

Securities Note

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 United Finance 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.

Dated 6 October 2014

In respect of an Issue of **€8,500,000 5.3% Unsecured Bonds 2023**
of a nominal value of €100 per Bond issued at par by

UNITED FINANCE P.L.C.

A PUBLIC LIMITED LIABILITY COMPANY REGISTERED IN MALTA
WITH COMPANY REGISTRATION NUMBER C 26598

ISIN: MT0000131228

Legal Counsel

Sponsor

Registrar

CAMILLERI PREZIOSI
ADVOCATES

CHARTS
WEALTH MANAGEMENT • CORPORATE BROKING



Malta Stock Exchange plc

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IMPORTANT INFORMATION

THIS SECURITIES NOTE CONTAINS INFORMATION ON AN ISSUE BY UNITED FINANCE PLC (THE “ISSUER”) OF €8,500,000 UNSECURED BONDS 2023 OF A NOMINAL VALUE OF €100, ISSUED AT PAR AND BEARING INTEREST AT THE RATE OF 5.3% PER ANNUM, PAYABLE ANNUALLY ON 6 NOVEMBER OF EACH YEAR. THE NOMINAL VALUE OF THE BONDS WILL BE REPAYABLE IN FULL AT MATURITY ON 6 NOVEMBER 2023 UNLESS OTHERWISE PREVIOUSLY REDEEMED OR CANCELLED. THE ISSUER SHALL REDEEM THE BONDS ON THE REDEMPTION DATE.

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 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.

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, 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.

THE ISSUER DISCLAIMS ALL RESPONSIBILITY FOR ANY DEALINGS MADE, REPRESENTATIONS GIVEN, PROCESSES ADOPTED, FUNDS COLLECTED OR APPLICATIONS ISSUED BY AUTHORISED FINANCIAL INTERMEDIARIES IN THEIR EFFORT TO PLACE OR RE-SELL THE BONDS SUBSCRIBED BY THEM AS PART OF THE INTERMEDIARIES OFFER.

ALL THE ADVISORS TO THE ISSUER NAMED IN THE PROSPECTUS UNDER THE HEADING “**ADVISORS TO THE ISSUER**”. 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:

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 form of application of subscription for Bonds, a specimen of which is 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 €8,500,000 unsecured bonds of a face value of €100 per bond bearing interest at the rate of 5.3% per annum and redeemable on the Redemption Date at their nominal value;
Bondholder	a holder of Bonds;
Bond 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;
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 6 October 2014;
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;
Existing Bondholder	a holder of Maturing Bonds as at the Cut-Off Date;
Group or United Group	United Group Limited and any company or entity in which UGL has a controlling interest;
Interest Payment Date	6 November of each year between and including each of the years 2015 and the year 2023, provided that if any such day is not a Business Day such Interest Payment Date will be carried over to the next following day that is a Business Day;
Intermediaries' Offer	shall have the meaning set out in section 7.6 of this Securities Note;
Issue Date	17 November 2014;
Issuer or Company	United Finance p.l.c., a company registered under the laws of Malta with company registration number C 26598 and having its registered office at GB Buildings 2 nd Floor, 28, Watar Street, Ta'Xbiex XBX 1310, Malta;
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;
Maturing Bonds	the 6.75% bonds due to mature on the 10 th working day following the admission to listing of the Bonds, amounting as at the date of the Prospectus to an aggregate nominal value of €11,614,400, issued by the Issuer pursuant to a prospectus dated 27 June 2008 with ISIN MT0000131210;
Official List	the list prepared and published by the Malta Stock Exchange as its official list in accordance with the Malta Stock Exchange Bye-Laws;
Prospectus	collectively the Registration Document, Summary Note and this Securities Note (each as defined in this Securities Note);
Redemption Date	6 November 2023;
Redemption Value	the nominal value of each Bond (€100 per Bond);

Registration Document	the registration document issued by the Issuer dated 6 October 2014, 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 amending Regulation (EC) No. 809/2004 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, an authorised financial intermediary licensed by the MFSA and a Member of the MSE;
Subscription Agreement	the agreement between the Issuer, the Registrar and the Authorised Financial Intermediaries to subscribe for the Bonds;
Summary Note	the summary note issued by the Issuer dated 6 October 2014, 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;
United Group Limited or UGL	United Group Limited, a company registered under the laws of Malta with company registration number C 10233 and having its registered office at GB Buildings 2 nd Floor, 28, Watar Street, Ta'Xbiex XBX 1310, Malta.

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 unless the Bonds are previously repurchased or cancelled. The Issuer shall redeem the Bonds on the redemption date.

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

Neither this Securities Note, nor any other parts of the Prospectus or any other information supplied in connection with the Bonds: (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Issuer or the 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 contains "forward-looking statements" which include, among others, statements concerning matters that are not historical facts and which may involve projections of future circumstances. These forward-looking statements are subject to a number of risks, uncertainties and assumptions and important factors that could cause actual risks to differ materially from the expectations of the Issuer's Directors.

Potential investors are advised to read this document together with the Registration Document in its entirety and, in particular, the heading of each of these documents entitled "Risk factors" for a further discussion of the factors that could affect the Issuer's future performance. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this document may not occur.

All forward-looking statements contained in this document are made only as at the date hereof. Subject to its legal and regulatory obligations (including under the Listing Rules), the Issuer and its Directors expressly disclaim any obligations to update or revise any forward-looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.

Forward-looking statements are not guarantees of future performance and should therefore not be construed as such. No assurance is given that the 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 and shall at all times rank *pari passu*, without any priority or preference among themselves and with other unsecured debt, if any. Furthermore, subject to the negative pledge clause (section 5.7 of this Securities Note), third party security interests may be registered which will rank in priority to the Bonds against the assets of the Issuer for so long as such security interests remain in effect.

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 5.13 of this Securities Note. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

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.

3 PERSONS RESPONSIBLE

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

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

3.1 CONSENT FOR USE OF PROSPECTUS

Consent required in connection with a possible Intermediaries' Offer in terms of section 7.6:

As explained in this Securities Note, in the event that not all of the Bonds in issue are subscribed to by Existing Bondholders, an Intermediaries' Offer will be triggered.

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

- (i) in respect of Bonds subscribed for in terms of the Intermediaries' Offer by Authorised Financial Intermediaries listed in Annex I of the Securities Note participating in the Intermediaries' Offer;
- (ii) to any resale or placement of Bonds subscribed for as aforesaid, taking place in Malta;
- (iii) to any resale or placement of Bonds subscribed for as aforesaid, taking place within the period of 60 days from the date of the Prospectus.

Neither the Issuer nor the Sponsor has 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 has authorised (nor do they authorise or consent to the use of this Prospectus in connection with) the making of any public offer of the Bonds by any person in any circumstances. Any such unauthorised offers are not made on behalf of the Issuer or the Sponsor 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 obtain legal advice.

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

In the event of a resale or placement of Bonds by an Authorised Financial Intermediary subsequent to the Intermediaries' Offer, the Authorised Financial Intermediary will provide information to investors on the terms and conditions of the resale or placement at the time such is made. 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 offer to provide the investor with that information, and each of the Issuer, the Sponsor or other Authorised Financial Intermediary will not be responsible or liable for such information.

Any resale or placement 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 or placement to provide the investor with that information and neither the Issuer nor the Sponsor/Manager has any responsibility or liability for such information.

Any Authorised Financial Intermediary using this Prospectus in connection with a resale or placement of Bonds subsequent to the Intermediaries' Offer 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 or placement 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.unitedgroup.com.mt

4 ESSENTIAL INFORMATION

4.1 REASONS FOR THE ISSUE AND USE OF PROCEEDS

The proceeds from the Bond Issue, which net of Issue expenses are expected to amount to approximately €8,100,000, will be used by the Issuer for the purpose of part financing the redemption of the outstanding amount of the Maturing Bonds the nominal value of which as at the date of the Prospectus stands at €11,614,400.

The redemption of the remaining balance of Maturing Bonds, equivalent to €3,514,400 in the event that the Bond Issue is fully subscribed, or a higher amount in the event that the Bond Issue is not fully subscribed, shall be financed from the Issuer's general cash flow.

4.2 EXPENSES

Professional fees, and costs related to publicity, advertising, printing, listing, registration, sponsor, management, registrar fees, selling commission, and other miscellaneous expenses in connection with this Bond Issue are estimated not to exceed €400,000. There is no particular order of priority with respect to such expenses.

4.3 ISSUE STATISTICS

Amount:	€8,500,000;
Form:	The Bonds will be issued in fully registered and dematerialised form and will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the CSD;
Denomination:	Euro (€);
ISIN:	MT0000131228;
Minimum amount per subscription:	Minimum of €2,000 and multiples of €100 thereafter;
Redemption Date:	6 November 2023;
Plan of Distribution:	The Bonds are open for subscription by: holders of Maturing Bonds and, for any Bonds not taken up by Existing Bondholders, by Authorised Financial Intermediaries pursuant to the Intermediaries' Offer;
Preferred allocation to holders of Maturing Bonds:	Existing Bondholders applying for Bonds may elect to settle all or part of the amount due on the Bonds applied for by the transfer to the Issuer of Maturing Bonds held by them as at the Cut-Off Date at par value, subject to a minimum holding of €2,000 in Bonds. Any Existing Bondholders whose holding in Maturing Bonds is less than €2,000 shall be required to pay the difference together with the submission of their Application Form (" Cash Top-Up ");
Subscription for additional Bonds by Existing Bondholders:	An Existing Bondholder wishing to apply for a number of Bonds exceeding in value the aggregate nominal value of Maturing Bonds held by them as at the Cut-Off Date may subscribe for such additional Bonds in terms of sections 7.2.2 and 7.2.3 below;
Intermediaries' Offer:	In the event that the aggregate value of Applications by Existing Bondholders (as defined in sections 7.2.1 and 7.2.2 below) as consideration for subscription for the Bonds is lower than €8,500,000, and accordingly there remain Bonds which are unallocated to Existing Bondholders, such Bonds shall form part of an Intermediaries' Offer.

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 and shall at all times rank <i>pari passu</i> , without any priority or preference among themselves and with other unsecured debt, if any;
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 made available to Existing Bondholders:	9 October 2014;
Closing date for Applications to be received from Existing Bondholders:	31 October 2014;
Intermediaries Offer:	5 November 2014;
Interest:	5.3% per annum;
Interest Payment Date(s):	Annually on 6 November as from 6 November 2015 (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 Authorised Financial Intermediaries (which includes Charts Investment Management Service Limited), and any fees payable to Charts Investment Management Service Limited in connection with the Issue as Sponsor, 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 5.3% Unsecured Bonds 2023 of a nominal value of €100 per Bond issued by the Issuer at par up to the principal amount of €8,500,000 (except as otherwise provided under clause 5.12 "Further Issues").
- 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 MT0000131228.
- 5.1.4 All outstanding Bonds not previously purchased and cancelled shall be redeemed by the Issuer 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 Date of the Bonds is 17 November 2014.
- 5.1.7 The Bond Issue is not underwritten.

5.2 RANKING OF THE BONDS

The Bonds shall constitute the general, direct, unconditional and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any priority or preference among themselves and with other unsecured debt, if any. As at the date of this Securities Note, the Issuer does not have any subordinated indebtedness. Subject to the limitations detailed in section 5.7 below, the Bonds would rank after any future debts which may be secured by a cause of preference such as a privilege and/or a hypothec.

The following sets out a summary of Group indebtedness which as at 31 December 2013 amounted to €14.1 million (€14.0 at 31 December 2012), and includes bank loans, corporate bonds and other borrowings from related companies. The Group's bank borrowings listed below are secured by a first general and special hypothec on the Group's property and assets, by pledges on the insurance policies of the Group companies and on trade bills. The other loans of the Group are unsecured and interest free. Although the Issuer has no secured debt, the Investment Property is hypothecated in favour of a bank, up to a value of €2.8 million, to secure overdraft facilities of the Group.

Further details on bank borrowings, including, *inter alia*, respective term, security and repayment schedule, are found in the audited consolidated financial statements of UGL for the financial year ended 31 December 2013, which have been published and are available at the registered office of the Issuer.

United Group Borrowings & Bonds (€'000)	31 Dec'13 Actual	31 Dec'12 Actual	31 Dec'11 Actual
Bank borrowings	2,372	1,632	2,100
Bonds	11,523	11,544	11,673
Other loans	200	775	-
Total borrowings and bonds	14,095	13,951	13,773

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 7 November 2014 at the rate of 5.3% per annum on the nominal value thereof, payable annually in arrears on each Interest Payment Date. The first interest payment will be effected on 6 November 2015. 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.

5.4.3 A Maturing Bond Transfer (as defined in section 7.2.1 below) shall be without prejudice to the rights of the holders of Maturing Bonds to receive interest on the Maturing Bonds up to and including 6 November 2014.

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 5.3%.

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 5.11 of this Securities Note.

