



REGISTRATION DOCUMENT

Dated 27 January 2022

This Registration Document is issued in accordance with the provisions of Chapter 4 of the Capital Markets Rules issued by the MFSA and of the Prospectus Regulation.

HILI FINANCE COMPANY P.L.C.

a public limited liability company registered in Malta
with company registration number C 85692

Guaranteed* by Hili Ventures Limited

a private limited liability company registered in Malta
with company registration number C 57902

**Prospective investors are to refer to the Guarantee contained in Annex III of the Securities Note forming part of the Prospectus for a description of the scope, nature and terms of the Guarantee. Reference should also be made to the sections entitled "Risk Factors" contained in the Prospectus for a discussion of certain risk factors which should be considered by prospective investors in connection with the Bonds and the Guarantee provided by the Guarantor.*

Legal Counsel

Sponsor

Manager & Registrar



THIS REGISTRATION DOCUMENT HAS BEEN APPROVED BY THE MFSA AS THE COMPETENT AUTHORITY UNDER THE PROSPECTUS REGULATION. THE MFSA ONLY APPROVES THE PROSPECTUS AS MEETING THE STANDARDS OF COMPLETENESS, COMPREHENSIBILITY AND CONSISTENCY IMPOSED BY THE PROSPECTUS REGULATION. SUCH APPROVAL SHALL NOT BE CONSIDERED AS AN ENDORSEMENT OF THE ISSUER THAT IS THE SUBJECT OF THIS REGISTRATION DOCUMENT. IN PROVIDING THIS AUTHORISATION, THE MFSA DOES NOT GIVE ANY CERTIFICATION REGARDING THE POTENTIAL RISKS IN INVESTING IN ANY INSTRUMENT ISSUED BY THE COMPANY. FURTHERMORE, SUCH AUTHORISATION SHOULD NOT BE DEEMED OR BE CONSTRUED AS A REPRESENTATION OR WARRANTY AS TO THE SAFETY OF INVESTING IN SUCH INSTRUMENTS.

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

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

APPROVED BY THE DIRECTORS

Geoffrey Camilleri

Dorian Desira

*signing in their own capacity as directors of the Company and for
and on behalf of each of Keith Busuttill, Jacqueline Camilleri and Mario Vella.*



IMPORTANT INFORMATION

THIS REGISTRATION DOCUMENT CONTAINS INFORMATION ON HILI FINANCE COMPANY PLC IN ITS CAPACITY AS ISSUER AND HILI VENTURES LIMITED AS GUARANTOR IN ACCORDANCE WITH THE REQUIREMENTS OF THE CAPITAL MARKETS RULES ISSUED BY THE MFSA, THE ACT AND THE PROSPECTUS REGULATION.

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

THE MFSA ACCEPTS NO RESPONSIBILITY FOR THE CONTENTS OF THE PROSPECTUS, MAKES NO REPRESENTATIONS AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THE PROSPECTUS.

THE PROSPECTUS DOES NOT CONSTITUTE, AND MAY NOT BE USED FOR PURPOSES OF, AN OFFER OR INVITATION TO SUBSCRIBE FOR SECURITIES: BY ANY PERSON IN ANY JURISDICTION IN WHICH (I) 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. THE DISTRIBUTION OF THE PROSPECTUS IN CERTAIN JURISDICTIONS MAY BE RESTRICTED AND, ACCORDINGLY, PERSONS INTO WHOSE POSSESSION IT IS RECEIVED ARE REQUIRED TO INFORM THEMSELVES ABOUT, AND TO OBSERVE, SUCH RESTRICTIONS.

THE PROSPECTUS AND THE OFFERING, SALE OR DELIVERY OF ANY SECURITIES ISSUED BY THE ISSUER MAY NOT BE TAKEN AS AN IMPLICATION: (I) THAT THE INFORMATION CONTAINED IN THE PROSPECTUS IS ACCURATE AND COMPLETE SUBSEQUENT TO ITS DATE OF ISSUE; OR (II) THAT THERE HAS BEEN NO MATERIAL ADVERSE CHANGE IN THE FINANCIAL POSITION OF THE ISSUER OR THE GUARANTOR SINCE SUCH DATE; OR (III) THAT ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE PROSPECTUS IS ACCURATE AT ANY TIME SUBSEQUENT TO THE DATE ON WHICH IT IS SUPPLIED OR, IF DIFFERENT, THE DATE INDICATED IN THE DOCUMENT CONTAINING THE SAME.

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

IT IS THE RESPONSIBILITY OF ANY PERSON IN POSSESSION OF THE PROSPECTUS AND ANY PERSONS WISHING TO APPLY FOR ANY SECURITIES ISSUED BY THE ISSUER TO INFORM THEMSELVES OF, AND TO OBSERVE AND COMPLY WITH, ALL APPLICABLE LAWS AND REGULATIONS OF ANY RELEVANT JURISDICTION. PROSPECTIVE INVESTORS FOR ANY SECURITIES THAT MAY BE ISSUED BY THE ISSUER SHOULD INFORM THEMSELVES AS TO THE LEGAL REQUIREMENTS OF APPLYING FOR ANY SUCH SECURITIES AND ANY APPLICABLE EXCHANGE CONTROL REQUIREMENTS AND TAXES IN THE COUNTRIES OF THEIR NATIONALITY, RESIDENCE OR DOMICILE.

A COPY OF THE PROSPECTUS HAS BEEN SUBMITTED TO THE MFSA IN SATISFACTION OF THE CAPITAL MARKETS RULES, TO THE MALTA STOCK EXCHANGE IN SATISFACTION OF THE MALTA STOCK EXCHANGE BYE-LAWS, AND HAS BEEN DULY FILED WITH THE REGISTRAR OF COMPANIES IN ACCORDANCE WITH THE ACT.

IN TERMS OF ARTICLE 12(1) OF THE PROSPECTUS REGULATION, THE PROSPECTUS SHALL REMAIN VALID FOR A PERIOD OF 12 MONTHS FROM THE DATE OF THE APPROVAL OF THE PROSPECTUS BY THE MFSA. THE ISSUER IS OBLIGED TO PUBLISH A SUPPLEMENT ONLY IN THE EVENT OF SIGNIFICANT NEW FACTORS, MATERIAL MISTAKE OR MATERIAL INACCURACY RELATING TO THE INFORMATION SET OUT IN THE PROSPECTUS WHICH MAY AFFECT THE ASSESSMENT OF THE SECURITIES AND WHICH ARISES OR IS NOTED BETWEEN THE TIME WHEN THE PROSPECTUS IS APPROVED AND THE CLOSING OF THE OFFER PERIOD OR THE TIME WHEN TRADING ON A REGULATED MARKET COMMENCES, WHICHEVER OCCURS LATER. THE OBLIGATION TO SUPPLEMENT THE PROSPECTUS IN THE EVENT OF SIGNIFICANT NEW FACTORS, MATERIAL MISTAKES OR MATERIAL INACCURACIES DOES NOT APPLY WHEN THE PROSPECTUS IS NO LONGER VALID.

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

ALL THE ADVISORS TO THE ISSUER NAMED IN SUB-SECTION 4.2 OF THIS REGISTRATION DOCUMENT HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER IN RELATION TO THIS PUBLIC OFFER 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.



UNLESS OTHERWISE STATED, 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 WEBSITE AS THE BASIS FOR A DECISION TO INVEST IN ANY SECURITIES OF THE ISSUER.

