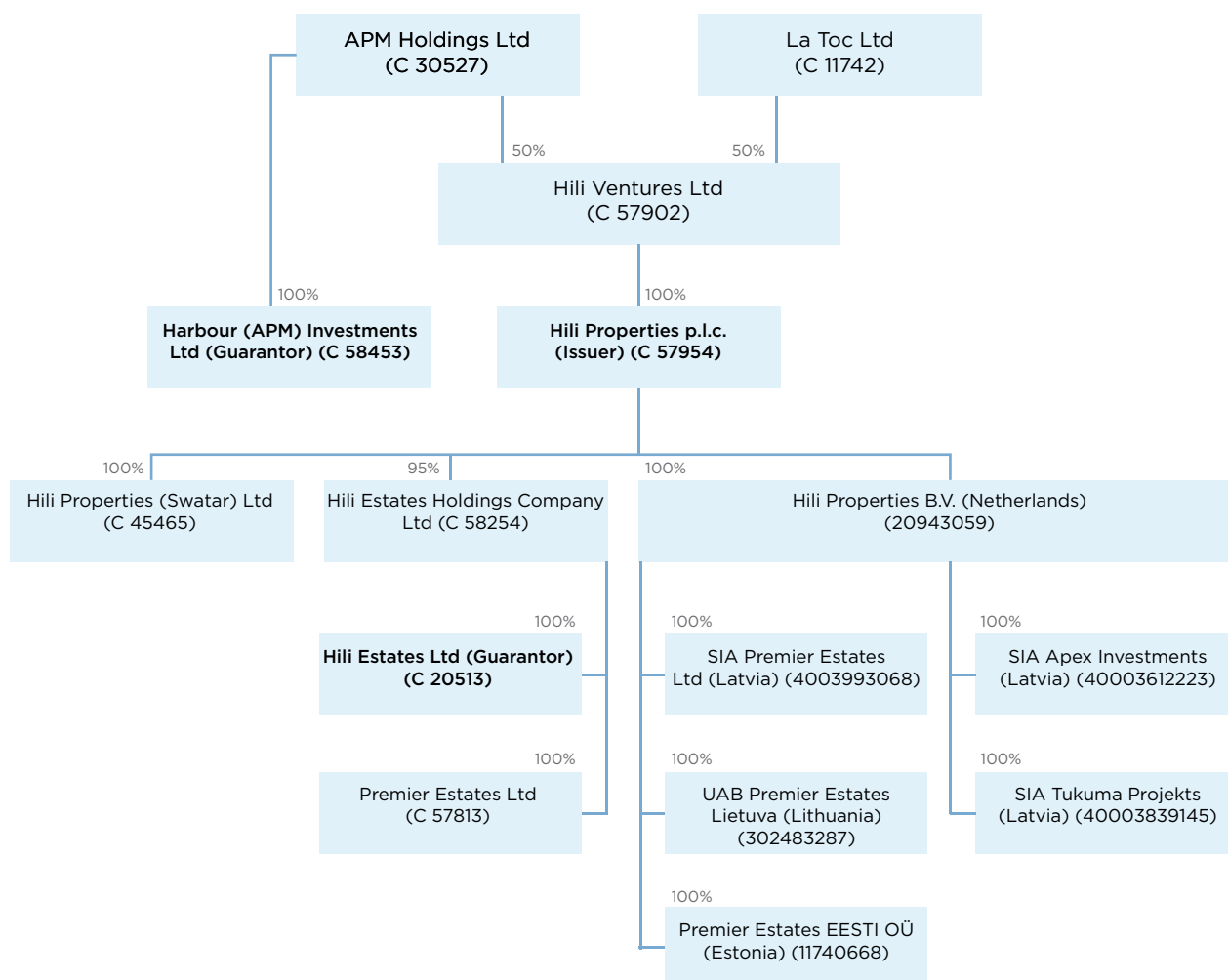
THE GUARANTORS

Each of the Guarantors is managed by a Board consisting of two directors entrusted with its overall direction and management.

Karl Naudi Executive Director
Richard Abdilla Castillo Non-executive Director

3. ORGANISATIONAL STRUCTURE

The organisational structure of the group is illustrated in the diagram below:



A summary table of properties held by the respective companies is provided in section 4 of this report.

4. REAL ESTATE PORTFOLIO

The Company (Including Hili Estates Limited)

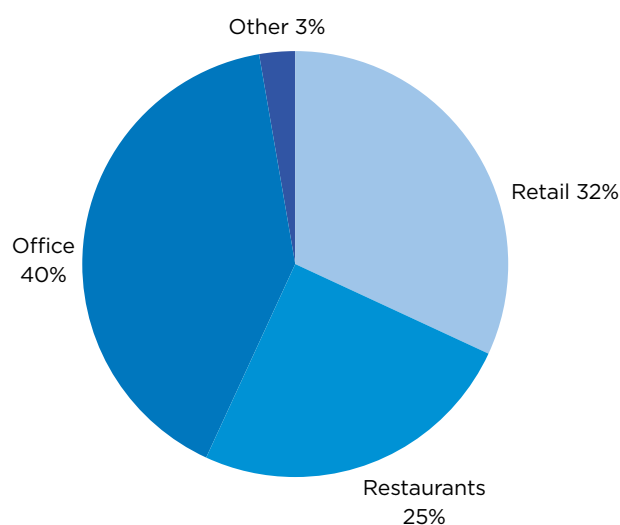
The table below provides an overview of the 24 properties held by the Group (including the Company and Hili Estates Limited) as at the date of this report, valued at €64.9 million (46,900m² of rentable space). A number of properties were acquired in 2015 (detailed in section 5 “Investments” below) and therefore a full year of rental income in relation to the Group’s current property portfolio is expected to be generated as from 2016. Aggregate rental income for the aforesaid financial year is projected at €4.8 million.

Name of Property	Location	Description	Rentable Area (m ²)	Valuation as at 12.08.15 (€'000)	Annualised Rent (€'000)	Occupancy rate (%) as at 31.08.15	WALT (In years)	Contracted rental yield, gross %	Ownership
Imanta Restaurant	Riga, Latvia	McDonald's restaurant (with drive thru)	2,709	1,553	126	100	16.2	8.1	Freehold
Vienibas Restaurant	Riga, Latvia	McDonald's restaurant (with drive thru)	3,497	1,514	121	100	16.6	8.0	Freehold
Ulmana Restaurant	Riga, Latvia	McDonald's restaurant (with drive thru)	2,000	1,267	99	100	19.8	7.8	Freehold
Daugavpils Restaurant	Daugavpils, Latvia	Vacant (previously a McDonald's restaurant)	1,692	320	42	0	n/a	13.1	Freehold
Apartment 79, Dunties	Riga, Latvia	Apartment	65	115	6	100	n/a	5.2	Freehold
Apartment 84, Dunties	Riga, Latvia	Apartment	131	230	10	100	n/a	4.3	Freehold
Dainava Restaurant	Kaunas, Lithuania	McDonald's restaurant (with drive thru)	3,021	1,321	121	100	15.4	9.2	Freehold
Svajone Restaurant	Vilnius, Lithuania	McDonald's restaurant (in a building complex)	580	1,526	124	100	15.7	8.1	Land is leased, building is freehold
Parnu Restaurant	Parnu, Estonia	McDonald's restaurant (with drive thru)	1,803	1,999	105	100	14.7	5.3	Freehold
M DIY Rentails Centre	Tukums, Latvia	Retail	3,370	2,585	306	100	1.7	11.8	Freehold
Wholesale & Retail Trade Building	Nicgales Street 2, Riga, Latvia	Retail	3,680	4,880	527	98	3.8	10.8	Freehold
Supermarket and Retail Centre	Augusta Dombrovska Street 23, Riga, Latvia	Retail	4,211	4,300	472	95	5.7	11.0	Freehold (277m ² is leased)
Supermarket and Retail Centre	Vienibas Ave. 95, Riga, Latvia	Retail	1,300	1,520	137	96	7.6	9.0	Freehold
Supermarket and Retail Centre	Kreimeņu Street 4A, Riga, Latvia	Retail	952	1,069	111	100	3.9	10.4	Freehold
Shopping Centre	Dzelzavas Street 78, Riga, Latvia	Retail	1,230	1,820	169	100	2.5	9.3	Freehold