5.7 NEGATIVE PLEDGE

The Issuer undertakes, for as long as any principal or interest under the Bonds or any of the Bonds remains outstanding, not to create or permit to subsist any Security Interest (as defined below), other than a Permitted Security Interest (as defined below), upon the whole or any part of its present or future assets or revenues to secure any Financial Indebtedness (as defined below) of the Issuer, 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, in an aggregate outstanding amount not exceeding 80% of the difference between the value of the unencumbered assets of the Issuer and the aggregate principal amount of Bonds outstanding at the time (the **"Ratio Amount"**):

Provided that irrespective of the value of the Ratio Amount, the Company shall at all times have the right to grant Security Interests in favour of banks or financial institutions to secure any credit facilities taken by any member of the Group provided that the value of such Security Interests granted does not exceed €3,800,000;

Provided further, that the aggregate Security Interests referred to in (B) and (C) above do not result in the unencumbered assets of the Issuer being less than 105.3% of the aggregate principal amount of the Bonds still outstanding;

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

5.8 PAYMENTS

- 5.8.1 Payment of the principal amount of a Bond will be made in Euro by the Issuer to the person in whose name such Bonds are registered, with interest accrued up to 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 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.
- 5.8.2 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.
- 5.8.3 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 loss or delay in transmission.
- 5.8.4 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.
- 5.8.5 No commissions or expenses shall be charged by the Issuer to Bondholders in respect of such payments.

5.9 REDEMPTION AND PURCHASE

- 5.9.1 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 6 November 2023.
- 5.9.2 Subject to the provisions of this section 5.9, the Issuer may at any time purchase Bonds in the open market or otherwise at any price. Any purchase by tender shall be made available to all Bondholders alike.
- 5.9.3 All Bonds so redeemed or purchased will be cancelled forthwith and may not be re-issued or re-sold.

5.10 EVENTS OF DEFAULT

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

- 5.10.1 the Issuer shall fail to pay any interest on any Bond when due and such failure shall continue for thirty (30) days after written notice thereof shall have been given to the Issuer by any Bondholder; or
- 5.10.2 the Issuer shall fail duly to perform or shall otherwise be in breach of any other material obligation contained in the terms and conditions of the Bonds and such failure shall continue for sixty (60) days after written notice thereof shall have been given to the Issuer by any Bondholder; or
- 5.10.3 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; or
- 5.10.4 the Issuer stops or suspends payments (whether of principal or interest) with respect to all or any class of its debts or announces an intention to do so or ceases or threatens to cease to carry on its business or a substantial part of its business; or
- 5.10.5 the Issuer is unable, or admits in writing its inability, to pay its debts as they fall due or otherwise becomes insolvent; or
- 5.10.6 there shall have been entered against the Issuer 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 one million Euro (€1,000,000) or its equivalent and ninety (90) days shall have passed since the date of entry of such judgment without its having been satisfied or stayed; or
- 5.10.7 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 in excess of one million Euro (€1,000,000) or its equivalent at any time.

5.11 TRANSFERABILITY OF THE BONDS

- 5.11.1 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.
- 5.11.2 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.
- 5.11.3 All transfers and transmissions are subject in all cases to any pledge (duly constituted) of the Bonds and to any applicable laws and regulations.
- 5.11.4 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.
- 5.11.5 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.

5.12 FURTHER ISSUES

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

5.13 MEETINGS OF BONDHOLDERS

- 5.13.1 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.
- 5.13.2 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 5.13 at a meeting called for that purpose as aforesaid, any such decision shall subsequently be given effect to by the Issuer.
- 5.13.3 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.
- 5.13.4 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.
- 5.13.5 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.
- 5.13.6 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.
- 5.13.7 The voting process shall be managed by the Company Secretary under the supervision and scrutiny of the auditors of the Issuer.
- 5.13.8 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.
- 5.13.9 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.

5.14 AUTHORISATIONS AND APPROVALS

The Board of Directors of the Issuer authorised the Bond Issue pursuant to a board of directors' resolution passed on 18 September 2014.

5.15 NOTICES

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

6 TAXATION

6.1.1 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.

6.1.2 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.

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

6.1.4 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.

6.1.5 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. Application Forms mailed to holders of Maturing Bonds as at the Cut-Off Date	9 October 2014
2. Closing date for Applications to be received from holders of Maturing Bonds as at the Cut-Off Date	31 October 2014
3. Intermediaries' Offer*	5 November 2014
4. Commencement of interest on the Bonds	7 November 2014
5. Announcement of basis of acceptance	7 November 2014
6. Refunds of unallocated monies	7 November 2014
7. Expected dispatch of allotment advices	14 November 2014
8. Expected date of admission of the securities to listing	17 November 2014
9. Expected date of commencement of trading in the securities	18 November 2014

* The Intermediaries' Offer shall not be undertaken in the event of over-subscription by holders of Maturing Bonds.

7.2 TERMS AND CONDITIONS OF APPLICATION SPECIFIC TO HOLDERS OF MATURING BONDS

- 7.2.1 The consideration payable by an Applicant for Bonds may be settled, after submitting the appropriate pre-printed Application Form, by the transfer to the Issuer of all or part of the Maturing Bonds held by such Applicant as at the Cut-off Date (the "Maturing Bond Transfer"), subject to a minimum application of €2,000. Any Existing Bondholders whose holding in Maturing Bonds is less than €2,000 shall be required to pay the difference together with the submission of their Application Form ("Cash Top-Up").
- 7.2.2 In addition to the aforesaid, holders of Maturing Bonds transferring all of the Maturing Bonds held by them as at the Cut-Off Date pursuant to section 7.2.1 above may apply for an amount of Bonds in excess of the amount of Maturing Bonds being transferred. In such case the holders of Maturing Bonds may subscribe for additional Bonds, in multiples of €100, by appropriate entry in the Application Form.
- 7.2.3 The completed Application Form is to be lodged with any of the Authorised Financial Intermediaries by not later than 14.00 hours on 31 October 2014, together with payment of the Cash Top-Up referred to in section 7.2.1 above (if applicable) and the full price of the additional Bonds applied for referred to in section 7.2.2 above (if applicable). Payment shall be made in Euro and in cleared funds at the Bond Issue Price, in either cash or by cheque payable to "**The Registrar – United Finance Bond Issue**".
- 7.2.4 By submitting a signed pre-printed Application Form indicating that the Maturing Bond Transfer is being selected as consideration for the Bonds being applied for, the Applicant is thereby confirming:
- that all or part (as the case may be) of the Maturing Bonds held by the Applicant on the Cut-off Date are being transferred to the Issuer, together with the payment due in respect of any Cash Top-Up, if applicable;
 - that the pre-printed Application Form constitutes the Applicant's irrevocable mandate to the Issuer to:
 - cause the transfer of the said Maturing Bonds in the Issuer's name in consideration of the issue of Bonds; and
 - engage, at the Issuer's cost, the services of such brokers or intermediaries as may be necessary to fully and effectively vest title in the said Maturing Bonds in the Issuer and fully and effectively vest title in the appropriate number of Bonds in the Applicant.
- 7.2.5 By submitting a signed Application Form in terms of section 7.2.3 above, the Applicant is thereby confirming that: (i) the Applicant's remittance will be honoured on first presentation and agrees that, if such remittance is not so honoured on its first presentation, the Issuer and the Registrar reserve the right to invalidate the relative Application, and furthermore the Applicant will not be entitled to receive a registration advice or to be registered in the register of Bondholders, unless the Applicant makes payment in cleared funds and such consideration is accepted by the Issuer, acting through the Registrar (which acceptance shall be made in the Issuer's absolute discretion and may be on the basis that the Applicant indemnifies the Issuer against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of the Applicant's remittance to be honoured on first presentation).
- 7.2.6 Where the Applicant is the holder of Maturing Bonds which as at the Cut-Off Date are held subject to usufruct, the signatures of both the bare owner and the usufructuary will be required in the Application Form.

7.3 GENERAL TERMS AND CONDITIONS

7.3.1 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, no Maturing Bond Transfers (see section 7.2 above) shall take effect, and 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.

7.3.2 In view of the fact that the proceeds of the Bond Issue are intended to be applied to the redemption of part of the outstanding amount of the Maturing Bonds, the Issuer has not established an aggregate minimum subscription level for the Bond Issue.

As indicated in section 4.1 above under the heading "**Reasons for the Issue and Use of Proceeds**", the Maturing Bonds shall be redeemed partly out of the proceeds of the Bond Issue and partly out of general cash reserves of the Issuer. In the event that the Bond Issue is not fully subscribed, the residual balance of Maturing Bonds will likewise be funded from the general cash reserves 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.

7.3.3 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.

7.3.4 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.

7.3.5 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.

7.3.6 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).

7.3.7 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.

7.3.8 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.

7.3.9 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.

- 7.3.10 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.
- 7.3.11 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.
- 7.3.12 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.
- 7.3.13 The Bond Issue shall close on the earlier of: (i) the date on which the aggregate of Applications received from Existing Bondholders (as set out in section 7.2.3 above) reaches €8,500,000; or (ii) if following the allocation of all Bonds applied for as set out in para (i) the full €8,500,000 of Bonds would not have been allocated, on the lapse of the Intermediaries' Offer.

Within five (5) Business Days from closing of the Bond Issue, 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.

- 7.3.14 In the event that an Existing Bondholder has been allocated a number of Bonds which is less than the number applied for (a Maturing Bond Transfer), Maturing Bonds equal in value to the number of Bonds allocated to such Existing Bondholder shall be transferred to the Issuer as set out in section 7.2.1 above, whereas the remaining Maturing Bonds held by the Existing Bondholder and representing the aggregate nominal value of Bonds applied for but not allocated shall be retained by the Existing Bondholder.

In the event that Existing Bondholders applying for additional Bonds and/or Authorised Financial Intermediaries participating in an Intermediaries' Offer have been allocated a number of Bonds which is less than the number applied for, then such subscriber 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 or subscription agreement (as the case may be), at the subscriber's sole risk within five (5) Business Days from the date of final allocation.

- 7.3.15 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.

- 7.3.16 By completing and delivering an Application Form, the Applicant:
- a agrees and acknowledges to have had the opportunity to read the Prospectus and to be deemed to have had notice of all information and representations concerning the Issuer and the 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 or surrender of the Maturing Bonds, as the case may be, 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;
- l renounces to any rights the Applicant may have to set off any amounts the Applicant may at any time owe the Issuer against any amount due under the terms of these Bonds.

7.4 PLAN OF DISTRIBUTION AND ALLOTMENT

Applications for subscription to the Bonds may be made through any of the Authorised Financial Intermediaries. The Bonds are open for subscription as follows:

- i. holders of Maturing Bonds may apply for Bonds and settle the consideration due by the transfer of all or part of the Maturing Bonds held by such Applicant as at the Cut-Off Date;
- ii. furthermore, Existing Bondholders shall have the option to apply for Bonds in excess of their respective holding in Maturing Bonds;
- iii. the Authorised Financial Intermediaries shall be entitled to subscribe for Bonds through an Intermediaries' Offer as detailed in section 7.6 below.

In each case, subscription amounts shall be in multiples of €100, subject to a minimum subscription amount of €2,000.

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 or surrender of the Maturing Bonds, as the case may be, 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.

7.5 PRICING

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

7.6 INTERMEDIARIES' OFFER

The Issuer may enter into conditional subscription agreements with a number of Authorised Financial Intermediaries for the subscription of Bonds whereby it will bind itself to allocate Bonds to such investors during the Intermediaries' Offer, if any, provided that in aggregate Applications by Existing Bondholders (as set out in section 7.2.3 above) do not exceed €8,500,000.

In terms of each Subscription Agreement entered into with an Authorised Financial Intermediary, the Issuer will be conditionally bound to issue, and each Authorised Financial Intermediary will bind itself to subscribe for, a number of Bonds subject to being admitted to trading on the Official List of the Malta Stock Exchange. The Subscription Agreements will become binding on each of the Issuer and the Authorised Financial Intermediaries upon delivery, provided that these intermediaries would have paid to the Issuer all subscription proceeds in cleared funds on delivery of the Subscription Agreement.

Authorised Financial Intermediaries subscribing for Bonds may do so for their own account or for the account of underlying customers, including retail customers, and shall in addition be entitled to distribute any portion of the Bonds subscribed for upon commencement of trading.

7.7 ALLOCATION POLICY

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

- i. first to Existing Bondholders up to the extent of their holdings of Maturing Bonds to be utilised for the purposes of the payment of consideration of Bonds and subject to the minimum holding of €2,000;
- ii. following the allocations referred to in paragraph (i) hereof, any remaining Bonds shall be allocated to Existing Bondholders having applied for Bonds in excess of their respective holding in Maturing Bonds;
- iii. in the event that following the allocations made pursuant to paragraphs (i) and (ii) above there shall still remain unallocated Bonds, the Issuer shall offer such remaining Bonds to Authorised Financial Intermediaries through an Intermediaries' Offer as detailed in section 7.6 above.

Within five (5) Business Days from closing of the Bond Issue the Issuer shall announce the result of the Issue and shall determine and announce the basis of acceptance of Applications and allocation policy to be adopted through a company announcement;

7.8 ADMISSION TO TRADING

- 7.8.1 The Listing Authority has authorised the Bonds as admissible to Listing pursuant to the Listing Rules by virtue of a letter dated 6 October 2014.
- 7.8.2 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.
- 7.8.3 The Bonds are expected to be admitted to the Malta Stock Exchange with effect from 17 November 2014 and trading is expected to commence on 18 November 2014.