THE VALUE OF INVESTMENTS CAN GO UP OR DOWN AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER ALL THE INFORMATION CONTAINED IN THE PROSPECTUS AS A WHOLE AND SHOULD CONSULT THEIR OWN PROFESSIONAL ADVISORS.



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1. DEFINITIONS

In this Registration Document the following words and expressions shall bear the following meanings whenever such words and expressions are used in their capitalised form, except where the context otherwise requires:

1923 Investments plc	1923 Investments plc, a public company registered under the laws of Malta with company registration number C 63261 and having its registered office at Nineteen Twenty Three, Valletta Road, Marsa MRS 3000, Malta;
2018 Bonds	the €40,000,000 3.85% unsecured bonds 2028 (ISIN: MT0001891200) issued by the Issuer pursuant to a prospectus dated 4 July 2018. Further details on the 2018 Bonds are set out in sub-section 5.1 of this Registration Document;
2019 Bonds	the €80,000,000 3.80% unsecured bonds 2029 (ISIN: MT0001891218) issued by the Issuer pursuant to a prospectus dated 18 July 2019. Further details on the 2019 Bonds are set out in sub-section 5.1 of this Registration Document;
Act	the Companies Act (Chapter 386 of the laws of Malta);
Authorised Financial Intermediaries	the licensed financial intermediaries whose details are listed in Annex II of the Securities Note forming part of the Prospectus;
Bond Issue	the issue of the Bonds;
Bondholders	a holder of Bonds to be issued by the Issuer in terms of the Prospectus;
Bond(s)	a maximum of €50,000,000 unsecured bonds 2027 of a nominal value of €100 per bond bearing interest at the rate of 4% per annum and redeemable at their nominal value, as detailed in the Securities Note;
Bond Obligations	the punctual performance by the Issuer of all of its obligations under the Bond Issue, including the repayment of principal and payment of interest thereon;
Capital Markets Rules	the capital markets rules issued by the Malta Financial Services Authority, as may be amended and/or supplemented from time to time;
Cobalt Leasing Ltd	Cobalt Leasing Ltd, a private limited liability company registered under the laws of the United Kingdom with company registration number 11808196 and having its registered office at 2, Kingdom Street, London W2 2JP, United Kingdom;
Company or Issuer	Hili Finance Company plc, a public company registered under the laws of Malta with company registration number C 85692 and having its registered office at Nineteen Twenty Three, Valletta Road, Marsa MRS 3000, Malta;
Directors or Board	the directors of the Issuer whose names are set out in sub-section 4.1.1 of this Registration Document;
EBIT	an abbreviation used for earnings before interest and tax;
EBITDA	an abbreviation used for earnings before interest, tax, depreciation and amortisation;
Euro or €	the lawful currency of the Republic of Malta;
Financial Analysis Summary	the financial analysis summary dated 27 January 2022 compiled by the Sponsor in line with the applicable requirements of the MFSA Listing Policies, a copy of which is set out in Annex IV of the Securities Note forming part of the Prospectus;
Guarantee	the guarantee dated 27 January 2022 granted by the Guarantor as security for the punctual performance of all the obligations undertaken by the Issuer under the Bonds and, without prejudice to the generality of the foregoing, the undertaking on the part of the Guarantor to pay all amounts of principal and interest which may become due and payable by the Issuer to Bondholders under the Bonds within 60 days from the date such amount falls due and remains unpaid by the Issuer. A copy of the Guarantee and a description of the nature, scope and terms of the Guarantee are appended to the Securities Note as Annex III thereto;
Guarantor	Hili Ventures Limited, a private limited liability company registered under the laws of Malta with company registration number C 57902 and having its registered office at Nineteen Twenty Three, Valletta Road, Marsa MRS 3000, Malta;



Harvest Technology plc	Harvest Technology plc, a public company registered under the laws of Malta with company registration number C 63276 and having its registered office at Nineteen Twenty Three, Valletta Road, Marsa MRS 3000, Malta;
Hili Logistics Limited	Hili Logistics Limited, a private limited liability company registered under the laws of Malta with company registration number C 57955 and having its registered office at Nineteen Twenty Three, Valletta Road, Marsa MRS 3000, Malta;
Hili Properties plc	Hili Properties plc, a public company registered under the laws of Malta with company registration number C 57954 and having its registered office at Nineteen Twenty Three, Valletta Road, Marsa MRS 3000, Malta;
Hili Ventures or Group Hili Ventures Company	the Guarantor (as ultimate parent company) and its direct and indirect Subsidiaries; any one of the companies forming part of Hili Ventures. The term "Hili Ventures Companies" shall be construed accordingly;
HV Hospitality Limited	HV Hospitality Limited, a private limited liability company registered under the laws of Malta with company registration number C 91217 and having its registered office at Nineteen Twenty Three, Valletta Road, Marsa MRS 3000, Malta;
HV Marine Limited	HV Marine Limited, a private limited liability company registered under the laws of Malta with company registration number C 96365 and having its registered office at Nineteen Twenty Three, Valletta Road, Marsa MRS 3000, Malta;
Malta Stock Exchange or MSE	Malta Stock Exchange plc, as originally constituted in terms of the Financial Markets Act (Chapter 345 of the laws of Malta) with company registration number C 42525 and having its registered office at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta;
Manager & Registrar	Bank of Valletta plc, a public limited liability company registered under the laws of Malta with company registration number C 2833 and having its registered address at 58, Zachary Street, Valletta VLT 1130, Malta. Bank of Valletta plc is regulated by the MFSA and is licensed to carry out the business of banking and investment services in terms of the Banking Act (Chapter 371 of the laws of Malta) and the Investment Services Act (Chapter 370 of the laws of Malta);
Memorandum and Articles of Association	the memorandum and articles of association of the Issuer in force at the time of publication of the Prospectus, and the terms "Memorandum of Association" and "Articles of Association" shall be construed accordingly;
MFSA	the Malta Financial Services Authority, established in terms of the Malta Financial Services Authority Act (Chapter 330 of the laws of Malta) in its capacity as the competent authority in terms of the Financial Markets Act authorised to approve prospectuses and admissibility to listing and to monitor and supervise local regulated markets and participants thereof falling within the regulatory and supervisory remit of the MFSA;
Motherwell Bridge Industries Limited	Motherwell Bridge Industries Limited, a private limited liability company registered under the laws of Malta with company registration number C 32467 and having its registered office at Hal Far Industrial Estate, Hal Far, Birzebbugia, Malta;
MSE Bye-Laws	the MSE bye-laws issued by the authority of the board of directors of Malta Stock Exchange plc, as may be amended from time to time;
Official List	the list prepared and published by the Malta Stock Exchange as its official list in accordance with the MSE Bye-Laws;
Premier Capital plc	Premier Capital plc, a public company registered under the laws of Malta with company registration number C 36522 and having its registered office at Nineteen Twenty Three, Valletta Road, Marsa MRS 3000, Malta;
Prospectus	collectively, the Summary, this Registration Document and the Securities Note published by the Issuer all dated 27 January 2022 as such documents may be amended, updated, replaced and supplemented from time to time;



Prospectus Regulation	Commission Regulation (EU) 2017/1129 of 14 June 2017 of the European Parliament and of the Council on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, as may be amended and/or supplemented from time to time;
Registration Document	this document in its entirety issued by the Issuer dated 27 January 2022, forming part of the Prospectus;
Securities Note	the securities note issued by the Issuer dated 27 January 2022, forming part of the Prospectus;
Sponsor	Calamatta Cuschieri Investment Services Limited, a private limited liability company registered under the laws of Malta having its registered office at Ewropa Business Centre, Triq Dun Karm, Birkirkara BKR 9034, Malta and bearing company registration number C 13729. Calamatta Cuschieri Investment Services Limited is authorised to conduct investment services by the Malta Financial Services Authority in terms of the Investment Services Act (Chapter 370 of the laws of Malta) and is a member of the MSE;
Subsidiaries	means all entities (including structured entities) over which the Issuer and/or the Guarantor, as applicable, has control. In terms of International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), a group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. The term "Subsidiary" shall be construed accordingly; and
Summary	the summary issued by the Issuer dated 27 January 2022, forming part of the Prospectus.