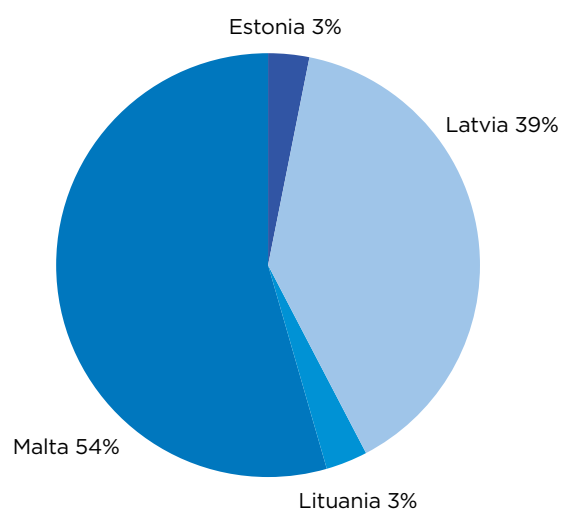
Name of Property	Location	Description	Rentable Area (m ²)	Valuation as at 12.08.15 (€'000)	Annualised Rent (€'000)	Occupancy rate (%) as at 31.08.15	WALT (In years)	Contracted rental yield, gross %	Ownership
Supermarket and Retail Centre	Smilšu Street, 92B Daugavpils, Latvia	Retail	1,068	1,097	111	100	7.6	10.1	Freehold
Hypermarket and Retail Centre	Viestura Street, 10 Daugavpils, Latvia	Retail	2,602	2,306	248	100	4.3	10.8	Leased
Supermarket and Retail Centre	Spidolas Street, Aizkraukle, Latvia	Retail	964	871	113	100	0.7	13.0	Leased
Hili Building	Luqa, Malta	Office space/ Warehousing facilities	5,015	13,500	677	100	11.0	5.0	Freehold
APCO Building	B'Kara, Malta	Office space	415	720	63	100	7.8	8.8	Freehold (71m ² is subject to ground rent)
Tower Business Centre	Swatar B'Kara, Malta	Office space	4,630	10,250	598	100	4.0	5.8	Freehold
McDonald's Sliema	Sliema, Malta	Restaurant/ Office space	1,065	6,800	413	50	18.0	6.1	Freehold
Transport House	Floriana, Malta	Office space	900	1,750	70	0	n/a	4.0	Freehold
Villa Marika	Madliena, Malta	Private residence	n/a	1,600	n/a	n/a	n/a	n/a	Freehold
TOTAL			46,900	64,913	4,769	93	8.0	7.3	

The portfolio is diversified by geography and by asset type (as analysed below). Occupancy was 93% as at 31 August 2015, with a weighted average unexpired lease term (WALT) of 8.0 years and a current gross rental yield of 7.3%. From an annualised rent of €4.8 million, an amount of €2.0 million (*circa* 41%) is generated from Hili Ventures Group companies and other related parties.

Split of fair value by asset type



Geographical split of fair value



A brief description of each property is included hereunder:

(i) McDonald's Imanta, Riga, Latvia

The Imanta property consists of a land plot and a building constructed thereon. The site is located in Kurzemes Prospekts, Imanta, a residential neighbourhood of Riga inhabited by approximately 40,000 residents. Kurzemes Prospekts is a large street with a dual carriageway and a number of supermarkets (Maxima, Prisma and Rimi) located in the vicinity. The building is provided with six guest and staff entrances and has an internal seating capacity of 98 persons. The external areas within the site consist of an external terrace with a seating capacity of 44 persons and a car park with the capacity to hold 16 motor vehicles.

(ii) McDonald's Vienibas, Riga, Latvia

The Vienibas property consists of a land plot and a building constructed thereon. The site is located at 115A Vienibas Avenue, which is situated outside the centre of Riga and on one of the busiest exit streets (A8/E77), and is around 7km away from the centre and old town of Riga. The neighbourhood is a residential area inhabited by approximately 30,000 residents, with a number of supermarkets (Maxima and Rimi) located in the vicinity. The building comprises six entrances and has an internal seating capacity of 105 persons. The external areas within the site consist of an external seating space with a capacity of 48 persons and a parking area with the capacity to hold 18 motor vehicles.

(iii) McDonald's Ulmana, Riga, Latvia

The Ulmana property consists of a land plot and a building constructed thereon. The site is located at 88, Karla Ulmana Street, which is situated outside the centre of Riga and on one of the busiest exit streets (A10/E22), and is around 8km away from the centre and old town of Riga. Karla Ulmana is a large street with a dual-carriageway and the site has excellent visibility from the road. The site benefits from high traffic volume, particularly due to its close proximity to a number of supermarkets and retail shops, a shopping mall (2km), Riga International Airport (4km) and a popular highway leading to the Jurmula sea-side resort. The restaurant commenced its operations on 2 July 2015. The building provides an internal seating capacity of 78 persons, whilst the external area provides seating space for an additional 40 persons, as well as an area with the capacity to hold 16 motor vehicles.

(iv) Former McDonald's Daugavpils, Latvia

The Daugavpils property consists of a land plot and a building constructed thereon. The site is located at 42, 18, Novembra Street, Daugavpils and is next to the largest road in the city. However, the area does not enjoy significant levels of pedestrian traffic. The permitted use of the land is designated as commercial development territory whilst the permitted use of the building is designated as a restaurant building. Since the discontinuation of the operation of McDonald's drive-thru restaurant in December 2013, the property has remained vacant.

(v) Apartments 79 and 84, Dunties Street, Riga, Latvia

The properties are located in a residential multi-apartment building located at 28, Dunties Street, Riga, Latvia. The large apartment block, set in a neighbourhood on the outskirts of the centre of Riga, comprises 17 floors and a total number of 208 apartments.

(vi) McDonald's Dainava, Kaunas, Lithuania

The Dainava property consists of a land plot, a building structure constructed thereon and an ancillary building that operates as a car park. The site is located in Pramones Ave. 8B, Kaunas, which is in the vicinity of three shopping centres, a petrol station, and a fast food restaurant. Furthermore, the site is adjacent to a busy two-lane road approximately 7km away from the city centre. The building comprises of five entrances and has an internal seating capacity of 130 persons. The external areas within the site consist of external seating space with a capacity of 44 persons as well as a car park with the capacity to hold 22 motor vehicles.

(vii) McDonald's Svajone, Vilnius, Lithuania

The Svajone property consists of a property located within a larger building complex with the intended use of providing catering services. The building is constructed on a state-owned land plot and is located at 15, Gedimino Avenue, a favourable and prestigious location in the centre of Vilnius in V. Kurika's square. The property is in the heart of the city and in close proximity to Lithuania's Government Building, the National opera and Ballet Theatre and other important state institutions. The site is located in an area that enjoys a heavy pedestrian traffic flow and within a mixed residential and commercial area of high density, surrounded by a large number of shops and restaurants. The restaurant has an

internal seating capacity of 128 persons, whilst the external areas consist of external seating space with a capacity for an additional 12 persons, and there is also a take away window to the sidewalk. The building enjoys exclusive views of one of the main streets of Vilnius.

(viii) McDonald's Parnu, Estonia

The Parnu property consists of a land plot and a building constructed thereon. The property is located at 74, Tallinna Maante, Parnu, an area outside the city centre next to a two-lane road at the entrance to Parnu from Tallinn. The restaurant is in the vicinity of office buildings, a large supermarket and several car dealerships. The building comprises six entrances and has an internal seating capacity of 130 persons, whilst the external areas consist of external seating space with a capacity for an additional 30 persons and a car park with a capacity to hold 16 motor vehicles.

(ix) M DIY Retails Centre, Tukums, Latvia

The property is constructed on a 13,284m² plot and is rented out to one anchor tenant, Rautakesko AS (the single tenant). The property is located in Tukums, a small city located in Tukuma district with a population of 19,729 inhabitants. The main use of the land, buildings or parts thereof for this site, is commercial including retail and service buildings.