8 DOCUMENTS ON DISPLAY

For the duration period of this Securities Note the following documents (or copies thereof) shall be available for inspection at the registered address of the Issuer:

- (a) Memorandum and Articles of Association of the Issuer;
- (b) Audited Financial Statements of the Issuer for the years ended 31 December 2011, 2012 and 2013;
- (c) Interim Unaudited Financial Statements of the Issuer for the six-month period ended 30 June 2014;
- (d) Audited Consolidated Financial Statements of UGL for the years ended 31 December 2011, 2012 and 2013;
- (e) The letter of confirmation drawn up by PricewaterhouseCoopers dated 6 October 2014;
- (f) Financial Analysis Summary prepared by Charts Investment Management Service Limited dated 6 October 2014.

Items (b), (c) and (f) above are also available for inspection in electronic form on the Issuer's website at www.unitedgroup.com.mt

Annex I – Authorised Financial Intermediaries

Name	Address	Telephone
APS Bank Ltd	17, Republic Street, Valletta VLT 1111	25671719
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	10, First Floor, City Gate, Valletta VLT 1010	21226190
Curmi & Partners Ltd	Finance House, Princess Elizabeth Street, Ta' Xbiex XBX 1102	23426000
Financial Planning Services Ltd	4, Marina Court No. 1, G. Cali 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	25909000
Hogg Capital Investments Ltd	Ferris Building, Level 4, 1, St Luke's Road, Gwardamangia Pietà PTA 1020	21322872
HSBC Bank Malta p.l.c.	116, Archbishop Street, Valletta VLT 1444	23802381
Jesmond Mizzi Financial Advisors Ltd	67/3, South Street, Valletta VLT 1105	23265690
Lombard Bank Malta p.l.c.	67. Republic Street, Valletta VLT 1117	25581114
Michael Grech Financial Investment Services Ltd	1, Mican Court, JF Kennedy Square, Victoria, Gozo VCT 2580	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



UNITED FINANCE P.L.C.
 €8,500,000
 5.3% UNSECURED BONDS 2023
 APPLICATION FORM
 Existing Holders of United Finance p.l.c. 6.75% Bonds 2014/16

Application Number

Please read the notes overleaf before completing this Application Form.

A APPLICANT

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MSE ACCOUNT NO.	ID CARD, PASSPORT, COMPANY REG NO.	TEL. NO.	MOBILE NO.
-----------------	------------------------------------	----------	------------

B Nominal Value of United Finance p.l.c. 6.75% Bonds 2014/16 (the "Maturing Bonds") held as at 6 October 2014 (the "Cut-Off Date") in Euro.

I/We apply to purchase and acquire the amount set out below in United Finance p.l.c. 5.3% Unsecured Bonds 2023 at the Bond Issue Price (at par) pursuant to the Prospectus dated 6 October 2014 (minimum subscription of €2,000 and in multiples of €100 thereafter).

AMOUNT IN WORDS	AMOUNT IN FIGURES Box 1 €
	AMOUNT IN FIGURES Box 2 €
Holders of Maturity Bonds transferring all of the Maturity Bonds indicated in Box 1 may apply for additional Bonds by including such additional amount in Box 2.	AMOUNT IN FIGURES Box 3 Difference payable on Application Box 2 - Box 1 €

C RESIDENT - WITHHOLDING TAX DECLARATION (See note 9) (to be completed ONLY if the Applicant is a Resident of Malta)

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

D NON-RESIDENT - DECLARATION FOR TAX PURPOSES (to be completed ONLY if the Applicant is a Non-Resident)

TAX COUNTRY	CITY OF BIRTH		
T.I.N. (Tax Identification Number)	COUNTRY OF BIRTH		
PASSPORT/NATIONAL I.D. CARD NO.	COUNTRY OF ISSUE	ISSUE DATE	

- I/We am/are **NOT** resident in Malta but I/we am/are resident in the European Union.
- I/We am/are **NOT** resident in Malta and I/we am/are **NOT** resident in the European Union.

E INTEREST MANDATE (see note 9) Completion of this Panel is **MANDATORY**

BANK	IBAN
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F This Application Form is to be submitted in the case where the Applicant selects, as a method of payment for the United Finance p.l.c. 5.3% Unsecured Bonds 2023 being applied for, to transfer to the Issuer all or part of the Maturing Bonds held by the Applicant as at the Cut-Off Date for the nominal value set out in Box 1 of Panel B above. By submitting this signed Application Form, the Applicant is thereby confirming that:

- a. All or part (as the case may be) of their holding of the Maturing Bonds indicated in this Application Form are being surrendered in favour of the Issuer for cancellation; and
- b. This pre-printed Application Form constitutes the Applicant's/Applicants' irrevocable mandate to the Issuer to:
 - i. surrender the said Maturing Bonds in the Issuer's favour for cancellation in consideration for the issue of 5.3% Unsecured Bonds 2023 applied for; and
 - ii. engage the services of such brokers or intermediaries as may be necessary to fully and effectively carry out all procedures necessary to fully and effectively vest title in the appropriate number of 5.3% Unsecured Bonds 2023 in the Applicant/s.

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

Signature/s of Applicant/s _____ Date _____
(Parent/s or legal guardian/s are/is to sign if Applicant is a minor)
 (All parties are to sign in the case of a joint Application)
 (Bare owner/s and usufructuary/ies to sign in the case of holdings of Maturing Bonds that are subject to usufruct)

AUTHORISED FINANCIAL INTERMEDIARY'S STAMP	AUTHORISED FINANCIAL INTERMEDIARY'S CODE <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
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NOTES ON HOW TO COMPLETE THIS APPLICATION FORM AND OTHER INFORMATION

The following notes are to be read in conjunction with the Prospectus dated 6 October 2014

1. This Application is governed by the Terms and Conditions of Application contained in the Securities Note dated 6 October 2014 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. This Application Form is to be completed in BLOCK LETTERS.
3. This Application Form is not transferable and entitles you to a preferential treatment as a holder of the Maturing Bonds (see note 6 below).
4. Interest and redemption proceeds will be issued in the name of the person indicated in Panel A overleaf.
5. This Application Form is to be submitted in the case where the Applicant selects, as a method of payment for the United Finance p.l.c. 5.3% Unsecured Bonds 2023 being applied for, to transfer to the Issuer all or part of the holding in the Maturing Bonds held by the Applicant as at the Cut-Off Date the nominal value of which is set out in Box 1 of Panel B overleaf. By submitting this signed Application Form, the Applicant is thereby confirming that:
 - a. All or part (as the case may be) of their holding of Maturing Bonds indicated in this Application Form are being surrendered in favour of the Issuer for cancellation; and
 - b. The pre-printed Application Form constitutes the Applicant's/Applicants' irrevocable mandate to the Issuer to:
 - i. Surrender the said Maturing Bonds in the Issuer's favour for cancellation in consideration for the 5.3% Unsecured Bonds 2023 applied for; and
 - ii. Engage the services of such brokers or intermediaries as may be necessary to fully and effectively carry out all procedures necessary to fully and effectively vest title in the appropriate number of 5.3% Unsecured Bonds 2023 in the Applicant/s.
6. The amount set out in Box 2 of Panel B overleaf must be in multiples of €100. The Issuer will be giving preference to Applications made by the holders of Maturing Bonds up to the full amount of Maturing Bonds being transferred to the Issuer subject to a minimum application of €2,000. In addition, holders of Maturing Bonds transferring all of the Maturity Bonds held by them may apply for an amount of Bonds, in multiples of €100, in excess of the amount of Maturing Bonds being transferred by including such amount in Box 2. Any such Applicant must ensure that the relative Application Form is accompanied by payment of the difference between the full price of the amount of 5.3% Unsecured Bonds 2023 applied for and the nominal value of the Maturing Bonds being transferred. The amount representing such differences, which is to be inserted in Box 3 of panel B overleaf, shall be made payable to 'The Registrar - United Finance Bond Issue' which is to be attached to the Application Form being submitted to any Authorised Financial Intermediary listed in Annex I of the Securities Note forming part of the Prospectus.
7. Applicants who are Non-Residents in Malta for tax purposes must complete Panel D overleaf.
8. In the case where a holder of Maturing Bonds is a body corporate, Application Forms must be signed by a duly authorised representative/s indicating the capacity in which s/he/they are signing.
9. Only Applicants who hold an official Maltese Identity Card or companies registered in Malta will be treated as residents 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 tax return. Interest received by non-resident Applicants is not taxable in Malta and non-residents will receive interest gross. Authorised entities applying in the name of a Prescribed Fund will have Final Withholding Tax, currently 10%, deducted from interest payments. Applicants will receive interest directly in a bank account held locally in Euro details of which are to be indicated in Panel E overleaf.

In terms of Section 6.1.2 of the Securities Note, unless the Issuer is otherwise instructed by a Bondholder, or if the Bondholder does not fall within the definition of "recipient" in terms of Article 41(c) of the Income Tax Act (Cap. 123 of the Laws of Malta), interest shall be paid to such person net of final withholding tax, currently at the rate of 15% of the gross amount of interest, pursuant to Article 33 of the Income Tax Act.
10. 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 address is in an EU Member State or in another country to which the said Directive applies (called a "specified territory") then the interest paid will be reported.
11. The Applicant's MSE account number has been pre-printed on Panel A and reflects the MSE account number on the Issuer's Register at the CSD as at 6 October 2014. **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. IF DETAILS OF SUCH MSE ACCOUNT NUMBER, AS HELD BY THE MSE, DIFFER FROM ANY OR ALL OF THE DETAILS APPEARING OVERLEAF, A SEPARATE REQUEST BY THE APPLICANT TO CHANGE THESE DETAILS AS RECORDED AT THE MSE WILL HAVE TO BE EFFECTED.**
12. Completed Application Forms are to be delivered to any of the Authorised Financial Intermediaries listed in Annex I of the Securities Note, during normal office hours by not later than 14:00 on 31 October 2014. Remittances by post are made at the risk of the Applicant and the Issuer disclaims all responsibility for any such remittances not being received by the closing date indicated above. The Issuer reserves the right to refuse any Application which appears to be in breach of the terms and conditions of the Bond as contained in the Prospectus. Any Applications received by the Registrar after 14:00 on 31 October 2014 will not be accepted. If an Application is not accepted or is accepted for fewer Bonds than those applied for, the balance of the amount paid but not allocated will be returned by direct credit into the bank account indicated in Panel E.
13. 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 Act (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 5.3% Unsecured Bonds 2023 applied for; and
 - c. acknowledge that you, as the Applicant, have the right to request access to and rectification of the personal data relating to you, as processed by the Issuer. Any such requests must be made in writing and addressed to the Issuer. The request must be signed by yourself as the Applicant to whom the personal data relates.

The value of investments can go up or down and past performance is not necessarily indicative of future performance. The nominal value of the 5.3% Unsecured Bonds 2023 on offer will be repayable in full upon redemption. An investor should consult an independent financial advisor, licensed under the Investment Services Act (Cap. 370 of the Laws of Malta), for advice.

United Finance p.l.c.

Financial Analysis Summary

6 October 2014

The Directors
United Finance p.l.c.
GB Buildings 2nd Floor,
28, Water Street,
Ta'Xbiex XBX 1310
Malta

6 October 2014

Dear Sirs

United Finance p.l.c. Financial Analysis Summary

In accordance with your instructions, and in line with the requirements of the Listing Authority Policies, we have compiled the Financial Analysis Summary 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 United Finance p.l.c. (the "**Company**") and United Group Limited (the "**Group**"). The data is derived from various sources or is based on our own computations as follows:

- (a) Historical financial data for the three years ended 31 December 2011, 31 December 2012 and 31 December 2013 has been extracted from audited financial statements of the Company for the three years in question.
- (b) Historical financial data for the three years ended 31 December 2011, 31 December 2012 and 31 December 2013 has been extracted from audited consolidated financial statements of the Group for the three years in question.
- (c) The forecast data of the Group for the two years ending 31 December 2014 and 31 December 2015 has been provided by management of the Company.
- (d) Our commentary on the results of the Group and on its financial position is based on the explanations provided by the Company.
- (e) The ratios quoted in the Financial Analysis Summary have been computed by us applying the definitions set out in Part 4 of the Analysis.
- (f) Relevant financial data in respect of the companies included in Part 3 has been extracted from public sources such as websites of the companies concerned, financial statements filed with the Registrar of Companies or websites providing financial data.

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

Yours faithfully,



Wilfred Mallia
Director

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PART 1

1 KEY ACTIVITIES OF THE COMPANY

The principal activity of the Company is to carry on the business of a finance and investment company within the United Group.

The Company does not itself carry on any trading activities apart from: (i) leasing to third parties and a Group company commercial space in a property located in Ta'Xbiex; and (ii) the raising of capital and advancing thereof to members of the United Group. Accordingly, the Company is economically dependent on the operations and performance of the United Group.

2 KEY ACTIVITIES OF THE GROUP

The United Group was established some 90 years ago by the late Carmelo Gatt Baldacchino with the formation of the United Motor Company, a transportation company engaged in the field of bus service and chauffeur-driven vehicle services. With the rapid growth of the tourism industry in Malta in the 1960's, the company, under the leadership of Carmelo's son, Charles Gatt Baldacchino, diversified its business activities by establishing operations in destination management services, including leisure and excursion services for leading international tour operators. With the continued growth of the tourism industry in Malta and the lack of proper transportation facilities and infrastructure to handle such growth, Charles Gatt Baldacchino ventured into car rental services. This business performed well over the years and in 1961 was granted the Hertz franchise for Malta, a franchise still held today. The United Group operates the car rental business through United Garage Limited. In 1992, the company expanded its services by setting up a vehicle leasing division with the backing of Hertz Leasing.