All references in the Prospectus to "Malta" are to the "Republic of Malta".

Unless it appears otherwise from the context:

- (a) words importing the singular shall include the plural and *vice-versa*;
- (b) words importing the masculine gender shall include the feminine gender and *vice-versa*;
- (c) the word "may" shall be construed as permissive and the word "shall" shall be construed as imperative;
- (d) any reference to a person includes natural persons, firms, partnerships, companies, corporations, associations, organisations, governments, states, foundations or trusts;
- (e) any reference to a person includes that person's legal personal representatives, successors and assigns;
- (f) any phrase introduced by the terms "including", "include", "in particular" or any similar expression is illustrative only and does not limit the sense of the words preceding those terms; and
- (g) any reference to a law, legislative act and/or other legislation shall mean that particular law, legislative act and/or legislation as in force at the time of publication of this Registration Document.



2. RISK FACTORS

PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER WITH THEIR OWN INDEPENDENT PROFESSIONAL ADVISORS THE FOLLOWING RISK FACTORS AND OTHER INVESTMENT CONSIDERATIONS, AS WELL AS ALL THE OTHER INFORMATION CONTAINED IN THE PROSPECTUS, BEFORE MAKING ANY INVESTMENT DECISION WITH RESPECT TO THE ISSUER.

SOME OF THESE RISKS ARE SUBJECT TO CONTINGENCIES WHICH MAY OR MAY NOT OCCUR AND NEITHER THE ISSUER NOR THE GUARANTOR IS IN A POSITION TO EXPRESS ANY VIEWS ON THE LIKELIHOOD OF ANY SUCH CONTINGENCIES OCCURRING.

WHILE THE SEQUENCE IN WHICH THE RISKS BELOW ARE LISTED IS INTENDED TO BE INDICATIVE OF THE ORDER OF PRIORITY AND OF THE EXTENT OF THEIR CONSEQUENCES, PROSPECTIVE INVESTORS ARE HEREBY CAUTIONED THAT THE OCCURRENCE OF ANY ONE OR MORE OF THE RISKS SET OUT BELOW COULD HAVE A MATERIAL ADVERSE EFFECT ON THE ISSUER'S, GUARANTOR'S AND GROUP'S BUSINESS, RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

IF ANY OF THE RISKS DESCRIBED BELOW WERE TO MATERIALISE, THEY COULD HAVE A SERIOUS EFFECT ON THE ISSUER'S AND/OR GUARANTOR'S FINANCIAL RESULTS AND TRADING PROSPECTS AND ON THE ABILITY OF THE ISSUER TO FULFIL ITS OBLIGATIONS UNDER THE SECURITIES TO BE ISSUED IN TERMS OF THE PROSPECTUS AND OF THE GUARANTOR TO HONOUR ITS OBLIGATIONS UNDER THE GUARANTEE. THE RISKS AND UNCERTAINTIES DISCUSSED BELOW ARE THOSE IDENTIFIED AS SUCH BY THE DIRECTORS OF THE ISSUER AND THE GUARANTOR AS AT THE DATE OF THE PROSPECTUS, BUT THESE RISKS AND UNCERTAINTIES MAY NOT BE THE ONLY ONES THAT THE ISSUER AND THE GUARANTOR MAY FACE. ADDITIONAL RISKS AND UNCERTAINTIES, INCLUDING THOSE WHICH THE ISSUER'S AND/OR GUARANTOR'S DIRECTORS ARE NOT CURRENTLY AWARE OF, MAY WELL RESULT IN A MATERIAL IMPACT ON THE FINANCIAL CONDITION AND OPERATIONAL PERFORMANCE OF THE ISSUER AND/OR THE GUARANTOR.

NEITHER THE PROSPECTUS NOR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH SECURITIES ISSUED BY THE ISSUER:

(I) IS INTENDED TO PROVIDE THE BASIS OF ANY CREDIT OR OTHER EVALUATION; NOR

(II) SHOULD BE CONSIDERED AS A RECOMMENDATION BY THE ISSUER, THE SPONSOR, THE MANAGER & REGISTRAR OR AUTHORISED FINANCIAL INTERMEDIARIES THAT ANY RECIPIENT OF THIS PROSPECTUS OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION THEREWITH, SHOULD PURCHASE ANY SECURITIES ISSUED BY THE ISSUER.

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

2.1 FORWARD-LOOKING STATEMENTS

The Prospectus and the documents incorporated therein by reference or annexed thereto contain forward-looking statements that include, among others, statements concerning the Issuer's and Guarantor's strategies and plans relating to the attainment of their respective objectives, capital requirements and other statements of expectations, beliefs, future plans and strategies, anticipated developments and other matters that are not historical facts and which may, accordingly, involve predictions of future circumstances.

Prospective investors can generally identify forward-looking statements by the use of terminology such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "believe", or similar phrases. Such forward-looking statements are inherently subject to a number of risks, uncertainties and assumptions, a few of which are beyond the Issuer's and Guarantor's control. Important factors that could cause actual results to differ materially from the expectations of the Issuer's and Guarantor's directors include those risks identified under the heading "Risk Factors" and elsewhere in the Prospectus.

If any of the risks described below were to materialise, they could have a material adverse effect on the Issuer's and Guarantor's financial results and trading prospects and the ability of the Issuer to fulfil its Bond Obligations under the securities to be issued in terms of the Prospectus and of the Guarantor to honour its obligations under the Guarantee.

Accordingly, the Issuer and Guarantor caution prospective investors that these forward-looking statements are subject to risks and uncertainties that could cause actual events or results to differ materially from those expressed or implied by such statements, that such statements do not bind the Issuer and Guarantor with respect to future results and no assurance is given that the projected future results or expectations covered by such forward-looking statements will be achieved.

Prospective investors are advised to read the Prospectus in its entirety and, in particular, all the risk factors set out in the Prospectus for a further discussion of the factors that could affect the Issuer's and Guarantor's future performance. In the light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in the Prospectus may not occur. All forward-looking statements contained in the Prospectus are made only as at the date hereof. The Issuer and its Directors expressly disclaim any obligations to update or revise any forward-looking statements 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.

2.2 RISKS RELATING TO THE ISSUER

2.2.1 Issuer's dependence on payments due by related Hili Ventures Companies

The proceeds of the Bond Issue shall, in large part, be loaned to Hili Ventures Companies via the Guarantor in the amounts and proportions described in sub-section 5.1 of the Securities Note.