(x) Wholesale & retail trade building, Nicagles Street, Riga, Latvia

The property is constructed on a 9,561m² plot. The property is located in a zone of Riga called Purvciems, on the east bank of the Paugava River. The property is currently used as a retail and shopping centre. The anchor tenant is a major supermarket chain, occupying 71% of the total leasable areas. Other tenants occupy 27% of the lettable areas with 2% currently vacant.

(xi) Supermarket and Retail Centre, Augusta Dombrovska Street, Riga, Latvia

The property is constructed on a 6,720m² plot. The property is located in a part of Riga known as Vecmīlgrāvis in the northern part of the city, near the mouth of the Daugava River. The property is currently used as a retail and shopping centre with 33 tenants and enjoys significant footfall. The anchor tenant is a high profile supermarket chain, occupying 38% of the total leasable areas. Other tenants occupy 57% of the lettable areas with 5% currently vacant.

(xii) Supermarket and Retail Centre, Vienības Street, Riga, Latvia

The property is constructed on a 6,670m² plot. The property is located in Atgāzene in the south of Riga, on the west bank of the Daugava River. The property was refurbished in 2013 and is currently used as a supermarket and retail centre. The anchor tenant is a high profile supermarket chain, occupying 86% of the total leasable areas. The remaining floor space is leased to another 5 tenants apart from small units like ATM's. The occupancy rate of this property is 100%.

(xiii) Supermarket and Retail Centre, Kreimeņu Street, Riga, Latvia

The property is constructed on a 3,733m² plot. The property is located in Vecmīlgrāvis, a town in the North of Riga near the mouth of the Daugava River. The building consists of one floor, and 81% thereof is rented out to an anchor tenant being a high profile supermarket chain in the Baltics. The remaining area is rented out to a second tenant gambling hall.

(xiv) Shopping Centre, Dzelzavas Street, Riga, Latvia

The property is constructed on an 8,062m² plot. The property is located in Purvciems, in the west of Riga on the east bank of the Daugava River. The property is 100% leased out to three tenants, of which a high profile supermarket chain occupies 91% of the lettable area, whilst the remaining area is occupied by two other tenants.

(xv) Supermarket and Retail Centre, Smilšu Street, Daugavpils, Latvia

The property is constructed on a 2,770m² plot. The property is located in the north-east part of the city of Daugavpils, the second largest city in Latvia, about 230km to the North West. The property is 100% leased out to a well-established hypermarket chain that occupies 71% of the lettable area whilst another three tenants occupy the remaining area.

(xvi) Hypermarket and Retail Centre, Viestura Street, Daugavpils, Latvia

The property is constructed on a 2,011m² plot. The property is located in the centre of Daugavpils. This property has an occupancy rate of 100% - the anchor tenant is a well-established hypermarket chain which rents and occupies 28% of the area at ground floor level, with 10 other tenants taking up the remaining rental area.

(xvii) Supermarket and Retail Centre, Spidolas Street, Aizkraukle, Latvia

The property is constructed on a 4,000m² plot. The property is located in the centre of Aizkraukle, a small city located about 110km East of Riga and plays a significant role in the daily trading activity of the city. This property is 100% leased out. The anchor tenant of the property is a well-renowned hypermarket chain which rents and occupies 70%, and 6 other tenants taking up the remaining rental area.

(xviii) Hili Building, Nineteen Twenty Three, Valletta Road, Luqa, Malta

The property, built on a plot area of 2,585m², is developed mainly as an office block with part of the premises at ground and intermediate levels used as a warehouse/storage area. The building is sited at the periphery of the industrial park in Luqa/Marsa. The property is 100% leased out, predominantly to a number of subsidiary companies forming part of the Hili Ventures Group.

(xix) APCO Building, 213, Psaila Street, Birkirkara, Malta

The property is centrally located in Psaila Street, Birkirkara built on a site of *circa* 210m². The building includes one basement level with three overlying floors currently used as office space. Two floors are rented out to APCO Limited, a company forming part of the Hili Ventures Group, and the remaining two floors are leased to a third party company.

(xx) Tower Business Centre, Tower Street, Swatar, Birkirkara, Malta

The property is located within a prime commercial and office area in Swatar, in the vicinity of Mater Dei Hospital and the University of Malta. The business centre is an office block with six floors comprising underground parking, a semi-basement level used as a training centre with some office space, and three floors and the penthouse level utilised as office space.

(xxi) McDonald's Restaurant and overlying office, ix- Xatt ta' Tigne', Sliema, Malta

The property in Sliema is leased as a McDonald's outlet at ground and mezzanine levels, and the first floor is completed for office use. The latter area is currently vacant, but is in a finished state ready for immediate occupation. The premises form part of a development block overlooking two streets, namely The Strand, Sliema at the waterfront and Sqaq il-Fawwara, Sliema at the back of the property.

(xxii) Transport House, Triq San Frangisk, Floriana, Malta

The property is located in a central area in Floriana and comprises of a three storey building, a recessed penthouse, and two interconnected apartments at the first and second floors, all for use as office space. The property is currently vacant.

(xxiii) Villa Marika, High Ridge, Madliena

The property consists of a fully detached bungalow located at a prime location at High Ridge, Madliena with a superficial area of *circa* 1,250m². The site is developed with a detached bungalow including a basement garage and external soft and hard landscaping including a swimming pool. The bungalow is laid out in two unequal wings on either side of the entrance hall which overlooks the swimming pool. This property is held for resale.

HARBOUR (APM) INVESTMENTS LIMITED (GUARANTOR)

Harbour (APM) Investments Limited owns land at Benghajsa, Malta, valued at *circa* €25 million. The property comprises a number of sites at Benghajsa and is flanked by the Freeport and its service road to the Northeast, by Hal Far Road to the Northwest, by the new LPG depot & Fort Benghajsa to the South and by agricultural fields, Benghajsa Village and Hal Far Industrial Estate beyond to the South. The sites mainly consist of undeveloped agricultural fields having a cumulative total area of approximately 92,000m². No income is currently generated from the aforementioned land and as such the company is ultimately dependant on the support provided by its shareholder.

PLANNING CONSIDERATIONS AND SITE POTENTIAL

The sites at Benghajsa are predominantly located within the 'Reserved Area' area in accordance to the respective Marsaxlokk Bay Local Plan. The strategy for this zone as outlined in the respective local plan issued in 1995 is detailed as follows:

“The area between Hal Far and the Freeport was designated as a Primary Development Area in the sixties for possible eventual industrial use. The Structure Plan confirms the designation subject however to Policy IND1 which delays the use of this land until needs arise which cannot be accommodated elsewhere. On available evidence, it is unlikely that the area will be required for such purpose within the ten-year period of the Local Plan. It is therefore proposed that the current status of the area is retained and is also to be referred to as a Reserved Area.”

From research undertaken by Architects Bencini & Associates (valuation report dated 10 September 2015), it appears that over the past 20 years since the issue of the above mentioned Local Plan the footprint of the Freeport has generally been developed to its full capacity with respect to its key activities that comprise the container terminal, the oil terminal and the ancillary warehousing facilities. The location of the Benghajsa sites that fall within this ‘Reserved Area’, particularly those contiguous to the Freeport, form a natural extension of the Freeport area as envisaged by both the Structure & Local Plans. Architects Bencini & Associates also noted that an LPG terminal has since been developed within the said ‘Reserved Area’ duly covered by Malta Environment & Planning Authority (“MEPA”) permit PA 867/09, while outline applications for the development of an Oil Tanking & Warehousing Facility along the Freeport access road have also been submitted to MEPA (PA 1504/10 & PA 2071/10).