In 1982, United Automobile Limited was appointed sole representative in Malta of the renowned car manufacturer Adam Opel A.G., and in 1991 was granted the sole distribution rights for the Saab brand. On 1 July 2011, United Automobile Limited agreed to merge its car dealership operations with the business of Easysell Kia (Malta) Limited through the setting up of a new company – Cars International Limited. The latter company is equally owned by the United Group and the Tumas Group and represents Kia, Opel, and DFM automotive brands in Malta. In 2006 the Group branched out in vehicle recovery and towing services through the acquisition of the CAA business.

During the past few years, the United Group implemented a revised strategy to enhance diversification of the Group's activities. The Group ventured in the retail sector operating two Debenhams department stores in Malta and three female fashion outlets, two in Sliema and the other in Valletta. In addition, the United Group has an interest in a major property development project through the acquisition of 19.23% of the equity capital of Pender Ville Limited.

3 DIRECTORS

United Finance p.l.c. is managed by a Board consisting of five directors entrusted with its overall direction and management of the Company.

Board of Directors

Carmen Gatt Baldacchino	Chairperson
Edmund Gatt Baldacchino	Chief Executive Officer
Simon Gatt Baldacchino	Non-Executive Director
James Bonello	Independent Non-Executive Director
Joseph F.X. Zahra	Independent Non-Executive Director

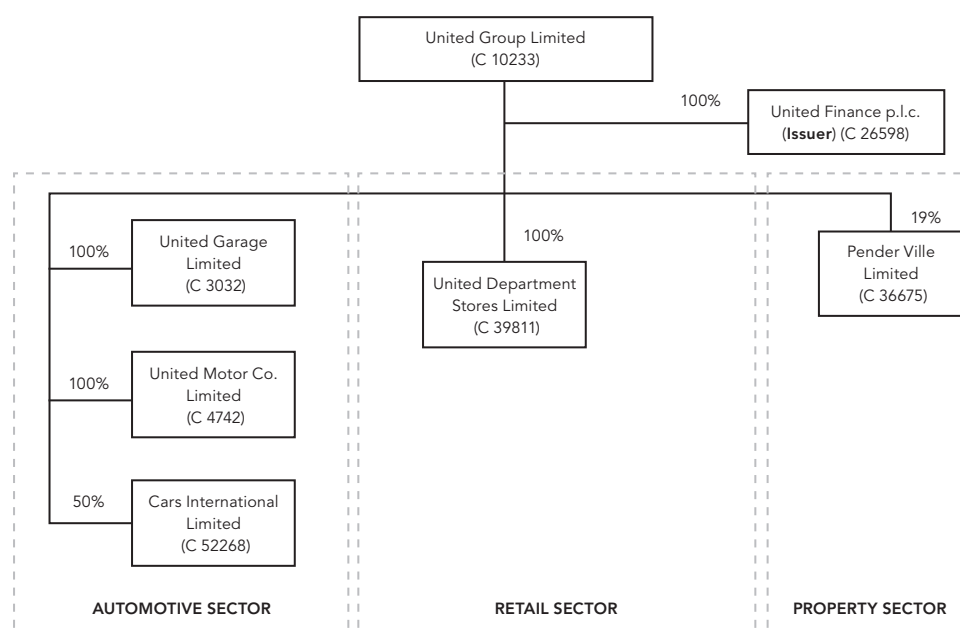
The parent company of the United Group is United Group Limited, and is managed by a Board consisting of seven directors who are responsible for the day-to-day management of the Group.

Board of Directors

Carmen Gatt Baldacchino	Chairperson
Edmund Gatt Baldacchino	Executive Director
Simon Gatt Baldacchino	Executive Director
Josianne Tonna	Non-Executive Director
Dolores Gatt Baldacchino	Non-Executive Director
Helga Ellul	Independent Non-Executive Director
Joseph F.X. Zahra	Independent Non-Executive Director

4 GROUP ORGANISATIONAL STRUCTURE

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



United Group Limited is the parent company of the United Group and is primarily focused on establishing and monitoring strategic direction and development of the Group. During the current financial year ending 31 December 2014, the Group initiated a corporate restructuring exercise as follows:

- United Automobile Limited (C 5845), G&G Automobile Limited (C 29084) and Gatt Estates Limited (C 4171) are non-operating companies and will be merged with UGL;
- United Retail Limited (C 36776), the operator of fashion retail outlets, was merged on 26 June 2014 with United Department Stores Limited (C 39811), the franchisee for the Debenhams brand. The brands will now be marketed through the latter company;
- United Assets and Management Services Limited (C 27053) is principally engaged in providing management services and support to Group companies. This company will be merged with UGL in the last quarter of 2014.

The aforementioned companies have been excluded from the Group organisational chart to reflect the position of the Group after the restructuring is completed.

5 GROUP OPERATIONAL DEVELOPMENT

The United Group is organised into three distinct business units: automotive, fashion retail and property. An analysis of revenue, extracted from the consolidated audited financial statements of United Group Limited, is provided below.

United Group revenue analysis €'000	FY2013 Actual	FY2012 Actual	FY2011 Actual
Fashion retail	6,814	6,197	5,872
Automotive ¹	2,404	2,392	4,104
Property	203	128	132
Total Revenue	9,421	8,717	10,108

¹ On 1 July 2011, the car importation business was transferred from United Automobile Limited (a wholly owned subsidiary of United Group Limited) to Cars International Limited, a jointly controlled entity owned by the United Group and the Tumas Group.

Turnover generated by each of Cars International Limited and Pender Ville Limited, of which the Group has a shareholding of 50% and 19.23% respectively, is not consolidated on a line by line basis and therefore has not been included in the above analysis. Results of companies that are not subsidiaries of the Group are accounted for in the income statement below the operating profit line as 'share of results of associates and jointly controlled entities'.

5.1 FASHION RETAIL

5.1.1 History and Business

The United Group is the appointed franchisee in Malta of Debenhams and two other female fashion brands. The latter two brands are marketed through two outlets located in Tower Road, Sliema and Zachary Street, Valletta and offer a range of women's fashion clothing and accessories.

In the first quarter of 2010, United Department Stores Limited opened the Debenhams department store at The Point Shopping Centre in Sliema, Malta and covers over 2,500m² of shop floor. Debenhams' key product categories include womenswear, menswear, childrenswear and homeware. Since introducing Debenhams to the local market four years ago the Group has experienced encouraging year-on-year sales growth, which instigated the Group to open, in November 2012, a second 930m² Debenhams store at the Main Street Shopping Complex in Paola, Malta.

The Directors are of the view that the Debenhams brand, with its reputation for quality apparel at reasonable prices, has carved a competitive position in the apparel market in Malta. With an experienced Board and management team, the Group has the necessary expertise to further develop the Debenhams brand in Malta and fulfil its potential for future growth.

The key objective of the Group for its retail operations is to strengthen recognition of each of its brands, in particular Debenhams, within their respective target markets, enhance revenue growth and maintain efficiency at the operational level. At the same time, the Directors will continue to explore opportunities to invest in other retail concepts that offer features that are attractive to the Group in terms of benefits from possible synergies and revenue expansion.

5.1.2 Market Overview

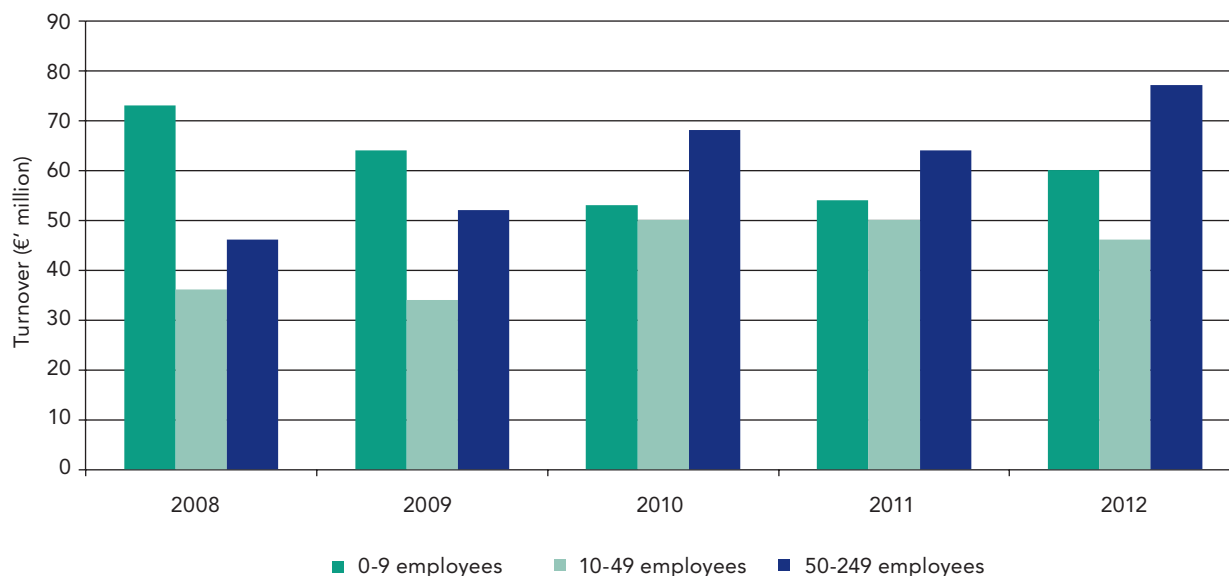
Data in relation to the size of the apparel market in Malta is not published. Notwithstanding, an estimate of the market has been derived from data obtained from the National Statistics Office of Malta. The latest available information relates to calendar year 2012. The table below sets out statistics in relation to sales of apparel (excluding textiles, footwear and leather goods) by retail outlets in Malta. The information has been analysed by size of outlet on the basis of the number of staff employed by a retail store.

Turnover of Apparel Retail Stores in Malta

	2008	2009	2010	2011	2012	CAGR 2008-12
0 – 9 employees						
Total turnover (€' million)	73	64	53	54	60	-4.8%
No. of outlets (units)	700	701	663	670	687	
Average turnover (€' million)	0.10	0.09	0.08	0.08	0.09	
Year-on-year growth		-12%	-13%	0%	9%	
10 – 49 employees						
Total turnover (€' million)	36	34	50	50	46	6.4%
No. of outlets (units)	18	17	29	29	28	
Average turnover (€' million)	1.98	2.02	1.71	1.74	1.64	
Year-on-year growth		2%	-15%	2%	-6%	
50 – 249 employees						
Total turnover (€' million)	46	52	68	64	77	13.8%
No. of outlets (units)	7	8	12	13	14	
Average turnover (€' million)	6.59	6.51	5.64	4.92	5.53	
Year-on-year growth		-1%	-13%	-13%	12%	
Total Turnover (€' million)	155	151	170	168	183	4.29%
Year-on-year growth		-2%	13%	-1%	9%	

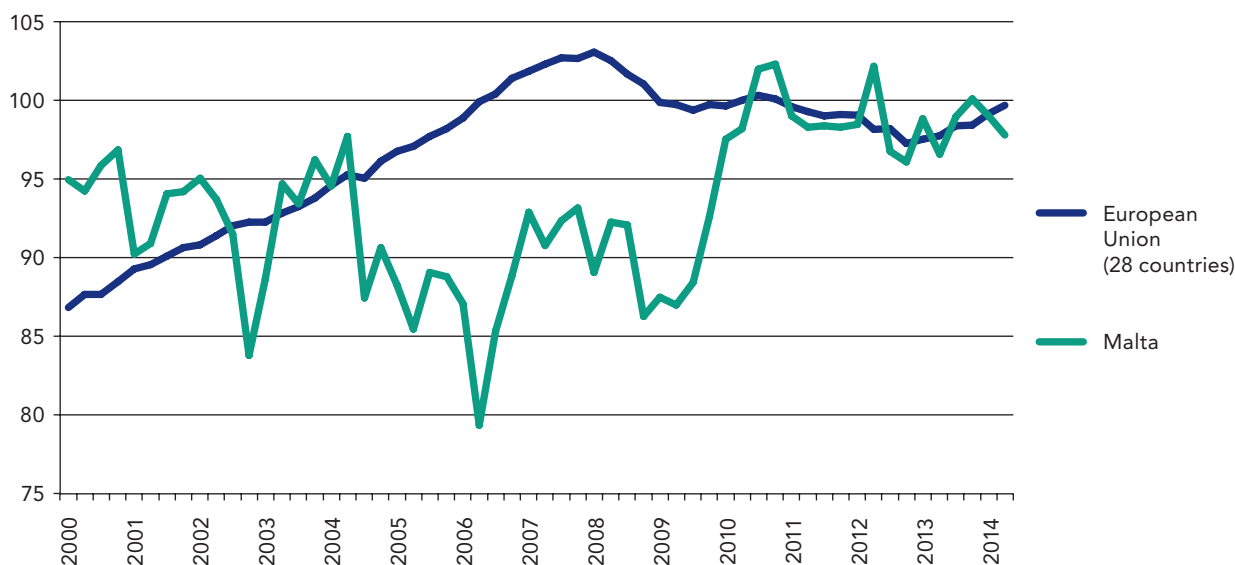
Source: National Statistics Office Malta (NACE 47.71 data)

Chart III: Retail Apparel Market in Malta



Over the five year period to 2012, the total number of outlets remained relatively unchanged (2008: 725 units; 2012: 729 units). However there has been a shift from smaller stores (a decrease of 13 units in 5 years) to larger ones (+17 from 25 stores in 2008 to 42 stores in 2012). Furthermore, consumer spending has also changed and shows a preference towards the larger stores. In fact, in the period 2008 to 2012, smaller outlets registered a compounded annual decrease in turnover of 4.8%, while the larger outlets recorded a compounded annual growth rate in turnover of 13.8%. It is estimated that the retail arm of the United Group had a market share of 3.4% in 2012, which is based on the annual sales figure of €6.2 million. The market share is likely to have increased in 2013 further to the opening of the Paola outlet.