The Issuer will be dependent on the receipt of loan repayments from Group borrowing entities in order to service interest payments on the Bonds and eventually repay the principal of the Bonds. In this respect, therefore, the operating results of said Group borrowing entities have a direct effect on the Issuer's financial position, and as such the risks intrinsic to the business and operations of such other Hili Ventures Companies shall have a direct effect on the ability of the Issuer to meet its Bond Obligations punctually when due.

The loan repayments to be effected by the said Group borrowing companies in favour of the Issuer are subject to certain risks, all of which are beyond the Issuer's control. More specifically, the ability of the Group borrowing companies to effect loan repayments will depend on their respective cash flows and earnings, which may be restricted by the terms of agreements to which they are or may become a party to, including the indenture governing their existing indebtedness, or by other factors beyond the control of the Issuer. The occurrence of any such factors could, in turn, negatively affect the ability of the Issuer to meet its Bond Obligations punctually when due.



2.2.2 Issuer's exposure to and dependence on Hili Ventures and its business

The Issuer is a Subsidiary of the Guarantor forming part of Hili Ventures and has been set up primarily as a finance and investment company with one of its principal purposes being that of financing or re-financing the funding requirements of the business of Hili Ventures. As a finance company, the assets of the Issuer will comprise of loans issued to the Guarantor and/or other Hili Ventures Companies, as aforesaid. In this respect, the Issuer is dependent on the business prospects of Hili Ventures, and consequently, the operating results and cash flows of the Guarantor and/or other Hili Ventures Companies have a direct effect on the Issuer's financial position and performance. As such, the risks intrinsic in the business and operations of Hili Ventures shall have a direct effect on the financial position of the Issuer.

The business activities of Hili Ventures are subject to general market and economic conditions, both locally and overseas. These conditions include, *inter alia*, consumer demand, financial market volatility, inflation, fluctuations in interest rates, exchange rates, direct and indirect taxation, unemployment, credit markets, government spending and other general market and economic conditions. Any further expansion of Hili Ventures' operations into other markets would potentially further increase its susceptibility to adverse economic developments and trends affecting such other markets. The occurrence of any such factors could, in turn, negatively affect the ability of the Issuer to meet its obligations in respect of the repayment of principal and interest under the Bonds punctually when due.

In the event that general market and economic conditions were to experience a downturn, these weakened conditions may have an adverse impact on the financial position and operational performance of Hili Ventures' business activities, potentially having a negative effect on the Issuer's financial position, cash flows, operational performance and its ability to fulfil its obligations under the Bonds.

Specifically, with respect to the Group's operations in the Baltic region (as detailed below in this Registration Document), including, *inter alia*, as a result of the current tensions between Ukraine and Russia, an investment in the Bonds carries the risk that, as a result of said current political tensions between Ukraine and Russia, the general economic conditions in the Baltic states in which Hili Ventures does business could be adversely impacted. The Group has no control over this risk. Accordingly, the Group is susceptible to the political and economic risks that may, from time to time, influence the Baltic region's prospects. Any unexpected changes in the political, social, economic or other conditions in the Baltic region may have an adverse effect on the operations and financial results of the Group and on any investments made by the Group in the region.

2.3 RISKS RELATING TO THE GROUP AND ITS BUSINESS

2.3.1 COVID-19 pandemic and possible similar future outbreaks

Different regions in the world have, from time to time, experienced outbreaks of various viruses. The widespread global pandemic of the infectious disease COVID-19 is continuing to take place and ensuing restrictions remain in force. While COVID-19 is still spreading and the final implications of the pandemic are difficult to estimate at this stage, it is clear that it will affect the lives of a large portion of the global population and continue to cause significant effects. Over recent months, the pandemic has caused state of emergencies being declared in various countries, travel restrictions being imposed, quarantines been established and various institutions and companies being closed. The ongoing COVID-19 pandemic and any possible future outbreaks of viruses may have a significant adverse effect on the Issuer and the Group.

Firstly, a spread of such diseases amongst the employees of the Group, as well as any quarantines affecting the employees of the Group or the Group's facilities, may reduce the possibility of the Group's personnel to carry out their work effectively and thereby affect the Group's operations. Secondly, the current pandemic and any possible future outbreaks of viruses may have an adverse effect on the Group's suppliers and/or transportation companies, resulting in a deficit of production inputs necessary for the Group to carry out its operations.

Further to the above, the Group may be adversely affected by the wider macroeconomic effect of the ongoing COVID-19 pandemic and any possible future outbreaks. While the final effects of the COVID-19 pandemic are, at this stage, difficult to assess as aforesaid, it is possible that it will have substantial negative effect on the economies the Group operates in. These effects may also take place in case of any possible future outbreaks. Any negative effect on the economy may decrease incomes of the end-customers of the Group and the demand for the Group's offerings. Such effects may also result in the insolvency of the Group's business partners, which could affect the operations of the Group, as well as its financial standing.

Any of the factors set out above could have an adverse effect on the Group's profits and financial position.

2.3.2 Hili Ventures' indebtedness could adversely affect its financial position

Hili Ventures has a material amount of debt and may incur additional debt in connection with its future growth and business development strategy. Consequently, a portion of Hili Ventures' generated cash flows will be required to make principal and interest payments on Hili Ventures' debt. Furthermore, any borrowings under bank credit facilities will likely be at variable interest rates, which could cause Hili Ventures to be vulnerable to increases in interest rates.

The agreements regulating Hili Ventures' bank debt may impose significant financial covenants on Hili Ventures, the covenants of which could limit Hili Ventures' ability to obtain future financing, make capital expenditure, withstand a future downturn in business or economic conditions generally or otherwise inhibit the Group's ability to conduct necessary corporate activities. The occurrence of any such factors could, in turn, negatively affect the ability of the Issuer to meet its obligations in respect of the repayment of principal and interest under the Bonds punctually when due.

2.3.3 Hili Ventures may be exposed to certain financial risks, including interest rate risk, which Hili Ventures may be unable to effectively hedge against

Hili Ventures' activities potentially expose it to a variety of financial risks, including market risk (principally interest rate risk and fair value risk), transaction risk, credit risk and risks associated with the unpredictability of financial markets, all of which could have adverse effects on the financial performance of Hili Ventures.

Interest rate risk refers to the potential changes in the value of financial assets and liabilities in response to changes in the level of interest rates and their impact on cash flows. Hili Ventures may be exposed to the risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows if any future borrowings are made under bank credit facilities set at variable interest rates. Although in such a case Hili Ventures seeks to hedge against interest rate fluctuations, this may not always be economically practicable.



Furthermore, the possibility of hedging may become more difficult in the future due to the unavailability or limited availability of hedging counter-parties. An increase in interest rates which is not hedged may have a material adverse effect on Hili Ventures' business, financial condition and results of operations.

2.3.4 Substantial competition could reduce Hili Ventures' market share and significantly harm its financial performance

Hili Ventures has a trading history predominantly in the technology and engineering industries, distribution of IT retail and consumer electronic products and services, transportation and logistics sector, ownership, development and management of properties, and operation of quick service restaurants. Each of the aforementioned business sectors are characterised by strong and increasing competition. Many of Hili Ventures' current and potential competitors' operating histories, name recognition, customer bases and financial and other resources are a competitive factor for Hili Ventures wherever it may have business interests. Intense competition in certain countries could adversely affect Hili Ventures' business and operating results.