A number of the Benghajsa sites are situated within the boundaries of the aforesaid outline applications (that are pending processing by MEPA). During the course of the above mentioned applications a Tender for the ‘Preparation of an Action Plan for Benghajsa’ was issued with the scope of considering the said ‘Reserved Area’ for the following:

- Provide sufficient expansion space for Freeport Activities;
- Provide for long term expansion of the Hal Far Industrial Estate;
- Provide for the warehousing/distribution depots for both the local and transshipment markets;
- Provide for fuel storage facilities and ancillary services that are required or may be required considering the country’s economic development;
- Promote financial investment in the private sector;
- Generate employment opportunities.

Considering the above, Architects Bencini & Associates conclude that, while currently schemed as a ‘Reserved Area’, the Benghajsa sites offer significant medium to long term commercial/investment opportunities.

5. INVESTMENTS

During the current financial year ending 31 December 2015, the Group carried out the following investment transactions:

- (a) In January 2015, the Group concluded the acquisition of two Latvian companies: SIA Apex Investments and SIA Tukuma Projekts (see section 4 above for details on the respective properties). The said companies between them own nine shopping centres in Latvia. The transaction was principally funded through bank borrowings totalling €22.1 million;
- (b) In May 2015, the Group acquired Tal-Herba Developments Ltd, a company which owns the Tower Business Centre in Swatar, Malta (further information is provided in section 4 above). Subsequent to the transaction, the name of the company was changed to Hili Properties (Swatar) Limited. The acquisition was funded through an €8 million bank loan;
- (c) On 25 August 2015, APM Holdings Limited, the Company and Hili Ventures Limited entered into a promise of share purchase agreement, whereby the Company agreed to acquire from APM Holdings Limited 100% shareholding of HIL (currently held by APM Holdings Limited) for the sum of €25 million. HIL is the company that owns the land at Benghajsa described in section 4 above. The share purchase agreement provides for a 50% deposit payable in 2015, which will be funded as to €6 million from Bond Issue proceeds and €6.5 million through an increase in share capital. The remaining balance of €12.5 million will be settled by 2018 through equity. It is the intention of the Group to sell the property in the near to medium term so as to fund further investment in rental-yielding properties in accordance with the Group’s strategy. As at the date of the Prospectus, such prospective acquisitions have not been identified.

6. BUSINESS DEVELOPMENT STRATEGY

It is the objective of the Group to continue to act as the property holding vehicle of the Hili Ventures Group. In this regard, the Group aims to continue to manage existing properties, and to acquire and dispose of properties as necessary to meet the needs of the Group's business operations. The rents chargeable by the Group to the Hili Ventures Group companies are based on commercial rental rates and respective lease agreements are entered into on an arms-length basis.

With respect to the remaining portfolio, the Group's strategy is to create a property portfolio consisting primarily of attractively-located, institutional and high quality, income-producing investment properties in, inter alia, Malta, Estonia, Latvia, Lithuania and other developed countries (the "Target Countries") to deliver income and capital growth through active asset management. Although the Company's current investment properties as well as the identified future property acquisitions as described in Section 4.1 paragraph (iii) of the Securities Note are all located within European countries, the Board of Directors shall particularly seek to focus its development strategy on property markets that develop and offer the most attractive investment opportunities which may be located outside the European market. As at the date of this Prospectus the Company has not identified specific investment opportunities in Target Countries outside Europe however it may consider to expand its property portfolio to countries outside Europe whilst fully adhering to the parameters set out in Section 4.7 of the Registration Document.

The Company believes that its Board of Directors, with the support of external advisors and property experts, has distinct knowledge of and competence within, the immovable property markets of the Target Countries, thereby placing the Company in an appropriate position to capitalise on the opportunities presented by current and expected market conditions. The Company intends to source its investment opportunities primarily through the Board of Directors' extensive network of relationships within the immovable property markets of the Target Countries, which include the corporate and private landlords, brokers, domestic banks and others. The Board of Directors expects to create both sustainable income and strong capital returns for the Group.

In carrying out its functions, the Board of Directors aims to focus its investment decisions on the acquisition of primarily investment properties in the Target Countries with some of the following characteristics:

- Retail properties in city centres and certain suburban areas (shopping centres and high street retail outlets);
- Office properties that the Board of Directors expects to be in demand by high demand tenants;
- Other selected commercial real estate properties, for example, warehousing, industrial and distribution facilities;
- Such other specialist building or property that the Board of Directors considers will give attractive investor return;
- In line with the current property portfolio available for rent which presently reflects an overall average occupancy rate of 93%, the Board of Directors shall aim to maintain a similar high level of occupancy rates for future investment properties.

When investing in property, the Board of Directors shall concentrate on assets priced at significant discounts to fair value or assets with active asset management opportunities, for example through repositioning, rental extension or rental optimisation, and adopt a conservative approach with regard to development opportunities in the context of the whole portfolio as the Company's primary focus is on cash flow and active asset management.

The intention of the Board of Directors is, where appropriate, to improve income profiles and add value to the Group's property portfolio through asset management techniques which include:

- Renegotiating or surrendering leases;
- Improving lease terms/duration and tenant profile;
- Undertaking physical improvements when and where considered appropriate;
- Improving layouts and space efficiency of specific assets;
- Changing the tenant mix of certain properties;
- Maintaining dialogue with tenants to assess their requirements;
- Taking advantage of planning opportunities where appropriate; and
- Repositioning and upgrading assets.

In the implementation of the above strategy, the Company shall seek to use prudent levels of leverage to enhance equity returns over the long-term. The indicative aggregate borrowing as a percentage of gross asset value of the Group is expected not to exceed 70%. The Group may modify the leverage policy from time to time in light of then-current economic conditions, the relative costs of debt and equity capital, the fair value of the Group's assets, growth and acquisition opportunities or other factors it deems appropriate.

7. PROPERTY MARKET

European Commercial Property¹

After a year of tentative economic growth in 2014, the first quarter of 2015 brought increased optimism for Europe as Eurozone GDP grew by 0.4%. Economic activity improved, aided by low oil prices, the European Central Bank's quantitative easing programme and the weak Euro, which has boosted the competitiveness of European exports. However, the Eurozone's modest economic recovery suffered a setback in Q2 as Eurozone GDP slowed to 0.3% (from 0.4% in Q1). Consensus forecasts suggest that the single currency area will see annual growth of around 1.3% in 2015.

The improving economic outlook has provided further support for the European investment market. The market maintained its positive momentum in Q1 2015, with a total of €50.1 billion invested in commercial real estate across Europe. This was a 44% increase compared with Q1 2014 and the strongest first quarter since 2007.

Investors continue to display an increased willingness to explore opportunities across a wide range of geographies and sectors, and investment volumes have remained on an upward trend in many secondary cities and peripheral markets. Given the healthy start to the year, 2015 is set to be another strong year for the investment market, and transaction volumes may approach the levels seen during the 2006/07 market peak. The ECB's QE programme should help to preserve favourable conditions for property investment throughout the year, and the weak Euro will boost the attractiveness of European property prices to many overseas buyers, particularly US Dollar denominated investors.

Latvian Real Estate Investment Market²

In 2014, the real estate investment market continued to be active. The year closed with a total investment volume of €316.9 million, compared to €331.5 million in 2013. The total number of investment deals closed during 2014 amounted to 112, exceeding the 2013 level by 19%.

The key players responsible for the major part of 2014 annual investment volume can be divided into three general groups: Nordic investors, investors from CIS countries and Russia in particular, and local Baltic investors. Each group has its own investment preferences and targets specific investment properties. Nordic investors are mostly represented by investment funds and fund managers, which target cash flow yielding properties with long term income potential and tend to place investments not only on a single asset transaction base but also on a cross Baltic portfolio base. Investors from CIS countries and Russia aim at more risky projects, compared to institutional investors, as well as considering properties with development opportunities.

An improving investment climate and positive market expectations contributed to slight yield compression in 2014. The prime yield to industrial properties remained on the 2013 level of 9%, while prime retail and office yields experienced a decline to 7.5% and 7.75% respectively. In 2015, the investment market is expected to remain active with investment volumes remaining on the 2014 level. Office and retail commercial properties will become the main investment focus of 2015, while activity in the mixed-use and residential segment is expected to decrease. Prime yields are expected to remain stable in 2015.