Chart IV: Retail Trade (2010 = 100)



Source: EUROSTAT (retail trade except motor vehicles and motor cycles quarterly data)

Chart IV above provides an indication of the trend in performance of the overall retail sector generally in Malta as compared to same activity in the EU (2010 being the base year = 100). It is observed that in the years 2004 to 2009, retail activity in Malta lagged behind the EU average. Post 2009 to Q2 2014, revenue generated from retail sales in Malta and the EU (average) has been broadly stable but marginally in decline. It would appear that the narrowing of the difference between Malta and the EU average after 2009 reflects the lower activity levels registered within the EU as opposed to a recovery in retail sales generated in Malta.

5.1.3 Market Positioning

Performance of Key Competitors

	2011	2012	2013
Debenhams			
Revenue (€' 000)	5,000	5,490	6,028
Y-o-y growth		9.8%	9.8%
Gross Profit (€' 000)	2,445	2,691	3,030
Gross profit margin	48.9%	49.0%	50.3%
Sales area in sqm ¹	2,142	2,516	2,889
Sales per sqm (€/sqm)	2,334	2,183	2,087
Marks and Spencer			
Revenue (€' 000)	9,952	9,718	n/a
Y-o-y growth		-2.4%	
Gross Profit (€' 000)	4,567	4,523	n/a
Gross profit margin	45.9%	46.5%	
Sales area in sqm ¹	4,000	4,000	4,000
Sales per sqm (€/sqm)	2,488	2,429	n/a
Zara Complex			
Revenue (€' 000)	6,148	6,859	8,149
Y-o-y growth		11.6%	18.8%
Gross Profit (€' 000)	2,750	3,061	3,639
Gross profit margin	44.7%	44.6%	44.7%
Sales area in sqm ¹	2,000	2,000	2,000
Sales per sqm (€/sqm)	3,074	3,429	4,074
Next			
Revenue (€' 000)	4,916	4,722	4,511
Y-o-y growth		-4.0%	-4.5%
Gross Profit (€' 000)	2,415	2,189	2,223
Gross profit margin	49.1%	46.4%	49.3%
Sales area in sqm ¹	2,500	2,500	2,500
Sales per sqm (€/sqm)	1,966	1,889	1,804

¹Estimated sales area represents the net area excluding the cash points and circulation space and are based on management's estimates.

Source: Audited financial statements of the respective companies.

The above table outlines the historical performance of the Debenhams store in Malta and its peer group, which includes Marks & Spencer, Zara Complex and Next which has been extracted from the published audited accounts of each operator. BHS also operates a retail outlet of a similar size to that of Debenhams in Malta, but since the results of BHS incorporate its operations in North Africa it has been excluded from the analysis.

Chart V: Sales per sqm (2011 - 2013)



In the period under review, Debenhams increased total revenue by 21% from €5.0 million in FY2011 to €6.03 million in FY2013, fuelled in particular by the opening of the new Debenhams outlet in Paola in the last quarter of 2012. All other competitors performed at lower levels than Debenhams, except for Zara Complex which registered an increase of 33% from €6.1 million in FY2011 to €8.1 million in FY2013. Chart V above also sets out the revenue generated per sqm and shows that during the three year period, Debenhams recorded a decline in turnover per sqm. The primary reason for the decrease was due to the opening of a new store in Paola, which reduced the company's overall sales per sqm as this outlet is still in the process of establishing its market presence. As to gross profit, Debenhams has a superior margin (average gross profit margin of 49.4%) when compared to its peers (Marks and Spencer: 46.2%, Zara Complex: 44.7%; and Next: 48.3%).

5.1.4 Trend Analysis

The retail market in Malta grew at a compounded annual growth rate of 4.3% in the period 2008 to 2012, which is well above the European growth rate of 1.3% for the same period. Albeit, stiff competition is prevalent in the local market, both from local retailers as well as from online sales (through the internet). Given that the Group's brands, particularly Debenhams, are top international brands in the fashion retail sector, the Directors are confident that the Group's outlets can compete well for market share in Malta.

5.2 AUTOMOTIVE

5.2.1 History and Business

The companies forming part of this segment are primarily engaged in: (i) the importation and servicing of motor vehicles and the sale of parts and accessories; (ii) car rental and leasing service; and (iii) vehicle recovery and towing service.

Prior to 2011, Opel vehicles were distributed in Malta by United Automobile Limited. As a result of increased competition over the years in the local market, both from new motor vehicle franchises and used cars imported at competitive prices, the United Group agreed on 1 July 2011 to merge its car dealership business with the operations of Easysell Kia (Malta) Limited. The newly formed company, Cars International Limited, is equally owned by the United Group and the Tumas Group and represents Kia, Opel and DFM automotive brands in Malta.

The principal objectives supporting this transaction included:

- Substantial cost savings through the consolidation of human resources, property costs and selling, general and administrative overheads of both companies; and
- The newly merged operation is in a position to offer a wider variety of models in different segments and at various price levels, since it represents three car dealership franchises. This allows the company to have a superior presence across all market segments in the private vehicle classes in Malta, and also lessens its dependence on any particular model.

Cars International Limited operates from premises owned by Easysell Kia (Malta) Limited in Mdina Road, Qormi, Malta and includes a showroom and delivery area measuring 702m² and 435m² respectively. The after-sales and service centre is located in Pantar Road, Lija, Malta and measures circa 2,000m², with an additional 2,000m² reserved for customer parking. The property is leased from a third party company.

The United Group operates the car rental business under the Hertz brand through United Garage Limited. The company has been operating the Hertz brand in Malta since 1961, and owns a fleet of *circa* 240 self drive and leasing vehicles. It has over the years established a network of strategically located Hertz branded retail outlets at vantage points around Malta, including Malta International Airport and the main tourist resort areas.

United Garage Limited has recently launched a new brand in Malta, namely Firefly, also owned by Hertz. Firefly addresses the budget value segment of the car rental market. In this respect, United Garage Limited plans to price the Firefly fleet of vehicles at highly competitive rates. This will enable the company to increase its market spread and maintain a better pricing and yield model for its branded fleet.

In the early 1990s United Garage Limited also diversified its activities into car leasing, which it operates under the Hertz Leasing brand. This was a natural extension of the company's rent-a-car activities. Hertz Leasing is able to provide customers with a complete fleet management package from fleet planning to its financing, administration, maintenance, insurance and eventual replacement.

In January 2006 the Group through its subsidiary United Motor Company Limited (UMCL) acquired the business of CAA road towing and road assistance service. Despite the acquisition being a new venture for the Group, the Group's experience acquired throughout the years in the automotive services sector and the greater synergy within the Group's automotive division ensures that UMCL's customers are provided with the best possible service. Subscription to the service is obtained either directly by individuals or through agreements with insurance companies that offer CAA membership as part of their insurance package. The market has evolved in such manner that more than 80% of the company's current revenue is procured from insurance companies.

5.2.2 Market Overview – Vehicle Rental

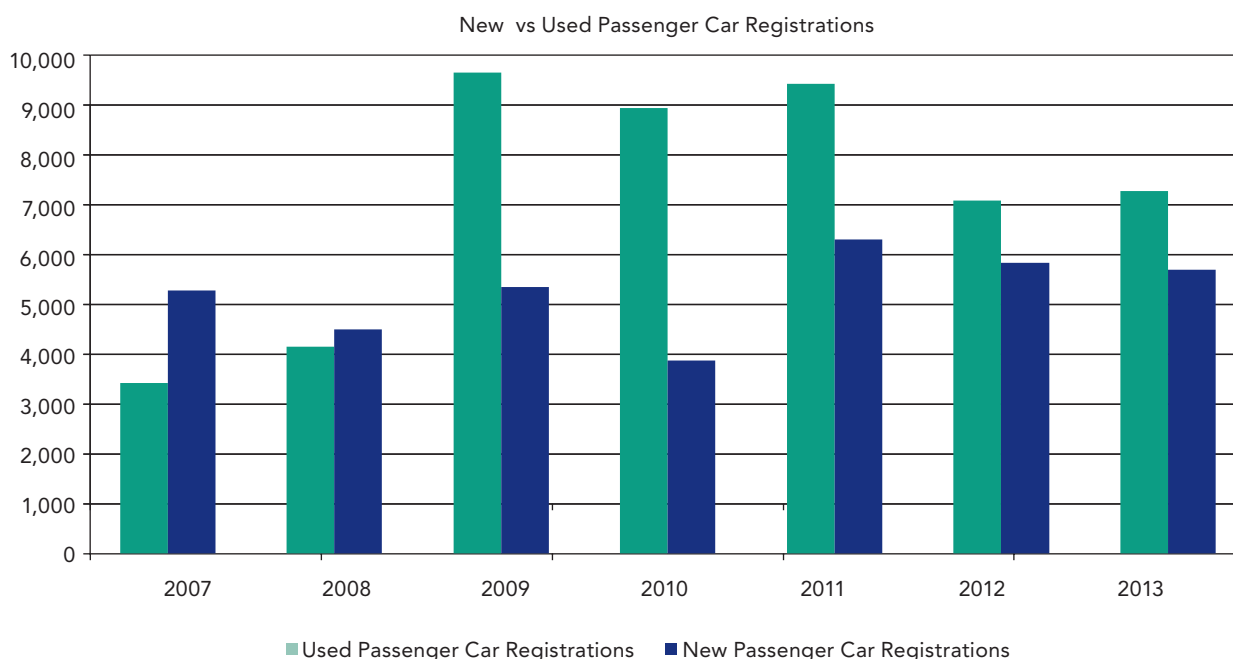
Competition among car rental industry participants is intense and is primarily based on price, vehicle availability and quality, service, reliability, rental locations and product innovation. Price has become more important in recent years due to two factors: (i) tourists visiting Malta are increasingly more price sensitive; and (ii) Malta has seen the emergence of small unbranded operators offering lower quality cars.

The local car rental industry has experienced increased demand in recent years primarily due to the growth in tourists visiting Malta (+18% since 2010 to 1.58 million visitors in 2013). On the other hand, available inventory of registered self drive and leased cars remained broadly stable at approximately 6,500 vehicles, and thus car rental operators were able to maintain or marginally increase car rental prices. The Group currently operates a fleet of *circa* 240 cars, which represents *circa* 3.7% of registered vehicles. The Directors believe that the reputation of the Hertz brand and the recent introduction to the local market of the Firefly brand will enable the Group to better compete across multiple market segments and thereby improve its market share.

5.2.3 Market Overview – Importation of Vehicles

Local market

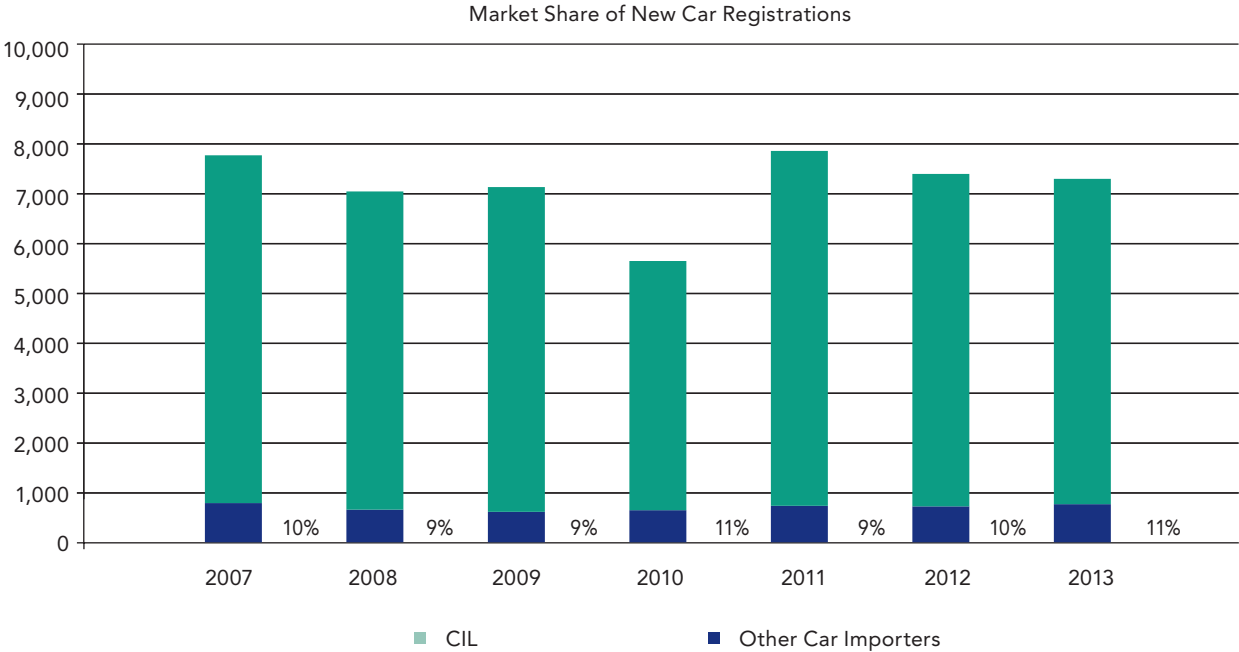
Over the years the automotive sector in Malta has become highly competitive with a wider range of new motor vehicle franchises and models imported at competitive prices. In addition, the used car import market has grown substantially in the last few years as evidenced by statistics published by the National Statistics Office Malta and which are included in the table below. During the past decade, registered passenger cars in Malta increased by more than 57,000 vehicles, from 190,722 in 2004 to 248,245 in 2013, which is equivalent to a compound annual growth rate of 3%.