2.3.5 Premier Capital plc and its subsidiaries' dependence on its licensor/franchisor

The quick service restaurant operations system in Estonia, Latvia and Lithuania (the "Baltic countries"), Greece, Malta and Romania is developed pursuant to the terms of franchises issued by the franchisor. Premier Capital plc and its subsidiaries have undertaken to develop restaurants under and in accordance with the franchisor's brand and standards as prescribed by the applicable master franchise (or franchise) agreements. Furthermore, pursuant to said master franchise (or franchise) agreements entered into with the franchisor, Premier Capital plc and its subsidiaries have been granted the right to adopt and use the quick service restaurant system in accordance with the terms of such agreements.

In light of the foregoing, the Premier Capital plc and its subsidiaries' revenues are dependent on the continued existence of its contractual relationships with the franchisor, and, in turn, of its right to operate franchise-branded restaurants in Malta, the Baltic countries, Greece and Romania. Furthermore, many factors and decisions in the business of Premier Capital plc and its subsidiaries are subject to restrictions, specifications or approval. In view of the nature of franchising and the said franchise agreements entered into with the franchisor, the long-term success of Premier Capital plc and its subsidiaries will depend, to a significant extent, on the continued vitality of the quick service restaurants concepts and the overall success of the franchise system and the quality, consistency and management of the franchisor's overall systems, amongst others.

Furthermore, while every effort is expected to be made to ensure a positive relationship between Premier Capital plc and its subsidiaries and their franchisor, there can be no assurance that events or circumstances in the future may not adversely affect that relationship or that the franchisor will not enforce its contractual rights under any of the said agreements in a manner that is adverse to Premier Capital plc and its subsidiaries.

2.3.6 Risks relating to property investments and operations

Hili Properties plc, a Hili Ventures Company, is involved in managing and maintaining a portfolio of properties. Property values are affected by and may fluctuate, *inter alia*, as a result of changing demand, changes in general economic conditions, changing supply within a particular area of competing space and attractiveness of real estate relative to other investment choices. The value of the property portfolios of Hili Properties plc may also fluctuate as a result of other factors outside the company's control, such as changes in regulatory requirements and applicable laws (including in relation to taxation and planning), political conditions, the condition of financial markets, potentially adverse tax consequences, interest and inflation rate fluctuations and higher accounting and control expenses. The operating performance of Hili Properties plc could be adversely affected by a downturn in the property market in terms of capital values.

Hili Properties plc is also subject to the risk that tenants may terminate or elect not to renew their respective lease. A decline in occupancy levels and/or the re-letting of property at less favourable terms than the current lease terms could adversely impact rental income and operating performance of Hili Properties plc.

2.3.7 Regulation

Hili Ventures is subject to a variety of laws and regulations. As with any business, Hili Ventures is at risk in relation to changes in laws and regulations and the timing and effects of changes in the laws and regulations to which it is subject, including changes in the interpretation thereof which cannot be predicted. No assurance can be given as to the impact of any possible judicial decision or change in law or administrative practice after the date of the Prospectus upon the business and operations of Hili Ventures Companies.

3. PERSONS RESPONSIBLE & AUTHORISATION STATEMENT

3.1 PERSONS RESPONSIBLE

This Registration Document includes information prepared in compliance with the Capital Markets Rules issued by the MFSA for the purpose of providing Bondholders with information with regard to the Issuer and the Guarantor. Each and all of the Directors of the Issuer whose names appear in sub-section 4.1.1 of this Registration Document accept responsibility for all the information contained in the Prospectus.

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

3.2 AUTHORISATION STATEMENT

This Registration Document has been drawn up as part of a simplified prospectus in accordance with Article 14 of the Prospectus Regulation. It has been approved by the Malta Financial Services Authority as the competent authority under the Prospectus Regulation. The Malta Financial Services Authority only approves this Registration Document as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer that is the subject of this Registration Document.



4. IDENTITY OF DIRECTORS, ADVISORS AND AUDITORS OF THE ISSUER AND GUARANTOR

4.1 DIRECTORS

4.1.1 DIRECTORS OF THE ISSUER

As at the date of this Registration Document, the Board of Directors of the Issuer is constituted by the following persons:

Geoffrey Camilleri (569579M)	299, Ithaca, Triq Frans Sammut, Zebbug, Malta	Chairman, Non-Executive Director
Dorian Desira (442281M)	Sayonara, Fl 6, Triq iz-Zebbuga, Gudja, Malta	Executive Director
Keith Busuttill (470481M)	10, Villa Fiorita, Fuq il-Gonna, Swieqi, Malta	Non-Executive Director
Jacqueline Camilleri (340768M)	63, Alta Vista, Triq Claudette Agius, Had-Dingli, Malta	Independent, Non-Executive Director
Mario Vella (672753M)	Sivellier, Triq is-Siegh, Swieqi, Malta	Independent, Non-Executive Director

Jacqueline Camilleri and Mario Vella are considered to be independent Directors since they are free of any business, family or other relationship with the Issuer, its controlling shareholder or the management of either, that could create a conflict of interest such as to impair their judgement. In assessing Ms Camilleri's and Mr Vella's independence, due notice has been taken of Rule 5.119 of the Capital Markets Rules.

The business address of the Directors is Nineteen Twenty Three, Valletta Road, Marsa MRS 3000, Malta.

Dr Melanie Miceli Demajo (548678M) of 21, Howard Street, Sliema, Malta, is the company secretary of the Issuer.

The following are the respective *curriculum vitae* of the Directors:

Name: **Geoffrey Camilleri**; Chairman, Non-Executive Director

Geoffrey Camilleri is a certified public accountant. After obtaining an Honours degree in Accountancy from the University of Malta in 2002, he joined the Assurance and Business Advisory division of PricewaterhouseCoopers in Malta. He then moved into industry and occupied governance and finance roles in Malta's Middlesea Insurance group, and later Gasan group. Mr Camilleri joined Hili Ventures in 2014 and was appointed Chief Financial Officer in January 2016. In January 2021 he was appointed Chief Financial Officer for Premier Capital plc and its subsidiaries. Mr Camilleri is also Chairman of Motherwell Bridge Industries Limited and Cobalt Leasing Ltd.

Name: **Dorian Desira**; Executive Director

Dorian Desira started out at the Hili family business in 1997 as an accounts clerk. He was promoted to management accountant with the group's holding company in 2001 and later became financial controller at the group's IT and engineering arm. In 2008, Mr Desira graduated from the Association of Chartered Certified Accountants. A year later, he joined Premier Restaurants Malta Limited as Finance Manager. On takeover of the Greek quick service restaurant operation in 2011, Mr Desira moved to Athens. He returned to Malta as General Manager overseeing the quick service restaurant operation of nine restaurants, including the opening of the Sliema restaurant in 2013. He was appointed Chief Financial Officer for Premier Capital plc and its subsidiaries in May 2014. He was appointed Chief Financial Officer for Hili Ventures in January 2021. He also sits on the boards of Premier Capital plc, 1923 Investments plc, HV Marine Limited and Motherwell Bridge Industries Limited. He is a certified public accountant and a fellow of the Malta Institute of Accountants and the Association of Chartered Certified Accountants.