Lithuanian Real Estate Investment Market²

After the improvement in investment market activity registered in Lithuania in 2013, the performance in 2014 was even more positive. The situation was encouraged not only by a positive performance from the Lithuanian economy, with growing internal consumption and the retail trade, but also by increased activity from Shared Service Centres and ICT companies, which have been actively expanding in the country. Besides, positive expectations related to Euro integration in 2015 gave an additional impulse to attract investment in the Lithuanian property market. Despite some speculation about the negative impact of the Russia - Ukraine conflict in terms of attracting investment in Lithuania, especially from Russia, those fears have not materialised and investors from Russia have remained interested in the Lithuanian real estate investment market.

During 2014 investment volume in Lithuania reached €298 million, an increase of 24.8% compared to 2013. The majority of investment deals were executed in the office segment (45%), but activity in the retail segment was also strong at 22.4% of total deals transacted. In 2014, the market was dominated by investors from the Baltic and Nordic countries, and Russia.

¹ *European Quarterly Commercial Property Outlook Q1 2015 (Knight Frank), Eurostat*

² *Real Estate Market Overview 2015 (Colliers International, Sorainen, PricewaterhouseCoopers)*

Market stabilisation during 2013 – 2014, with a decrease of uncertainty and a positive performance by the Lithuanian economy, gradually compressed investment yields. In 2014, prime investment yields in Vilnius ranged between 7.5% (for prime retail and office properties) and 9% (in the industrial segment). Other Lithuanian cities remained quite inactive in terms of investment in real estate due to weak regional economies and lower levels of business concentration. A possible exception is the industrial segment in Kaunas and Klaipeda where several deals were concluded.

After integration with the Euro Zone, Lithuania is expected to become even more attractive to investors not only from the usual regions, but also from Western countries. Main investment targets are expected to remain office and retail properties located in Vilnius with strong cash flow and core locations.

Estonian Real Estate Investment Market²

Total 2014 investment volume stood at €240 million, thus surpassing the previous year level by more than 12%, and showing strongest results in terms of investment turnover since 2008. Nordic investors, investors from the CIS countries and Russia in particular, together with local Baltic investors continue to dominate the investment market in Estonia. Domestic spend made up one third of acquisitions, while Russian capital represented more than 36% of invested volume in 2014.

Notable yield compression by 50 bps was recorded in Estonia in 2014. Low-cost financing, shortage of investment grade properties, positive performance by corresponding sectors, and strengthening demand from both highly capitalised and smaller investors resulted in tougher competition and thus lower prime yield levels.

In 2015, the investment market will continue to be active as investors are well capitalised and are constantly looking for good quality cash flow properties. Willingness to take increased risks can be observed among some investors due to the scarcity of investment grade properties. The office and retail sectors will remain the more favoured by investors, international and local alike. Prime yields are expected to remain stable in 2015.

Maltese Real Estate Investment Market

National statistics relating to commercial property in Malta is currently not captured and therefore is more difficult to gauge the health of this sector. Notwithstanding the lack of such data, general business sentiment and the continued drive to promote Malta as a regional hub for the provision of business related services, notably in the financial, i-gaming, back-office services, information technology, aircraft registration and maritime has continued to generate a positive trend in the commercial property sector, in particular office space. In addition, Malta's highly skilled and competitive labour costs have also been vital in sustaining this success. This view is substantiated when assessing the lack of availability of large office and commercial space, as well as, the number of projects earmarked for development and set to commence in the near future.

² *Real Estate Market Overview 2015 (Colliers International, Sorainen, PricewaterhouseCoopers)*

PART 2

8. COMPANY PERFORMANCE REVIEW

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

The following financial information is extracted from the audited consolidated financial statements of Hili Properties p.l.c. (the "Company") for the financial periods ended 31 December 2013 and 2014. The financial information for the years ending 31 December 2015 and 31 December 2016 has been provided by Group management.

8.1 GROUP INCOME STATEMENT

Consolidated Income Statement For the year ended 31 December Amounts in €'000s	2016 (12 months) Projection	2015 (12 months) Forecast	2014 (12 months) Actual	2013 (14 months) Actual
Revenue	7,270	4,293	1,678	1,717
Net Operating Expenses	(1,725)	(1,314)	(760)	(287)
EBITDA	5,545	2,979	918	1,430
Depreciation and amortisation	(5)	(5)	(6)	(9)
Net investment income/(losses)	1,860	1,741	(149)	(1,801)
Finance costs	(3,057)	(1,875)	(687)	(743)
Profit/(loss) before tax	4,343	2,840	76	(1,123)
Taxation	(819)	(944)	113	(333)
Profit/(loss) after tax	3,524	1,896	189	(1,456)

The key accounting ratios are set out below:

	FY2016	FY2015	FY2014	FY2013
Revenue growth (Revenue FY1/Revenue FY0)	69%	156%	-2%	
Operating Profit Margin (EBITDA/revenue)	76%	69%	55%	83%
Interest Cover (times) (EBITDA/net finance cost)	1.8	1.6	1.3	1.9
Net profit margin (Profit after tax/revenue)	48%	44%	11%	-85%
Return on equity (Profit after tax/shareholders' equity)	12%	7%	1%	-11%
Return on capital employed (Operating profit/total assets less current liabilities)	5%	3%	3%	4%
Return on assets (Profit after tax/total assets)	3%	2%	1%	-4%

Source: Charts Investment Management Service Limited

The Company was incorporated on 23 October 2012 and therefore, the initial reportable financial period covered the 14 months from incorporation to 31 December 2013. During the historical financial period under review (23 October 2012 to 31 December 2014), the Group generated rental income from 11 investment properties located in Malta, Latvia, Lithuania and Estonia, the majority of which are leased to related parties. The said investment properties comprise the assets detailed in section 4 above, but exclude those properties which were acquired during the current financial year (2015) and which are described in section 5.

At 31 December 2014, the Company owned the following properties which did not yield any rental income:

- Ulmana restaurant in Latvia – this was under construction until June 2015. Thereafter, the property commenced yielding a rent of €99,000 annually;
- Transport House, Floriana – management is in the process of concluding a lease agreement with a prospective tenant based on a rental of *circa* €70,000 per annum;
- Madliena property – this villa is being held for resale.

In 2015, the Company is expected to generate rental income of €4.3 million, an increase of €2.6 million when compared to 2014. During the said year (FY2015), the Issuer commenced earning income from the newly acquired properties through the acquisition of SIA Tukuma Projekts, SIA Apex Investments and Hili Properties (Swatar) Limited. Revenue for FY2016 is projected to increase by €3.0 million to €7.3 million mainly as a result of further acquisitions assumed to take effect in Q1 2016.

Net investment losses in 2013 mainly comprised a write-down in the cost of acquisitions amounting to €2.9 million, which was partly off-set by an increase in fair value of investment property of €1.1 million. The amount of €0.1 million registered in 2014 related to a net impairment in the fair value of its properties. As for 2015 and 2016, it is assumed that the valuation of the property portfolio will increase by €1.7 million and €1.9 million respectively.

Finance costs represent interest payable on bank loans, related party borrowings and Bonds (as from 16 October 2015). Overall, the Company is projecting to achieve a net profit of €1.9 million and €3.5 million in 2015 and 2016 respectively (2014: €0.2 million).

8.2 GROUP BALANCE SHEET

Statement of Financial Position Amounts in €'000s	31 Dec'16 Projection	31 Dec'15 Forecast	31 Dec'14 Actual	31 Dec'13 Actual
ASSETS				
Non-current assets				
Property, plant and equipment	28	28	12	15
Investment property	94,025	65,513	33,217	32,965
Other financial assets	12,500	12,500	-	-
Deferred tax assets	584	1,125	532	407
Total non-current assets	107,137	79,166	33,761	33,387
Current assets				
Property held for sale	-	-	150	805
Trade and other receivables	1,697	1,617	2,737	3,058
Current tax asset	750	237	7	-
Cash and cash equivalents	186	10,910	92	895
Total current assets	2,633	12,764	2,986	4,758
Total assets	109,770	91,930	36,747	38,145

Total assets of the Group as at 31 December 2014 amounted to €36.7 million (2013: €38.1 million) and primarily comprise: investment property (€33.2 million, 2013: €33.0 million), deferred tax assets (€0.5 million, 2013: €0.4 million), and receivables (€2.7 million, 2013: €3.1 million). As at 31 December 2015, investment property will increase by €32.3 million to €65.5 million, as a result of the acquisitions detailed in section 5 above. Furthermore, the deposit of €12.5 million settled upon signing of the share purchase agreement in relation to the Benghajsa transaction is recorded as 'other financial assets'. Cash balances is projected to increase to €10.9 million, being the balance of net Bond proceeds earmarked to part finance new property acquisitions in Q1 2016.