As indicated in the chart above the market has been inundated with substantial imports, particularly in terms of used cars from the United Kingdom, at the expense of imports of new cars. However in the last two years the importation of used cars and new vehicles has been fairly stable at *circa* 7,000 and 6,000 passenger cars respectively.

Market share of Cars International Limited

As indicated below, the market share of Cars International Limited has been broadly maintained over the years. Whilst the market share of any particular brand may be expected to vary from year to year, due to factors such as the quality of the current models, pricing competitiveness and exchange rates, on a combined basis the varied mix retailed by the company has enabled it to maintain a consistent overall market share.



The market share values indicated above have been extracted from the records of each of the automotive companies of the United Group and the Tumas Group for the period 1 January 2007 to 30 June 2011, combined accordingly to reflect the merger which took effect as from 1 July 2011. The market share values for the period 1 July 2011 to 31 December 2013 have been extracted from the records of Cars International Limited.

5.2.4 Trend Analysis

In the car hire and leasing market the United Group will continue to leverage its experience as franchisee of Hertz for more than 50 years in order to exploit further opportunities arising from the tourism market, evolving requirements from holiday makers and corporate client requirements. The local tourism sector is currently performing at record levels and as such the Group is focused to reflect same in its car rental business.

Trends in vehicle sales in Malta are satisfactory and Cars International Limited is well positioned to at least maintain its market share. The company represents well regarded automobile brands locally and in particular, Opel and Kia are among the top selling brands in Malta. New vehicle model launches by the brand companies augur well for the future trading prospects of Cars International Limited. Such prospects, together with increased marketing and new services being offered, including the option for clients to purchase vehicles on hire purchase terms, should maintain the company’s competitive edge in the local market.

In the towing and roadside assistance sector, the Group will continue to consolidate its market share and its business relationships with top local corporate clients, having regard to emerging industry trends and service quality levels.

5.3 PROPERTY

5.3.1 History and Business

The United Group owns a six storey commercial building known as GB Buildings and located at Ta’Xbiex, Malta. The site fronts Abate Rigord Street along its major facade facing East, Watar Street bounds the Northwest facade, while the Southwest parameter is bound by third party property. The property has a net floor area of 2,510m² and comprises of a showroom at the ground floor and basement levels, and offices in the overlying four floors.

GB Buildings is fully leased to third parties, except for one floor which is occupied by the Group. Other than the lease contract for the ground floor showroom which expires in 2035, the lease agreements are for terms which expire between 2016 and 2017, but are automatically renewed for further periods unless otherwise advised by the respective lessees. The carrying value of the property as at 31 December 2013 was €4.55 million (FY2012: €3.85 million).

The United Group has an interest in Pendergardens located in St Julians, Malta through the ownership of 19.23% of the equity capital of Pender Ville Limited. The Pendergardens Group was set up in July 2005 to acquire and develop the Pender Place site which covers an area of 18,500m² (known as 'Pendergardens') and the Mercury House site having a footprint of 8,500m² (known as 'The Exchange').

Pendergardens, which has a Special Designated Area status, is being developed in two phases. The first phase has been completed and includes 150 residential apartments spread over 6 blocks (Blocks 10 to 15) together with 406 car park spaces ("Phase I"). Out of available inventory, 149 apartments and 183 car park spaces have been sold over a six-year period to a mix of Maltese residents (46%) and foreigners (EU nationals – 43%, non-EU nationals – 11%). Construction of Phase II commenced in 2012 and includes the development of (i) Block 16 having a gross floor area measuring circa 16,404m² and consisting of 46 residential apartments, double height commercial space (1,336m²) and four levels of underlying car park; (ii) Block 17 having a gross floor area measuring circa 20,771m² and consisting of 43 residential apartments, commercial space (5,853m²) and underlying car park; and (iii) Towers I & II comprising a gross floor area measuring circa 22,684m², and which will offer 30 residential apartments and 8,784m² of office and retail space. It is projected that Phase II will be completed by mid-2018 and all units should be sold by the end of 2022.

The Exchange is earmarked for commercial use and will be promoted as a financial and business centre. It will consist of 16,700m² of office space within two towers and 10,800m² of retail and leisure outlets fronting a large public piazza. Car park spaces, numbering circa 476, will be available in the underground levels with direct vertical access to the offices and outlets. In 2009, an area measuring 950m² was sold to FIMBank plc, an international trade finance bank listed on the Malta Stock Exchange. Construction works were completed in September 2011 and the bank transferred its operations to the new premises in June 2012.

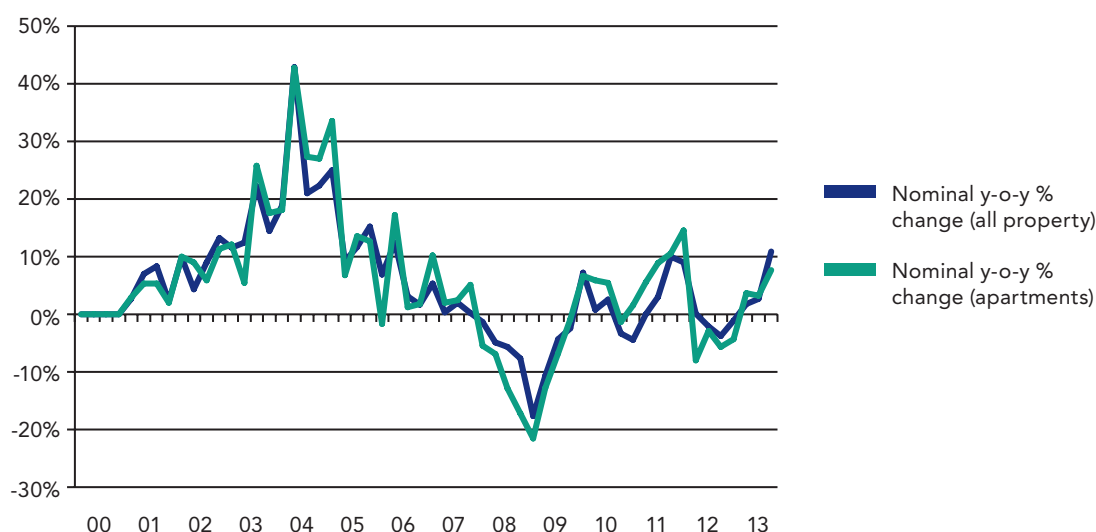
5.3.2 Market Overview

Performance of the property market in Malta has been modest in the past few years and has not fully recovered from the sharp fall registered in 2009. However, certain niche areas such as higher quality properties were more resilient and continue to perform reasonably well, partly due to various incentives implemented by Government to encourage purchases by foreign investors.

Malta experienced a brief housing boom between 2002 and 2005, and continued to grow at a more normalised rate from 2005 to 2007. Similar to other European countries, the Maltese property market declined considerably in the following two years as a result of the global financial crisis. Performance in the years 2010 to 2013 was relatively stable but still significantly below activity levels registered in 2007.

An analysis of property price movements is shown in Chart VI below and is based on the Central Bank of Malta's residential property price index, which tracks movements in advertised residential property prices. From 2000 to 2007, the Maltese property market enjoyed strong growth, with the overall house price index rising by 78.9%. Over the same period, apartment prices rose by 83.3%. By 2009, the house price index retracted 7.6% and apartment prices declined by 11.5%. Since 2010, property prices have recovered 10.9% and that of apartments improved by 7.7%.

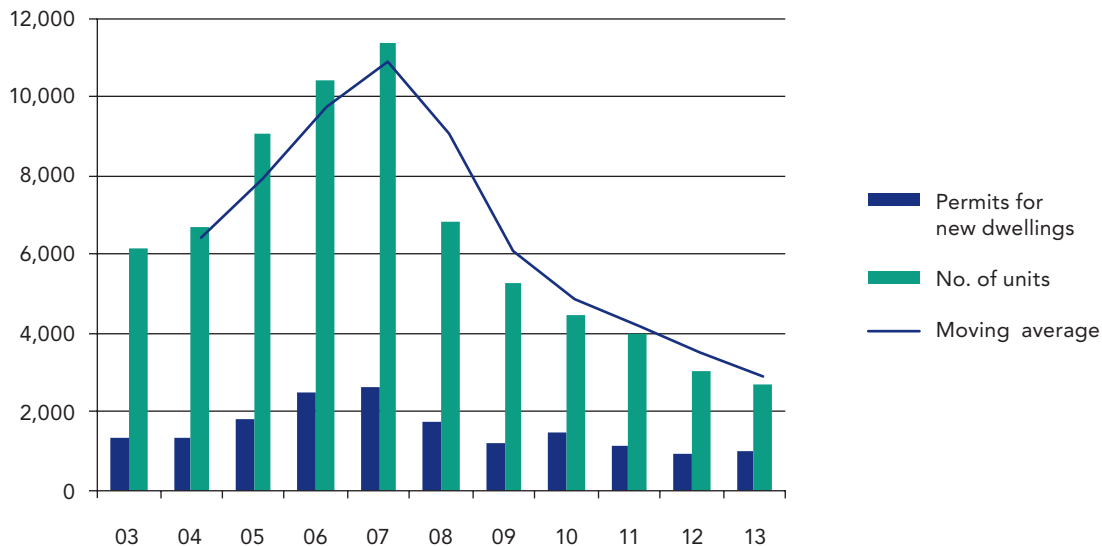
Chart VI: Change in property prices



Source: Central Bank of Malta

New dwelling permits peaked in 2007, as depicted in Chart VII below, with 2,636 permits issued during the said year, but declined thereafter at a constant rate to a ten-year low of 958 permits in 2012. With respect to 2013, issuance of permits recovered marginally to 1,004. The total number of new dwelling permits is an indicator of the health of the construction sector, which is expected to remain weak at least in the near term.

Chart VII: Development permits for dwellings



Source: Malta Environment & Planning Authority

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, it can be deduced that since Malta has progressed towards a services oriented economy, the requirement for commercial property, in particular office space, has gained in demand. Moreover, in addition to the needs of local businesses, Malta has experienced in recent years an influx of foreign entities setting up operations in the country, such as remote gaming companies and financial services companies, which have further increased the demand for commercial premises and maintained a buoyant rental market. The positive view of this sector is further substantiated when assessing the supply side as a number of development projects earmarked for office and retail space are planned to commence in the coming years in response to such requirements.

5.3.3 Trend Analysis

GB Buildings is at present fully occupied. As a result, management is primarily involved in its upkeep in order to retain current tenants and attract prospective clients at better rates in the eventuality of expiring lease agreements. Due to its ideal location and good demand for commercial space in the Sliema – Ta'Xbiex area, management is optimistic that full occupancy can be retained in the foreseeable future.

With respect to operations at Pendergardens, there is active demand for the various units on offer, albeit at lower levels than at the height of the property market in 2007. Management is confident that the sales tempo for the remaining apartments in Phase II of the project will be in line with projected targets.

The commercial element of Phase II (commercial/retail/office area) is also expected to be appealing to prospective tenants and investors given that the frontage will be situated on a main arterial road and thereby offering maximum exposure. Moreover, the area enjoys a high level of activity as it is surrounded by a number of hotels (mostly in the five-star category), office blocks, including those to be developed at The Exchange Financial and Business Centre, and various retail, food and beverage outlets.

6 BUSINESS DEVELOPMENT STRATEGY

The United Group believes in diversification not only by way of a business strategy but also as a risk management policy for the benefit of all its stakeholders. The Group has evolved at a relatively rapid pace over the last four to five years and has diversified its operations from its core automotive business to investments in fashion retail and property. Such investments were executed through the acquisition of new operations as well as through strategic joint ventures with well established business partners that share and complement the Group's core business values. The Group's strategy is to consolidate and grow market share of its current business portfolio, and shall maintain its on-going pursuit for new, prudent and sustainable investment and business opportunities.

To sustain business growth and competitiveness the Group is streamlining its organisational structure to improve efficiency and enhance through the recruitment of professional management and strict cooperate governance, its strategic focus at operational level. Furthermore, the Group is restructuring its borrowings to better match the funding requirements of its operations and manage debt repayment programmes, which concurrently should result in a reduction in Group finance costs.

7 MAJOR ASSETS OWNED BY THE GROUP

The United Group is the owner of a number of properties and financial assets which are included in the consolidated balance sheet under the headings: 'property, plant & equipment', 'investment property', 'trade & other receivables' and 'available-for-sale financial assets' as follows:

Major assets	FY2013 €'000	FY2012 €'000	FY2011 €'000
GB Buildings ¹	4,550 ²	3,848	3,848
Ex-Hertz premises Gzira ³	1,920	1,927	1,919
Other immovable properties	539	535	1,109
Available-for-sale equity and debt securities	1,327	1,006	424
	8,336	7,316	7,300

¹Property is held directly by United Finance p.l.c.