Name: **Keith Busuttill**; Non-Executive Director

Keith Busuttill joined 1923 Investments plc in 2020 and occupies the role of Chief Executive Officer. Based in Malta, he is responsible for the company's success in achieving its commercial and investment objectives. He also manages shareholder relations and supports the senior executives of the subsidiaries across the 1923 Investments group. Mr Busuttill joined the company from London-based Oceanwood Capital Management, where he was a Portfolio Manager – European Event Driven Fund since 2014. He was previously a Partner (European Equity Absolute Return Fund) at Dalton Strategic Partnership, a Vice-President at The Blackstone Group, and an M&A senior analyst within the Investment Banking Division of Credit Suisse in London. Mr Busuttill holds a Master's in Corporate Finance from SDA Bocconi Business School and is ACCA-qualified. He sits on the boards of Harvest Technology plc, Hili Logistics Limited, Carmelo Caruana Company Limited, Carmelo Caruana Freeport Operations Limited, CCF0 Malta Limited, Gozo Express Services Limited and Global Parcels Ltd.



Name: **Jacqueline Camilleri**; Independent, Non-Executive Director

Jacqueline Camilleri is a Certified Public Accountant and a fellow member of the Malta Institute of Accountants. She graduated from the University of Malta with a B.A (Hons) in Accountancy and holds a Master's in Business Administration from Heriot-Watt University's Edinburgh Business School. Ms Camilleri held various roles at AX Holdings Limited between 1990 and 1998. She later joined the team at the Foundation for Medical Services responsible for the opening of Mater Dei Hospital and served as Directorate Management Accountant at Stock Mandeville Hospital in the UK. Ms Camilleri has provided financial consultancy to the private and national health sector in Malta and worked on privatisation processes, strategic reviews and business evaluations during her time at MIMCOL. In 2010, she was appointed Director General Finance and Administration at the Ministry for Health, Elderly and Community Care. In 2014, she was appointed Chief Executive Officer of retirement village Hilltop Gardens Retirement Village Limited, a subsidiary of AX Holdings Limited. She served on the board of the Foundation for Medical Services between 2005 and 2010, and was Vice Chair of Malta International Airport plc between 2008 and 2013. Ms Camilleri now provides business advisory services. She is also a member of the board of directors of Harvest Technology plc.

Name: **Mario Vella**; Independent, Non-Executive Director

Mario Vella joined Barclays Bank in Malta in 1969, occupying several positions in banking before concluding his career with HSBC in 2013 as Head of Corporate Banking. In this role he was responsible for the major share of the bank's lending portfolio and its largest corporate customers. He has been involved in driving major change in banking strategies, especially on Mid-Med Bank's take-over by HSBC. Over the years, Mr Vella has structured financing for numerous high profile projects, including bank / syndicated lending and capital markets. In 2013, he moved to KPMG as Director, Deal Advisory and served as Consultant to several company boards and assisted in raising finance for new ventures while helping clients refinance borrowing facilities. He retired from KPMG in 2017 but continues to provide consultancy to businesses. Mr Vella acts as non-executive director on a number of corporate boards.

4.1.2 DIRECTORS OF THE GUARANTOR

As at the date of this Registration Document, the board of directors of the Guarantor is constituted by the following persons:

Stephen Kenneth Tarr (105318L)	9 Hyde Park, Park Towers, Gorg Borg Olivier Street, St Julians, Malta	Chairman
Carmelo <i>sive</i> Melo Hili (395765M)	2, Immaculate Conception Street, Lija, Malta	Chief Executive Officer
Annabel Hili (534891M)	71, Shelanu, St. Paul Street, Safi SFI 1043, Malta	Executive Director
Victor Tedesco (594964M)	10, Triq Isaac Newton, Mellieha, Malta	Non-Executive Director
Jesmond Mizzi (328065M)	Campbell Close G2, Triq San Pawl, Attard, Malta	Independent Non-Executive Director

The business address of the directors of the Guarantor is Nineteen Twenty Three, Valletta Road, Marsa MRS 3000, Malta.

Dr Melanie Miceli Demajo (548678M) of 21, Howard Street, Sliema, Malta, is the company secretary of the Guarantor.

The following are the respective *curriculum vitae* of the directors of the Guarantor:

Name: **Stephen Kenneth Tarr**; Chairman

Stephen Kenneth Tarr is a certified management consultant and sits on a number of company boards in the United Kingdom, Malta and Germany. He has been involved in more than 20 mergers and acquisitions and is a specialist in supporting organisations in change management and people management. Mr Tarr established Mdina International, his management and people consultancy in 1980, after an apprenticeship in engineering and a career in sales in the United Kingdom. He has delivered bespoke training programmes to thousands of people within organisations of all sizes in more than 30 countries. Mdina International has offices in the United Kingdom, Malta and Germany.

Name: **Carmelo *sive* Melo Hili**; Chief Executive Officer

Melo Hili joined the family business in 1988 and was appointed managing director of Motherwell Bridge, then a joint venture with Motherwell Bridge Group of Scotland. He later also headed the company's Italian operation and was a board member of Motherwell Bridge Bhicam in the Bahamas. Mr Hili was named Developmental Licencee for quick service restaurant operations in Malta in 2005, for Estonia, Latvia and Lithuania in 2007, for Greece in 2011, and for Romania in 2016. Mr Hili is also Chairman of Premier Capital plc and Chief Executive Officer of Hili Ventures, and the controlling ultimate beneficial shareholder of the Group.



Name: **Annabel Hili**; Executive Director

Annabel Hili was appointed to the board of Hili Ventures in 2019 and currently occupies the role of Director of Legal, overseeing legal matters for the Group's Malta-based entities. She is also involved in strategic business transformation designed to inspire the group's people and create momentum to impact portfolio and performance. Having previously worked as an associate at a top-tier Maltese law firm, Dr Hili's areas of expertise include data protection, technology, media and telecommunications, and intellectual property law. She graduated Doctor of Laws from the University of Malta in 2015 and was called to the Bar in 2016. She holds an LLM in the Law of Internet Technology from Bocconi University in Milan. Dr Hili also sits on the board of HV Hospitality Limited and is one of the ultimate beneficial shareholders of the Group.

Name: **Victor Tedesco**; Non-Executive Director

Victor Tedesco joined the quick service restaurant operation team in Malta before the first of nine restaurants opened in 1995. He was St Julian's restaurant manager in Malta for three years, during which time he won a Manager of the Year award. Mr Tedesco was later appointed Operations Manager and moved to the head office. In 2007, he was appointed Director of Operations for the Baltics and moved to Riga for three and a half years. In 2011, he was entrusted with leading the operation in Greece. He returned to Malta in 2014 as Managing Director for Malta and Greece. Mr Tedesco assumed responsibility for all six quick service restaurant operation markets in 2015 and now holds the position of Chief Executive Officer of Premier Capital plc. Mr Tedesco is also Chairman of HV Hospitality.

Name: **Jesmond Mizzi**; Independent, Non-Executive Director

Jesmond Mizzi is Managing Director of Jesmond Mizzi Financial Advisors Limited. He has a financial services career spanning over 25 years. In 2002, he co-founded Jesmond Mizzi Financial Services Limited after holding senior roles with a listed company in Malta. Mr Mizzi previously spent six years managing a family catering business and was at PricewaterhouseCoopers for seven years. He has also served as a Director of Premier Capital plc and is the Chairman of the audit committee of Hili Ventures.