Statement of Financial Position Amounts in €'000s	31 Dec'16 Projection	31 Dec'15 Forecast	31 Dec'14 Actual	31 Dec'13 Actual
EQUITY AND LIABILITIES				
Equity	30,407	25,983	13,733	13,544
LIABILITIES				
Non-current liabilities				
Bank loans	34,326	22,364	10,804	13,525
Other financial liabilities	36,313	36,233	5,919	5,115
Deferred tax liability	2,842	2,565	1,560	1,560
Total non-current liabilities	73,481	61,162	18,283	20,200
Current liabilities				
Trade and other payables	2,883	2,851	791	337
Other financial liabilities	-	-	1,125	2,569
Bank loans	2,999	1,934	2,815	1,421
Taxation	-	-	-	74
Total current liabilities	5,882	4,785	4,731	4,401
Total liabilities	79,363	65,947	23,014	24,601
Total equity and liabilities	109,770	91,930	36,747	38,145

Total liabilities of the Group principally include bank borrowings amounting to €13.6 million (2013: €14.9 million), amounts due to related parties of €7.0 million (2013: 7.7 million), and deferred tax liabilities amounting to €1.6 million (2013: €1.6 million).

As a result of property acquisitions in 2015 and those projected for 2016, total liabilities are expected to increase from €23.0 million (FY2014) to €79.4 million (FY2016), which will principally consist of bank loans and Bonds. On 19 May 2015, the share capital of the Company was increased through an issue of 100,000 shares of €1 each at a premium of €39 per share. The amount of €4 million was settled by way of capitalisation of shareholders' loans. Furthermore, on 27 August 2015, the issued share capital of the Company was increased by €6,500,000 to €21,600,000 by the capitalisation of shareholders' loans.

The key accounting ratios are set out below:

	FY2016	FY2015	FY2014	FY2013
Gearing ratio (%) (<i>Net debt/net debt + shareholders' equity</i>)	70.19%	64.96%	41.94%	43.39%
Value to loan ratio (times) (<i>Investment property/net debt</i>)	1.28	1.32	2.46	2.35
Liquidity ratio (times) (<i>Current assets/current liabilities</i>)	0.45	2.67	0.63	1.08

Source: Charts Investment Management Service Limited

The gearing ratio demonstrates the degree to which capital employed in a business is funded by external borrowings as compared to shareholders' funds. A company with high leverage tends to be more vulnerable when its business goes through a slowdown. At a projected leverage of 65% and 70% in FY2015 and FY2016 respectively, the Company's capital will be funded to a higher degree from external debt as opposed to shareholders' funds. This gearing level is broadly in accordance with the business development strategy of the Company detailed in section 6 of this document.

The value to loan ratio of the Company is projected at 1.32 times in FY2015. As such, the forecast fair value of the property portfolio, as at 31 December 2015, is expected to be 32% higher than the outstanding borrowings of the Company.

Other than equity, the Group is principally financed through bank loans and Bonds. The Group's bank borrowings are secured by general hypothecs, pledges and guarantees provided by Group companies, by companies forming part of the Hili Ventures Group and by the Company's ultimate shareholders. The Bonds constitute unsecured obligations of the Company, and rank equally without priority or preference with all other present and future unsecured and unsubordinated obligations of the Company.

8.3 GROUP CASH FLOW STATEMENT

Consolidated Statements of Cash flows For the year ended 31 December Amounts in €'000s	2016 (12 months) Projection	2015 (12 months) Forecast	2014 (12 months) Actual	2013 (14 months) Actual
Cash flows from operating activities	4,983	2,803	933	722
Cash flows from investing activities	(26,656)	(30,780)	233	(8,657)
Cash flows from financing activities	10,949	38,842	(2,016)	8,830
Net movement in cash and cash equivalents	(10,724)	10,865	(850)	895
Opening cash balance	10,910	45	895	-
Closing cash balance	186	10,910	45	895

Net cash flows from operating activities principally relate to the receipt of rental income and operating expenses of the Company. Such cash flows are expected to increase substantially as from FY2015 reflecting the expansion in the Group's property portfolio.

In investing activities, the Group used €10.2 million in FY2013 and €1.9 million in FY2014 to acquire properties and investments. On the other hand, cash inflows due to sale of properties and investments amounted to €1.6 million and €2.1 million in FY2013 and FY2014 respectively. As for the projected years, cash outflows relating to the purchase of investment properties are expected to total €55.9 million.

In 2014, net cash used in financing activities related to repayments of €2.0 million to banks and related parties. In comparison, the Group raised a net amount of €8.8 million in the prior year through bank loans and related party borrowings. Financing activities in FY2015 and FY2016 will principally comprise the receipt of Bond proceeds, net movements in bank and related party borrowings, and interest payable.

9. HARBOUR (APM) INVESTMENTS LIMITED - PERFORMANCE REVIEW

The projected financial statements detailed below relate to events in the future and are based on assumptions which Harbour (APM) Investments Limited ("HIL") believes to be reasonable. Consequently, the actual outcome may be adversely affected by unforeseen situations and the variation between forecast and actual results may be material.

The following financial information is extracted from the audited financial statements of HIL for the financial periods ended 31 December 2013 and 2014. The financial information for the years ending 31 December 2015 and 31 December 2016 has been provided by Group management.

Income Statement For the year ended 31 December Amounts in €'000s	2016 (12 months) Projection	2015 (12 months) Forecast	2014 (12 months) Actual	2013 (13 months) Actual
Administrative expenses	(8)	(4)	(7)	(2)
Investment gain	-	5,747	-	-
Finance costs	(72)	(49)	(103)	-
Profit/(Loss) before tax	(80)	5,694	(110)	(2)
Taxation	-	(1,994)	-	-
Profit/(Loss) before tax	(80)	3,700	(110)	(2)

Statement of Financial Position Amounts in €'000s	31 Dec'16 Projection	31 Dec'15 Forecast	31 Dec'14 Actual	31 Dec'13 Actual
ASSETS				
Non-current assets				
Investment property	24,921	24,921	19,174	18,483
Total non-current assets	24,921	24,921	19,174	18,483
Current assets				
Loans and other receivables	1,891	1,891	92	91
Cash and cash equivalents	10	7	1	1
Total current assets	1,901	1,898	93	92
Total assets	26,822	26,819	19,267	18,575
EQUITY AND LIABILITIES				
Equity	22,880	22,960	(111)	(1)
LIABILITIES				
Non-current liabilities				
Other financial liabilities	1,053	1,342	19,370	18,574
Deferred tax liability	1,994	1,994	-	-
Total non-current liabilities	3,047	3,336	19,370	18,574
Current liabilities				
	606	234	8	2
Other payables Bank loans	289	289	-	-
Total current liabilities	895	523	8	2
Total liabilities	3,942	3,859	19,378	18,576
Total equity and liabilities	26,822	26,819	19,267	18,575

Statement of Cash Flows For the year ended 31 December Amounts in €'000s	2016 (12 months) Projection	2015 (12 months) Forecast	2014 (12 months) Actual	2013 (13 months) Actual
Cash flows from operating activities	(8)	(4)	(3)	(1)
Cash flows from financing activities	11	10	3	2
Net movement in cash and cash equivalents	3	6	-	1
Opening cash balance	6	-	1	-
Closing cash balance	9	6	1	1

The company is the owner of land at Benghajsa, Malta which does not generate an income stream. As at 31 December 2014 the property had a book value of *circa* €19 million.