²Year-on-year movements mainly relate to an uplift in valuation of the respective properties.

³Property was sold in FY2014.

Source: Consolidated audited financial statements of United Group Limited for the years ended 31 December 2011, 2012 and 2013.

PART 2

8 GROUP PERFORMANCE REVIEW

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

8.1 FINANCIAL INFORMATION – THE ISSUER

The following financial information is extracted from the audited financial statements of United Finance p.l.c. (the "Issuer") for the three years ended 31 December 2011, 31 December 2012 and 31 December 2013. The financial information for the years ending 31 December 2014 and 31 December 2015 has been provided by Group management.

Income Statement (€'000)	FY2015 Projection	FY2014 Forecast	FY2013 Actual	FY2012 Actual	FY2011 Actual
Rental income from GB Buildings	360	290	224	147	178
Dividends & interest receivable from available-for-sale investments	23	23	87	32	25
Interest receivable from Group companies	437	592	637	652	639
Bank and bills of exchange interest receivable	38	56	71	106	149
Total revenue	858	961	1,019	937	991
Interest payable and similar charges	(452)	(820)	(816)	(824)	(840)
Gross profit	406	141	203	113	151
Administrative expenses	(152)	(162)	(105)	(107)	(133)
Fair value gains on GB Buildings	-	-	702	-	-
Profit/(loss) before tax	254	(21)	800	6	18
Taxation	-	9	(90)	-	(1)
Profit/(loss) after tax	254	(12)	710	6	17

Balance Sheet (€'000)	31 Dec'15 Projection	31 Dec'14 Forecast	31 Dec'13 Actual	31 Dec'12 Actual	31 Dec'11 Actual
ASSETS					
Non-current assets	10,577	11,324	12,695	12,299	12,997
Current assets	2,804	1,818	4,239	3,770	3,173
Total assets	13,381	13,142	16,934	16,069	16,170
EQUITY AND LIABILITIES					
Equity	4,485	4,230	4,343	3,606	3,571
Liabilities					
Non-current liabilities	8,768	8,741	12,069	12,006	12,135
Current liabilities	128	171	522	457	464
Total liabilities	8,896	8,912	12,591	12,463	12,599
Total equity and liabilities	13,381	13,142	16,934	16,069	16,170

Cash Flow Statement (€'000)	FY2015 Projection	FY2014 Forecast	FY2013 Actual	FY2012 Actual	FY2011 Actual
Net cash from operating activities	(220)	(734)	(182)	(48)	(575)
Net cash from investing activities	23	1,273	(546)	(529)	20
Net cash from financing activities	144	(813)	605	1,030	939
Net movement in cash and cash equivalents	(53)	(274)	(123)	453	384
Cash and cash equivalents at beginning of year	793	1,067	1,190	737	353
Cash and cash equivalents at end of year	740	793	1,067	1,190	737

In the three historical financial years rental income increased from €178,000 in FY2011 to €224,000 in FY2013, primarily due to: (i) a change in tenants in 2012 occupying level 1 and level 3 of GB Buildings which gave the Issuer the opportunity to negotiate higher rental rates; and (ii) the leasing out of the showroom at ground floor level in 2013, which area was vacant for a period of time. The property is fully occupied and rental income is projected to increase from €224,000 in FY2013 to €360,000 in FY2015 reflecting increments in rents negotiated with respective tenants.

Loans and advances to Group companies amounted to €8.5 million in FY2011 and progressively decreased to €7.5 million in FY2013. It is projected that said loans will amount to €6.7 million and €7.1 million as at 31 December 2014 and 31 December 2015 respectively. Interest earned on advances to Group companies averaged €643,000 in FY2011 – FY2013, but should decrease to €437,000 by FY2015, primarily as a result of lower interest rates that will be charged on such loans further to the proposed issue of the new bond.

Further to the transfer of the automotive business to Cars International Limited in June 2011, the United Group did not factor any bills of exchange, and therefore interest earned on bills of exchange has gradually decreased over the period under review. This income will cease in 2017 when the remaining bills of exchange are fully repaid.

Interest payable primarily reflects interest paid by the Company on the €12 million 6.75% bonds 2014 - 2016 which bond will be redeemed in FY2014. Interest expense is expected to decrease significantly in FY2015 as the Issuer is set to replace the existing bond with a new €8.5 million bond (that is €3.5 million less than the current outstanding bond) at a lower coupon rate.

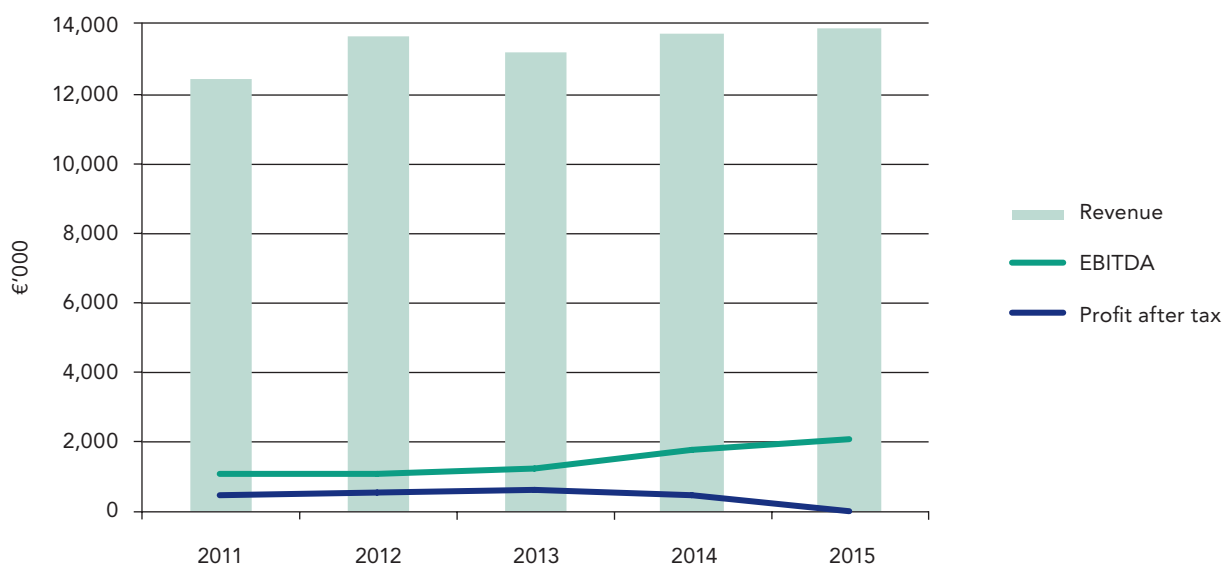
For the financial year ended 31 December 2013, the Issuer registered an increase of €0.7 million in the fair value of its property (GB Buildings) to €4.5 million. Apart from the said property, total assets of the Issuer primarily comprise loans and receivables due from Group companies (FY2013: €7.4 million), available-for-sale financial assets (FY2013: €1.3 million) and cash and cash equivalents (FY2013: €1.1 million). Liabilities of the Issuer principally include €11.6 million in bonds as at the end of FY2013, which will be reduced to €8.5 million through the issuance of a new bond as from FY2014.

8.2 INCOME STATEMENT - THE GROUP

The following financial information is extracted from the audited consolidated financial statements of United Group Limited (the "Group") for the three years ended 31 December 2011, 31 December 2012 and 31 December 2013. The financial information for the years ending 31 December 2014 and 31 December 2015 has been provided by Group management.

United Group Income Statement (€'000)	FY2015 Projection	FY2014 Forecast	FY2013 Actual	FY2012 Actual	FY2011 Actual
Revenue					
Fashion retail	7,481	7,133	6,814	6,197	5,872
Automotive	2,599	2,381	2,404	2,392	4,104
Property	329	258	203	128	132
Total revenue	10,553	9,917	9,421	8,717	10,108
Other income	144	145	46	215	129
Direct costs and administrative expenses	(9,037)	(8,594)	(7,996)	(7,779)	(9,239)
EBITDA	1,516	1,323	1,471	1,153	998
Depreciation and amortisation	(991)	(959)	(801)	(639)	(710)
Share of results of associates and jointly controlled entities	109	(87)	27	146	455
Impairment of financial assets	-	(36)	-	-	-
Fair value gains on investment property	-	-	702	-	-
Profit on disposal of properties	-	2,772	-	-	-
Profit on disposal of other assets	-	42	-	-	-
Gain on transfer of business	-	-	-	-	12
EBIT	634	3,055	1,399	660	755
Net finance costs	(542)	(832)	(784)	(871)	(886)
Profit before tax	92	2,223	615	(211)	(131)
Taxation	-	(201)	(85)	93	50
Profit after tax	92	2,022	530	(118)	(81)

Chart VIII: Revenue, EBITDA & Profit after tax



The key accounting ratios are set out below:

	FY2015	FY2014	FY2013	FY2012	FY2011
Operating profit margin (EBITDA/revenue)	14%	13%	16%	13%	10%
Interest cover (times) (EBITDA/net finance cost)	2.8	1.6	1.9	1.3	1.1
Net profit margin (Profit after tax/revenue)	1%	20%	6%	-1%	-1%
Earnings per share (€) ¹ (Profit after tax/number of shares)	3.73	82.02	21.50	-4.79	-3.29
Return on equity (Profit after tax/shareholders' equity)	3%	65%	20%	-6%	-4%
Return on capital employed (EBITDA/total assets less current liabilities)	12%	11%	9%	8%	7%
Return on assets (Profit after tax/total assets)	1%	11%	2%	-1%	-1%

¹Earnings per share calculation set out above has been based on the current number of shares in issue of United Group Limited of 24,653 shares of €1 each.

Source: Charts Investment Management Service Limited

The Group's total revenue contracted from €10.1 million in FY2011 to €9.4 million in FY2013. The overall reduction reflects the transfer effected in FY2011 of the car dealership operation to Cars International Limited, a jointly controlled entity. Revenue generated from the retail division improved by €0.9 million from €5.9 million in FY2011 to €6.8 million in FY2013. It is projected that Group revenue will increase by €1.1 million over a two-year period to surpass €10.6 million by FY2015. Such increase is principally expected from further improvements in performance of the Group's retail stores.

During the three historical years under review, EBITDA increased from €1 million in FY2011 to €1.5 million in FY2013, which reflects a progressive increase in the EBITDA margin of the Group from 10% in FY2011 to 13% in FY2012 and 16% in FY2013. EBITDA margin is projected to remain broadly stable at circa 14%. In FY2013, the Issuer registered an increase of €702,000 in the fair value of GB Buildings, which enabled the Group to register a net profit of €530,000.

As part of the Group's refinancing programme, the directors resolved in FY2014 to dispose of a number of real estate assets, the proceeds of which will be utilised to reduce the Group's debt balances. During the current financial year, the Group disposed of the former Hertz operating base in Gzira for €2.85 million, comprising of a cash consideration of €1.5 million and the remaining balance being settled through the transfer of a number of properties from the purchaser to the Group. In addition, the Group concluded other property sales for an aggregate consideration of €1.37 million, of which a property valued at €0.5 million is still at preliminary agreement stage. The final sale contract is expected to be signed by the end of the year. The Group is forecasting for FY2014 a profit of €2.8 million on the disposal of the properties referred to above.

8.3 BALANCE SHEET – THE GROUP

United Group Balance Sheet (€'000)	31 Dec'15 Projection	31 Dec'14 Forecast	31 Dec'13 Actual	31 Dec'12 Actual	31 Dec'11 Actual
ASSETS					
Non-current assets	13,992	13,863	16,025	14,931	14,570
Current assets	3,576	3,807	5,660	5,296	5,130
Total assets	17,568	17,669	21,685	20,227	19,700
EQUITY AND LIABILITIES					
Equity	3,199	3,106	2,685	2,128	2,209
Liabilities					
Non-current liabilities	8,996	9,067	12,296	12,238	12,429
Current liabilities	5,373	5,496	6,704	5,861	5,062
Total liabilities	14,369	14,563	19,000	18,099	17,491
Total equity and liabilities	17,568	17,669	21,685	20,227	19,700

Total assets of the Group as at 31 December 2013 amounted to €21.7 million (FY2012: €20.2 million) and primarily comprise:

- Property, motor vehicles and other tangible assets amounting to €5.9 million (FY2012: €5.9 million);
- GB Buildings valued at €4.5 million (FY2012: €3.8 million);
- Investments in Cars International Limited and Pender Ville Limited, including amounts receivable from Pender Ville Limited totalling €3.8 million (FY2012: €3.7 million);
- Available-for-sale investments of €1.3 million (FY2012: €1.0 million);
- Inventories, trade and other receivables amounting to €3.1 million (FY2012: €3.2 million); and
- Cash and cash equivalents of €2.9 million (FY2012: €2.4 million).

During 2014, the Group resolved to dispose of some of its real estate assets to finance the reduction in the Group's debt capital. As a result, total assets as at 31 December 2014 are projected at €17.7 million, being a reduction of €4.0 million from 31 December 2013. Similarly, total liabilities are expected to decrease by €4.4 million to €14.6 million as at 31 December 2014.