4.2 ADVISORS

Legal Counsel

Name: GVZH Advocates

Address: 192, Old Bakery Street, Valletta VLT 1455, Malta

Sponsor

Name: Calamatta Cuschieri Investment Services Limited

Address: Ewropa Business Centre, Triq Dun Karm, Birkirkara BKR 9034, Malta

Financial Advisors

Name: Grant Thornton Malta

Address: Fort Business Centre, Triq I-Intornjatur, Zone 1, Central Business District, Birkirkara CBD 1050, Malta

Manager & Registrar

Name: Bank of Valletta plc

Address: 58, Zachary Street, Valletta VLT 1130 Malta

As at the date of the Prospectus, none of the advisors named under this sub-heading have any beneficial interest in the share capital of the Issuer or the Guarantor. Additionally, save for the terms of engagement relative to their respective services provided in connection with the preparation of the Prospectus, no material transactions have been entered into by the Issuer or the Guarantor with any of the advisors referred to above.

The organisations listed above have advised and assisted the Directors in the drafting and compilation of the Prospectus.

4.3 AUDITORS

Name: Grant Thornton

Address: Fort Business Centre, Floor 2, Mriehel Bypass, Mriehel BKR 3000 – MALTA

The annual statutory financial statements of the Issuer for the financial years ended 31 December 2018, 2019 and 2020 were audited by Grant Thornton Malta of Fort Business Centre, Triq I-Intornjatur, Zone 1, Central Business District, Birkirkara CBD 1050, Malta.

The annual statutory financial statements of the Guarantor for the financial years ended 31 December 2018, 2019 and 2020 were audited by Grant Thornton Malta of Fort Business Centre, Triq I-Intornjatur, Zone 1, Central Business District, Birkirkara CBD 1050, Malta.

Grant Thornton Malta (accountancy board registration number AB/26/84/22) is a firm registered as a partnership of certified public accountants holding a practicing certificate to act as auditors in terms of the Accountancy Profession Act, 1979 (Chapter 281 of the laws of Malta).



5. INFORMATION ABOUT THE ISSUER AND GUARANTOR

5.1 THE ISSUER

Full Legal and Commercial Name of the Issuer:	Hili Finance Company plc
Registered Address:	Nineteen Twenty Three, Valletta Road, Marsa MRS 3000, Malta
Place of Registration and Domicile:	Malta
Registration Number:	C 85692
Legal Entity Identifier:	635400IXTH7KQA5JFG84
Date of Registration:	6 April 2018
Legal Form:	The Issuer is lawfully existing and registered as a public limited liability company in terms of the Act
Telephone Number:	+356 2568 1200
Email:	info@hilifinance.com
Website:	www.hilifinance.com *

**The information on the Issuer's website does not form part of the Prospectus, unless that information is incorporated by reference into the Prospectus.*

The Issuer was established on 6 April 2018 as a wholly-owned subsidiary of the Guarantor, save for 1 ordinary share which is held by APM Holdings Limited (C 30527). The principal object of the Issuer is to purchase or otherwise acquire, under any title whatsoever, to hold and manage, by any title, assets, including, but not limited to, securities and other financial interests. The issue of bonds falls within the objects of the Issuer. The Issuer's intended purpose is to raise finance for the business of the Group through the Guarantor. In this respect, the Issuer is mainly dependent on the business prospects of the Guarantor and Hili Ventures. The Issuer operates exclusively in and from Malta.

As at the date of the Prospectus, the Issuer has an authorised and issued share capital of €2,000,000 divided into 2,000,000 ordinary shares of a nominal value of €1.00 each, being fully paid up and subscribed for, allotted and taken up by the Guarantor, other than 1 share which is subscribed for, allotted and taken up by APM Holdings Limited (C 30527). Further details concerning the manner in which the shares in the Issuer are subscribed to are set out in sub-section 14.1 of this Registration Document.

Since its incorporation, the Company has issued two bonds, both of which are currently listed and traded on the Official List of the Malta Stock Exchange.

In July 2018, the Company issued €40,000,000 3.85% unsecured bonds of a nominal value of €100 per bond, the net proceeds of which were on-lent to the Guarantor to repay bank borrowings and related party balances, and to part-finance various acquisitions and developments of investment property, amongst others, in terms of a prospectus dated 4 July 2018. Unless previously re-purchased or cancelled, the 2018 Bonds are redeemable at their nominal value on 24 July 2028. Interest on the 2018 Bonds is repayable annually on the 24 July of each year between and including each of the years 2019 and the year 2028 at the rate of 3.85% *per annum*.

In July 2019, the Company issued a further €80,000,000 3.80% unsecured bonds of a nominal value of €100 per bond, the net proceeds of which were on-lent to the Guarantor principally for the purpose of financing the acquisition of 100% shareholding in Kemmuna Limited (C 15344), in terms of a prospectus dated 18 July 2019. Unless previously re-purchased or cancelled, the 2019 Bonds are redeemable at their nominal value on 27 August 2029. Interest on the 2019 Bonds is repayable annually on the 27 August of each year between and including each of the years 2020 and the year 2029 at the rate of 3.80% *per annum*.

The net proceeds from each of the 2018 Bonds and the 2019 Bonds, respectively, were all advanced to the Guarantor and are presently accounted for as loans and receivables.

There are no recent events particular to the Issuer which are, to a material extent, relevant to the evaluation of the Issuer's solvency.

5.2 THE GUARANTOR

Full Legal and Commercial Name of the Guarantor:	Hili Ventures Limited
Registered Address:	Nineteen Twenty Three, Valletta Road, Marsa MRS 3000, Malta
Place of Registration and Domicile:	Malta
Registration Number:	C 57902
Legal Entity Identifier:	635400KJ9568A3GQDB98



Date of Registration:	17 October 2012
Legal Form:	The Guarantor is lawfully existing and registered as a private limited liability company in terms of the Act
Telephone Number:	+356 2568 1200
Email:	info@hiliventures.com
Website:	www.hiliventures.com *

**The information on the Guarantor's website does not form part of the Prospectus, unless that information is incorporated by reference into the Prospectus.*

The Guarantor was established in 2012 and principally acts as the investment holding company of the Group, to which it provides management and consultancy services.

More specifically, the Guarantor is the holding company of a diversified group with a deep-rooted entrepreneurial heritage dating back to 1923. Through its divisions, Hili Ventures is engaged in multi-sited activities including quick service restaurant operations, IT, retail of consumer electronic products, logistics, marine and engineering, technology, oil and gas, property, hospitality and leasing. From its headquarters in Malta, Hili Ventures extends its presence to 10 countries across Central and Eastern Europe and North Africa with a team of over 10,000 people and steers the Group towards continued growth in selected sectors and markets.

The Guarantor is principally engaged, through Subsidiaries, in investments that are predominantly involved in the business sectors described below:

- **Premier Capital plc** is involved in quick service restaurant operations in Estonia, Greece, Latvia, Lithuania, Malta and Romania, acting as the developmental licensee for the brand under franchise in each of said six territories. It currently operates a growing network of restaurants, currently standing at 167 restaurants in prime locations, more than half of which are drive-through restaurants. Every year, more than 150 million customers are served at a quick service restaurant operated by Premier Capital plc, generating revenues in excess of €300 million. Premier Capital plc's total staff complement stands at around 8,800 people.
- **1923 Investments plc** is the investment operating division of the Guarantor (its ultimate parent). 1923 Investments plc is a diversified holding company focused on the pursuit of opportunities to acquire and nurture companies to generate attractive returns and maximise value for stakeholders. 1923 Investments plc embraces a broad remit, boasting a diverse array of operating subsidiaries across four reportable segments – technology, premium resellers for a multinational technology company that specialises in IT and consumer electronic products, logistics, and oil & gas. Its commercial activities are located in Malta, Poland, Hungary and the United Kingdom.