As detailed in section 5 of this document, the above property was subject to a share purchase agreement in 2015 whereby the Company undertook to acquire HIL for €25 million by 2018. In view of this transaction, the fair value of the property was increased to €24.9 million. Furthermore, the share capital of HIL was increased on 24 August 2015 to €22,331,200 through the capitalisation of shareholder's loans, revaluation reserves and retained earnings of €18,574,351, €3,753,441 and €2,208 respectively. No significant activities are being projected for FY2016.

10. HILI ESTATES LIMITED - PERFORMANCE REVIEW

The projected financial statements detailed below relate to events in the future and are based on assumptions which Hili Estates Limited (“HEL”) believes to be reasonable. Consequently, the actual outcome may be adversely affected by unforeseen situations and the variation between forecast and actual results may be material.

The following financial information is extracted from the audited financial statements of HEL for the financial years ended 31 December 2013 and 2014. The financial information for the years ending 31 December 2015 and 31 December 2016 has been provided by Group management.

Income Statement For the year ended 31 December Amounts in €'000s	2016 Projection	2015 Forecast	2014 Actual	2013 Actual
Revenue	723	677	650	695
Net Operating expenses	(10)	79	(24)	(40)
EBITDA	713	756	626	655
Investment income/(losses)	274	(448)	-	1,115
Finance costs	-	(156)	(241)	(247)
Profit/(loss) before tax	987	152	385	1,523
Taxation	(22)	480	(29)	(354)
Profit/(loss) after tax	965	632	356	1,169

During the period under review, HEL was principally engaged in the management of one property – the Hili Building in Luqa, Malta. As such, its revenue relates to the generation of rental income (2014: €0.65 million, 2013: €0.70 million).

Finance costs represent interest payable on bank loans.

It is projected that revenue will increase by 4% in 2015 to €677,000 and a further 7% in 2016 to €723,000. Overall, profit is expected to amount to €965,000 in FY2016 (FY2015: €632,000), partly as a result of a projected increase in fair value of the property of €274,000 (FY2015: loss of €448,000).

Statement of Financial Position Amounts in €'000s	31 Dec'16 Projection	31 Dec'15 Forecast	31 Dec'14 Actual	31 Dec'13 Actual
ASSETS				
Non-current assets				
Investment property	13,874	13,601	13,351	13,531
Total non-current assets	13,874	13,601	13,351	13,531
Current assets				
Loans and other receivables	2,166	2,166	1,629	2,508
Current tax asset	-	-	21	-
Cash and cash equivalents	469	-	83	147
Total current assets	2,635	2,166	1,733	2,655
Total assets	16,509	15,767	15,084	16,186
EQUITY AND LIABILITIES				
Equity	15,248	14,283	5,609	5,253
LIABILITIES				
Non-current liabilities				
Bank overdraft and loans	-	-	3,786	5,796
Deferred tax liability	1,110	1,088	1,560	1,560
Total non-current liabilities	1,110	1,088	5,346	7,356
Current liabilities				
Trade and other payables	151	152	242	161
Other financial liabilities	-	-	1,877	2,890
Bank overdraft and loans	-	244	2,010	483
Current tax liabilities	-	-	-	43
Total current liabilities	151	396	4,129	3,577
Total liabilities	1,261	1,484	9,475	10,933
Total equity and liabilities	16,509	15,767	15,084	16,186

Total assets of HEL as at 31 December 2014 amounted to €15.1 million (2013: €16.2 million) and primarily comprise: investment property (€13.4 million, 2013: €13.5 million), and loans and receivables (€1.6 million, 2013: €2.5 million).

FY2014 total liabilities principally included bank borrowings which amounted to €5.8 million (2013: €6.3 million), amounts due to related parties of €1.9 million (2013: €2.9 million), and deferred tax liabilities of €1.6 million (2013: €1.6 million).

On 16 September 2015, HEL issued €8,051,340 4.5% redeemable preference shares through the capitalisation of related party loans. The said shares were fully allotted as fully paid up preference shares to the Company.

Statement of Cash Flow For the year ended 31 December Amounts in €'000s	2016 Projection	2015 Forecast	2014 Actual	2013 Actual
Cash flows from operating activities	713	791	1,522	(544)
Cash flows from investing activities	-	(902)	180	(646)
Cash flows from financing activities	-	(216)	(1,766)	1,322
Net movement in cash and cash equivalents	713	(327)	(64)	132
Opening cash balance	(244)	83	147	15
Closing cash balance	469	(244)	83	147

The primary movements in the cash flows statement refer to movements in working capital (in operating activities) and movements in bank borrowings and financial liabilities (in financing activities).

11. THE BOND GUARANTEE

For the purposes of the Guarantee, the Guarantors irrevocably and unconditionally guarantee to each Bondholder that if for any reason the Company fails to pay any sum payable by it to such Bondholder pursuant to the terms and conditions of the Bonds as and when the same shall become due under any of the foregoing, the Guarantors will pay to such Bondholder on demand the amount payable by the Company to such Bondholder. The obligations of the Guarantors under the Guarantee shall remain in full force and effect until no sum remains payable to any Bondholder pursuant to the issue of the Bonds.

The Guarantors undertake that so long as any Bond remains outstanding, the Guarantors shall collectively ensure that their aggregate net asset value (being the value of an entity's assets minus the value of its liabilities) will amount to not less than €37 million on each Financial Reporting Date (being 30 June and 31 December in each year as from 31 December 2015). As at 16 September 2015, the aggregate net asset value of the Guarantors amounted to €37.0 million.

12. RELATED PARTY DEBT SECURITIES

Hili Properties p.l.c. is a member of the Hili Ventures Group. Within the same group, Premier Capital p.l.c. and PTL Holdings p.l.c., both sisters company of Hili Properties p.l.c., have the following outstanding debt securities:

Security ISIN	Amount Listed	Security Name	Currency
MT0000511205	24,641,000	6.80% Premier Capital plc Bonds 2017-2020 ¹	EUR
MT0000841206	36,000,000	5.10% PTL Holdings plc Unsecured Bonds 2024 ¹	EUR

¹Debt securities listed on the Malta Stock Exchange

PART 3

13. COMPARABLES

The table below compares the Company and its proposed bond issue to other debt issuers listed on the Malta Stock Exchange and their respective debt securities. The list includes all issuers (excluding financial institutions) that have listed bonds maturing in the medium term (within eight to ten years), similar to the duration of the Company's bonds. Although there are significant variances between the activities of the Company and other issuers (including different industries, principal markets, competition, capital requirements etc), and material differences between the risks associated with the Company's business and that of other issuers, the comparative analysis provides an indication of the financial performance and strength of the Company.

Comparative Analysis	Nominal Value (€'000)	Yield to Maturity (%)	Interest Cover (times)	Total Assets (€'million)	Net Assets Value (€'million)	Gearing Ratio (%)
5.8% IHI plc 2023	10,000	4.05	2.21	1,012.04	594.81	50.31
5.3% United Finance plc 2023	8,500	4.47	1.14	21.69	2.69	79.86
6.0% AXI plc 2024	40,000	4.09	2.80	188.38	102.17	65.05
6.0% IHG Holdings plc 2024	35,000	4.45	2.65	149.76	40.37	201.23
5.3% Mariner Finance plc 2024	35,000	3.81	4.23	60.03	20.91	62.25
5.0% Tumas Investments plc 2024	25,000	3.60	3.34	281.07	95.10	137.46
5.0% Hal Mann Vella plc 2024	30,000	3.52	0.51	77.29	30.14	55.04
5.1% PTL Holdings plc 2024	36,000	3.68	1.00	72.48	6.13	86.37
5.1% 6PM Holdings plc 2025	13,000	4.00	10.3	9.12	4.12	36.63
4.5% Hili Properties plc 2025	37,000	4.50	1.6	91.89	25.94	64.96