Total liabilities of the Group include trade and other payables totalling €4.1 million (FY2012: €3.5 million), deferred tax liabilities of €0.8 million (FY2012: €0.7 million) and borrowings as detailed below:

United Group Borrowings & Bonds (€'000)	31 Dec'15 Projection	31 Dec'14 Forecast	31 Dec'13 Actual	31 Dec'12 Actual	31 Dec'11 Actual
Borrowings					
Bank overdrafts	3,450	3,450	2,372	1,632	2,100
Bank loans	291	384	-	-	-
Other loans	-	-	200	775	-
	3,741	3,834	2,572	2,407	2,100
Bonds					
6.75% Bonds 2014-2016			11,523	11,544	11,673
5.3% Unsecured Bonds 2023	8,231	8,204			
	8,231	8,204	11,523	11,544	11,673
Total borrowings and bonds	11,972	12,038	14,095	13,951	13,773

The Group's bank borrowings are secured by a first general and special hypothec on the Group's property and assets, by pledges on the insurance policies of the Group companies and on trade bills. The other loans of the Group are unsecured and interest free.

The Bonds constitute unsecured obligations of the Issuer, and rank equally without priority or preference with all other present and future unsecured and unsubordinated obligations of the Issuer. Although the Issuer has no secured debt, its property ('GB Buildings') is hypothecated in favour of a bank, up to a value of €2.8 million, to secure overdraft facilities of the Group.

The key accounting ratios are set out below:

	FY2015	FY2014	FY2013	FY2012	FY2011
Net assets per share (€) ¹ (Net asset value/number of shares)	129.76	125.99	108.91	86.32	89.60
Liquidity ratio (times) (Current assets/current liabilities)	0.67	0.69	0.84	0.90	1.01
Gearing ratio (Net debt/net debt + shareholders' equity)	76%	77%	81%	84%	84%

¹Net assets per share calculation set out above has been based on the current number of shares in issue of United Group Limited of 24,653 shares of €1 each.

Source: Charts Investment Management Service Limited

Gearing (financial leverage) of the United Group has decreased marginally during the three financial years FY2011 – FY2013 from 84% to 81%, and is expected to continue to decline to 77% in FY2014 due to the disposal of a number of Group properties and the resultant decrease in outstanding bonds from €11.6 million to €8.5 million. The Group's gearing level is projected to decrease gradually through the term of the Bond as operational performance improves and cash reserves are accumulated by the Group.

8.4 CASH FLOW STATEMENT - THE GROUP

United Group Cash Flow Statement (€'000)	FY2015 Projection	FY2014 Forecast	FY2013 Actual	FY2012 Actual	FY2011 Actual
Net cash from operating activities	1,993	670	1,384	1,710	798
Net cash from investing activities	(929)	2,275	(1,087)	(1,268)	(263)
Net cash from financing activities	(728)	(4,242)	(538)	617	(186)
Net movement in cash and cash equivalents	336	(1,297)	(241)	1,059	349
Cash and cash equivalents at beginning of year	(738)	559	800	(259)	(608)
Cash and cash equivalents at end of year	(402)	(738)	559	800	(259)

Net cash from operating activities during the three years under review increased by 73% (from €0.8 million in FY2011 to €1.4 million in FY2013), primarily due to the positive performance of the Group's fashion retail operations. This trend is expected to continue in FY2014 and FY2015 as the Group's retail stores are forecasting further growth in EBITDA. During FY2014, Group is expected to settle a number of overdue creditor balances which is reflected in the forecast decrease in net cash inflows from operating activities.

Cash used in investing activities between FY2011 and FY2013 amounted to €2.6 million and mainly represented the continued investment in the Group's car hire and leasing fleet and the expenditure relating to the new Debenhams store in Paola. In the projected period, such expenditure in the car hire and leasing fleet is expected to be maintained. In FY2014, the Group will dispose of various properties, mainly the previous Hertz office in Gzira, and it is anticipated that cash inflows from such transactions will total €2.3 million.

The principal movement in financing activities over the three financial years (FY2011 – FY2013) related to the repurchase of bonds which amounted to €0.4 million. Apart from interest payments on outstanding bank borrowings and bonds, net cash from financing activities in FY2014 will include the redemption of outstanding bonds estimated at €3.1 million (cash outflow) and a drawdown of €1.5 million (cash inflow) from new bank facilities. In FY2015, cash movements in financing activities will predominantly represent bank and bond interest payments.

8.5 RELATED PARTY DEBT SECURITIES

United Group Limited owns 50% of Cars International Limited and 19.23% of Pender Ville Limited. Through their respective finance companies, Cars International Limited and Pender Ville Limited have the following outstanding debt securities:

Security ISIN	Amount Listed	Security Name	Currency
MT0000791203	15,000,000	5.50% Pendergardens Dev. Plc Secured Bonds 2020 ¹	EUR
MT0000791211	27,000,000	6.00% Pendergardens Dev. Plc Secured Bonds 2022 ¹	EUR
	5,000,000	5.85% Cars Int. Finance plc Notes 2015-2017 ²	EUR

¹Debt securities listed on the Malta Stock Exchange.

²The Notes are not listed on a regulated market. United Group Limited has undertaken to guarantee 50% of all outstanding amounts of principal and interest due under the Notes.

PART 3

9 COMPARABLES

The table below compares the Company and its proposed bond issues 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 six 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 Asset Value (€'million)	Debt/Equity (%)
7.0% GH Marina plc 2017/20	11,659	5.65	n/a	47.03	24.90	37
6.8% Premier Cap. plc 2017/20	24,656	5.60	3.38	69.58	16.17	67
6.0% S. Farsons Cisk plc 2017/20	15,000	4.89	8.59	151.53	91.93	24
6.6% Eden Finance plc 2017/20	14,133	5.85	3.01	100.23	43.69	46
6.2% Tumas Investments plc 2017/20	25,000	4.89	3.74	286.00	93.60	55
4.9% Gasan Finance plc 2019/21	25,000	4.53	3.27	185.34	81.68	38
6.0% Corinthia Fin. plc 2019/22	7,500	5.41	2.09	1,299.87	677.82	39
6.0% Medserv plc 2020/23	20,000	5.28	3.38	22.46	8.16	49
5.5% Pendergardens Dev plc 2020	15,000	4.68	n/a	18.74	3.27	53
6.0% MIH plc 2021	12,000	6.27	3.40	350.91	166.14	39
6.0% Pendergardens Dev plc 2022	27,000	5.05	n/a	18.74	3.27	53
5.8% IHI plc 2023	10,000	5.51	2.54	1,092.67	626.49	33
6.0% AXI plc 2024	40,000	5.18	2.89	157.01	88.03	54
6.0% IHG plc 2024	35,000	5.06	2.29	141.14	36.20	65
5.3% Mariner Finance plc 2024	35,000	4.96	61.5	55.14	15.70	68
5.0% Tumas Investments plc 2024	25,000	4.22	3.74	286.00	93.60	55
5.3% United Finance plc 2023	8,500	5.30	1.52	21.69	2.69	81

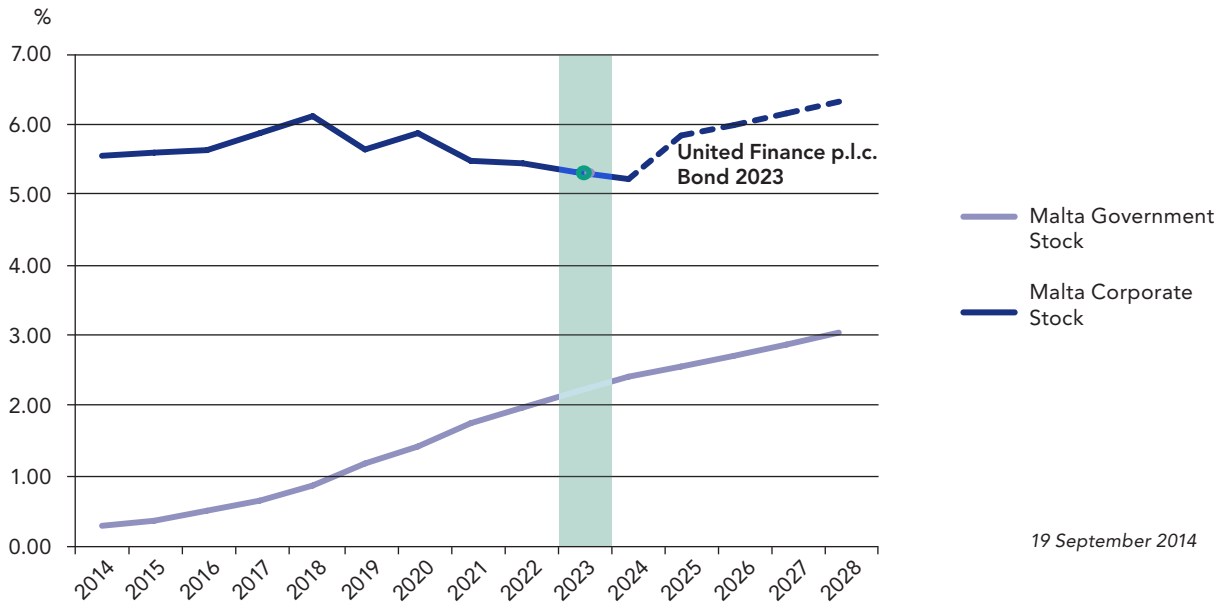
19 September 2014

Source: Malta Stock Exchange, Charts Investment Management Service Limited
Annual Accounts: For the year ended 31 December 2013, except for Island Hotels Group Holdings plc (YE 31/10/2013),
Simonds Farsons Cisk plc (YE 31/01/2013), Tumas Investments plc (YE 31/12/2012) and AX Investments plc (YE 31/10/2013).

The interest cover ratio determines the ability of a company to pay interest on its outstanding borrowings. For the financial year ended 31 December 2013, the United Group's EBITDA was 1.52 times higher than interest expenses for the year. This indicates that the Group is generating sufficient earnings to service its outstanding debt.

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 debt to equity ratio of the United Group is at 81%, which is relatively high. The Group has in recent years been active in reducing its level of debt. More importantly, in the current financial year, the Group has disposed of a number of properties in order to hasten this process. Notwithstanding, the leverage of the Group will remain in the high 70s in FY2014 and FY2015.

Chart IX: Bond Yield to Maturity



The above chart illustrates the yield to maturity of the proposed United Finance bond as compared to other corporate bonds listed on the Malta Stock Exchange. The Malta Government Stock yield curve has also been included since it is the benchmark risk-free rate for Malta. To date, there are no corporate bonds which have a redemption date beyond 2024 and therefore a trend line has been plotted. The premium over Malta Government Stock has been assumed at 334 basis points, which is the average premium for medium term corporate bonds. The United Finance Bond has been priced at 196 basis points above Malta Government Stock and equal to listed corporate bonds.

PART 4

10 EXPLANATORY DEFINITIONS

Income Statement	
Revenue	Total revenue generated by the Group from its business activities during the financial year, including apparel retail, cash hire & leasing, car towing services, and rental income.
Direct costs	Direct costs include inventory, labour expenses and all other direct expenses.
EBITDA	EBITDA is an abbreviation for earnings before interest, tax, depreciation and amortisation. EBITDA can be used to analyse and compare profitability between companies and industries because it eliminates the effects of financing and accounting decisions.
Share of results of associates and jointly controlled entities	The United Group owns minority stakes in a number of companies (less than 50% plus one share of a company's share capital). The results of such companies are not consolidated with the subsidiaries of the Group, but the Group's share of profit is shown in the profit and loss account under the heading 'share of results of associates and jointly controlled entities'.
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 Group.
Cash flow from investing activities	Cash generated from activities dealing with the acquisition and disposal of long-term assets and other investments of the Group.
Cash flow from financing activities	Cash generated from the activities that result in change in share capital and borrowings of the Group.
Balance Sheet	
Non-current assets	Non-current asset are the Group's long-term investments, which full value will not be realised within the accounting year. Non-current assets are capitalised rather than expensed, meaning that the Group allocates the cost of the asset over the number of years for which the asset will be in use, instead of allocating the entire cost to the accounting year in which the asset was purchased. Such assets include investment properties; property, plant & equipment; and investments accounted for using the equity method.

Current assets	Current assets are all assets of the Group, which are realisable within one year from the balance sheet date. Such amounts include accounts receivable, inventory, and cash and bank balances.
Current liabilities	All liabilities payable by the Group within a period of one year from the balance sheet date, and include accounts payable and short-term debt.
Net debt	Borrowings before unamortised issue costs less cash and cash equivalents.
Non-current liabilities	The Group's long-term financial obligations that are not due within the present accounting year. The Group's non-current liabilities include long-term borrowings, bonds and long term lease obligations.
Total equity	Total equity includes share capital, reserves & other equity components, retained earnings and minority interest.
Financial Strength Ratios	
Liquidity ratio	The liquidity ratio (also known as current ratio) is a financial ratio that measures whether or not a company has enough resources to pay its debts over the next 12 months. It compares a company's current assets to its current liabilities.
Interest cover	The interest coverage ratio is calculated by dividing a company's EBITDA of one period by the company's interest expense of the same period.
Gearing ratio	The gearing ratio indicates the relative proportion of shareholders' equity and debt used to finance a company's assets, and is calculated by dividing a company's total debt by shareholders' equity.