19 August 2015

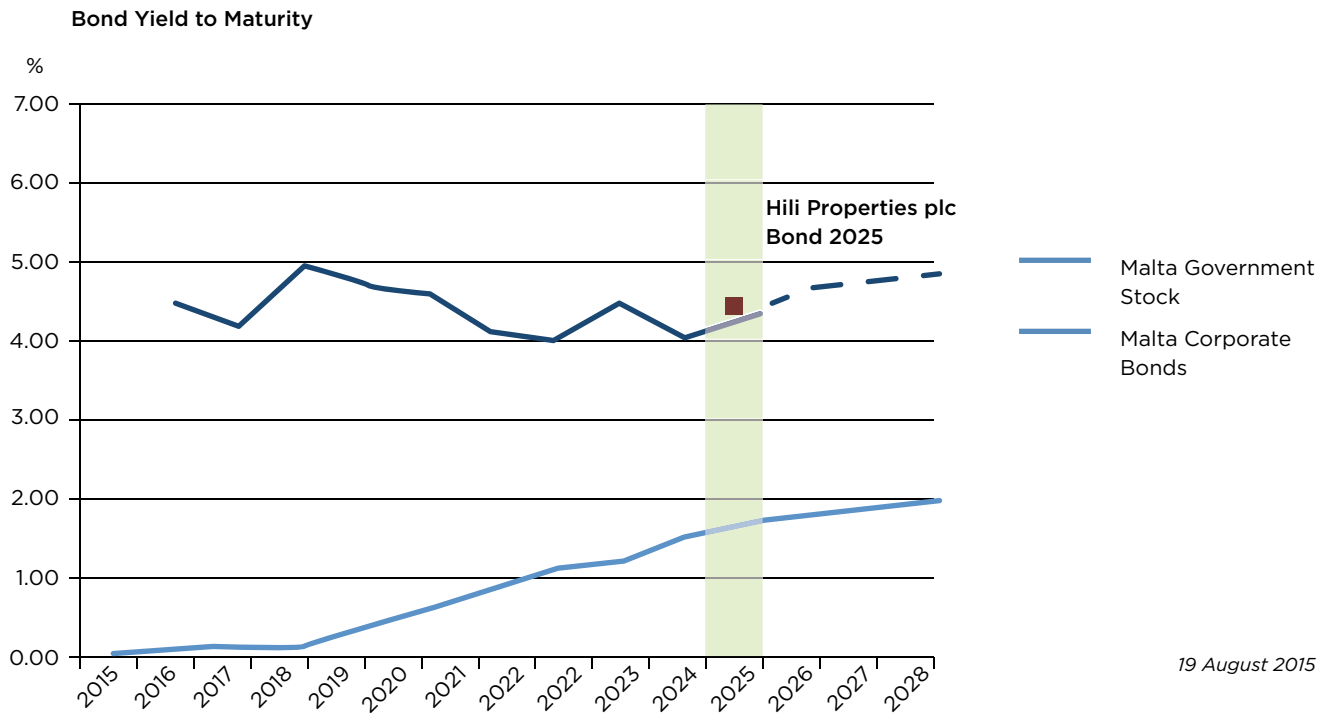
Source: Malta Stock Exchange, Charts Investment Management Service Limited

Annual Accounts: Tumas Group Company Ltd (YE 31/12/2013), International Hotel Investments plc (YE 31/12/2014), Island Hotels Group Holdings plc (YE 31/10/2014), AX Holdings Ltd (YE 31/10/2014), Mariner Finance plc (YE 31/12/2014), PTL Holdings plc (YE 31/12/14), Hal Mann Vella Group plc (YE 31/12/14), 6PM Holdings plc (YE 31/12/14), United Finance plc (YE 31/12/14); Hili Properties plc (Forecast YE 31/12/15)

The interest cover ratio determines the ability of a company to pay interest on its outstanding borrowings. For the financial year ended 31 December 2014, the Group's earnings before depreciation, interest and taxes was 1.3 times above interest expense for the year. Such ratio is expected to improve to 1.6x in FY2015 and 1.8x in FY2016 as a result of additional revenue generated from newly acquired commercial properties in FY2015.

The debt to equity ratio or gearing ratio demonstrates the degree to which the capital employed in a business is funded by external borrowings as compared to shareholders' funds. A company with high leverage tends to be more vulnerable when its business goes through a slowdown. The gearing ratio of the Group is forecasted to reach 65% by end FY2015, which is in line with management's business development strategy to maintain gearing at 70% or below.

The chart below shows the yield to maturity of the proposed bond as compared to other corporate bonds listed on the Malta Stock Exchange. The Malta Government Stock yield curve has also been included as the benchmark risk-free rate for Malta.



To date, there are no corporate bonds which have a redemption date beyond 2025 and therefore a trend line has been plotted (denoted in the above chart by the dashed line). The Malta Government Stock yield curve has also been included since it is the benchmark risk-free rate for Malta. The premium over Malta Government Stock has been assumed at 287 basis points, which is the average premium for medium term corporate bonds. The Hili Properties plc Bond has been priced at 282 basis points above Malta Government Stock and broadly equal to listed corporate bonds.

PART 4

14. EXPLANATORY DEFINITIONS

Income Statement	
Revenue	Total revenue generated by the Group from its business activities during the financial year, including rent receivable and related services.
Net operating expenses	Net operating expenses include the direct expenses and administrative costs.
EBITDA	EBITDA is an abbreviation for earnings before interest, tax, depreciation and amortisation. EBITDA can be used to analyse and compare profitability between companies and industries because it eliminates the effects of financing and accounting decisions.
Profit after tax	Profit after tax is the profit made by the Group during the financial year both from its operating as well as non-operating activities.
Profitability Ratios	
Operating profit margin	Operating profit margin is operating income or EBITDA as a percentage of total revenue.
Net profit margin	Net profit margin is profit after tax achieved during the financial year expressed as a percentage of total revenue.
Efficiency Ratios	
Return on equity	Return on equity (ROE) measures the rate of return on the shareholders' equity of the owners of issued share capital, computed by dividing profit after tax by shareholders' equity.
Return on capital employed	Return on capital employed (ROCE) indicates the efficiency and profitability of a company's capital investments, estimated by dividing operating profit by capital employed.
Return on Assets	Return on assets (ROA) is computed by dividing profit after tax by total assets
Equity Ratios	
Earnings per share	Earnings per share (EPS) is the amount of earnings per outstanding share of a company's share capital. It is computed by dividing net income available to equity shareholders by total shares outstanding as at balance sheet date.
Cash Flow Statement	
Cash flow from operating activities	Cash generated from the principal revenue-producing activities of the Company.
Cash flow from investing activities	Cash generated from the activities dealing with the acquisition and disposal of long-term assets and other investments of the Company.

Cash flow from financing activities Cash generated from the activities that result in change in share capital and borrowings of the Company.

Balance Sheet

Non-current assets	Non-current asset are the Group's long-term investments, which full value will not be realised within the accounting year. Such assets of the Group principally comprise of investment properties
Current assets	Current assets are all assets of the Group, which are realisable within one year from the balance sheet date. Such amounts include accounts receivable, and cash and bank balances.
Current liabilities	All liabilities payable by the Group within a period of one year from the balance sheet date, and include accounts payable and short-term debt.
Net debt	Borrowings before unamortised issue costs less cash and cash equivalents
Non-current liabilities	The Group's long-term financial obligations that are not due within the present accounting year. The Group's non-current liabilities include bank borrowings and bonds.
Total equity	Total equity includes share capital, reserves & other equity components, and retained earnings.

Financial Strength Ratios

Liquidity ratio	The liquidity ratio (also known as current ratio) is a financial ratio that measures whether or not a company has enough resources to pay its debts over the next 12 months. It compares a company's current assets to its current liabilities.
Interest cover	The interest coverage ratio is calculated by dividing a company's EBITDA of one period by the company's interest expense of the same period.
Gearing ratio	The gearing ratio indicates the relative proportion of shareholders' equity and debt used to finance a company's assets, and is calculated by dividing a company's net debt by net debt plus shareholders' equity. For the purposes of calculating gearing, related party balances have been treated as equity.
Value to loan ratio	The value to loan ratio is calculated by dividing the fair value of the Group's properties by the borrowings used to finance such properties.