More specifically, 1923 Investments plc is presently engaged in the sale and distribution of IT retail and consumer electronic products as a premium reseller in Poland and Hungary; the sale, maintenance and servicing of information technology solutions, security systems and the provision of electronic payment solutions; and transport and logistics in Malta and Poland, including air, road, sea and rail freight forwarding, clearances and deliveries, customs brokerage, parcel services, warehousing, ship agency, ship-to-ship operations and project cargo.

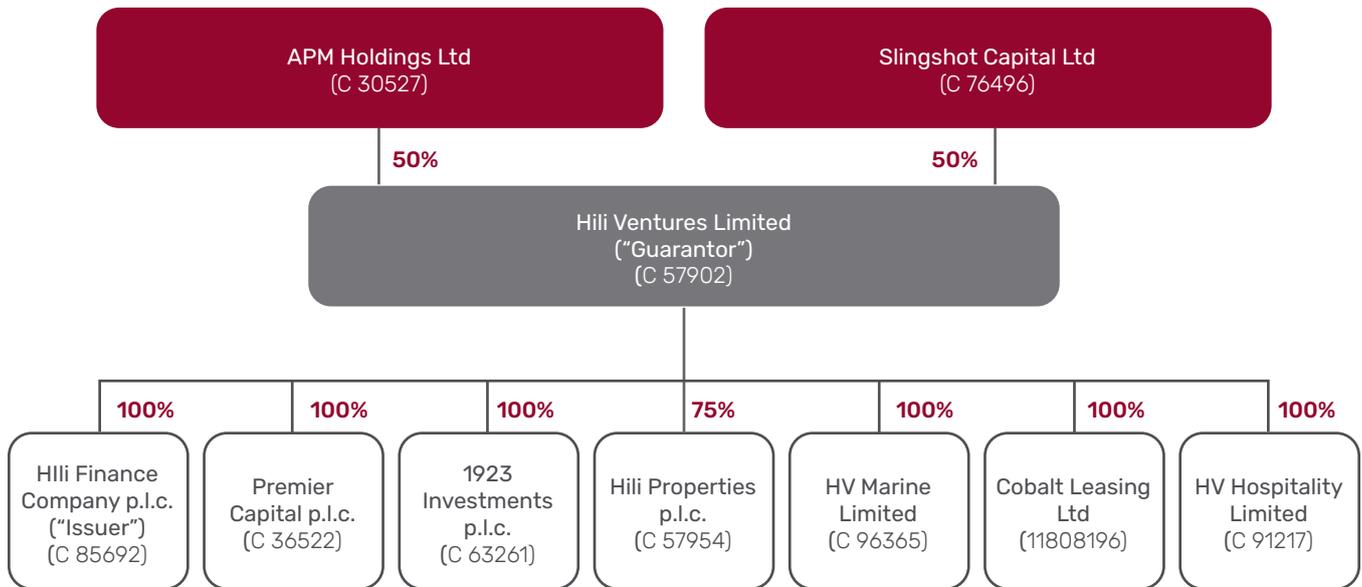
- **Hili Properties plc** is the parent company of the property division of Hili Ventures and owns and manages a property portfolio comprising commercial and retail property in Europe. Hili Properties plc owns and administers commercial real estate in Malta, Latvia, Lithuania, Estonia and Romania. Its diverse portfolio, now featuring properties valued at close to €113 million as at 30 June 2021, includes commercial property housing quick service restaurants, grocery-anchored retail complexes and dedicated office blocks. Hili Properties plc applies a strategy of management, development and repositioning to all its efforts to maximise return on investment and exceed tenant expectations. Hili Properties plc is constantly looking to expand its portfolio by identifying opportunities in key cities in Europe's developing markets.
- **HV Marine Limited** is set to become the holding company of a diversified and reputable array of businesses operating in the marine industry. Its vision is to develop a strong network of critical infrastructure for berthing, operating and servicing of yachts. Its mission is to become the leader in providing high quality marine facilities and complementary services, delivered to customers through sustainable businesses which encourage local employment and add value to local economies. As part of its growth strategy, HV Marine Limited is continuously seeking new opportunities through acquisitions, joint ventures or strategic partnerships. HV Marine is currently the parent company of Motherwell Bridge Industries Limited, a Mediterranean leader in customised engineering services.
- Established in 2019, **HV Hospitality Limited** is a dedicated investor in distinct properties and locations around Europe. Building on the expertise and track record of its team, it has set out to develop exquisite hotels and resorts and nurture the potential of urban assets. With the ability to raise capital to secure singular assets for its portfolio and a drive to leave its mark on the luxury sector, HV Hospitality seeks to partner major brands, leading international architects and designers, and ambitious professionals for its projects. On 24 May 2019, HV Hospitality Limited acquired 100% of the shareholding in Kemmuna Limited, the owner of the Comino Hotel and Bungalows on the Island of Comino. The €120 million re-development of the Comino Hotel and Bungalows is Hili Ventures' most ambitious project to date; as soon as planning permission is granted for the demolition of the existing sites, the construction of the 70 luxury suites and



21-bungalow cluster can commence. The Group is engaging with some of the world's most renowned architects and engineers to deliver a stunning and environmentally sustainable destination for discerning travellers by 2024.

- **Cobalt Leasing Ltd**, based in the United Kingdom, is engaged in international container leasing, targeting large European carriers seeking to secure long-term lease arrangements.

As the holding company of the Group, the Guarantor is ultimately dependent upon the operations, performance and business prospects of the above-mentioned Subsidiaries. The diagram below illustrates the principal Subsidiaries within the organisational structure of Hili Ventures as at the date of this Registration Document:



The complete list of Hili Ventures Companies is included in the consolidated audited financial statements of the Guarantor for the year ended 31 December 2020. The said financial statements are available for inspection as indicated in section 17 of this Registration Document.

6. OPERATING AND KEY FINANCIAL REVIEW

6.1 THE ISSUER

The Issuer was registered and incorporated on 6 April 2018 as a special purpose vehicle to act as a finance and investment company for the Guarantor and Hili Ventures. The financial information included below is extracted from the audited financial statements of the Issuer for the financial years ended 31 December 2018, 2019 and 2020 and the unaudited interim financial statements of the Issuer for the six-month period beginning 1 January 2021 up to 30 June 2021. There were no significant changes to the financial or trading position of the Issuer since 30 June 2021.

The said financial statements are available on the Issuer's website (www.hilifinance.com). These are also available for inspection at its registered office as set out in section 17 of this Registration Document.

Hili Finance Company p.l.c. Statement of comprehensive income

€000	FY2018 9 mths	FY2019 12 mths	FY2020 12 mths	FY2020 6 mths	FY2021 6 mths
Finance income	817	3,057	5,496	2,743	2,755
Finance costs	(686)	(2,631)	(4,682)	(2,340)	(2,337)
Net interest earned	131	426	814	403	418
Administrative expenses	(30)	(42)	(41)	(19)	(25)
Profit before tax	101	384	773	384	393
Income tax expense	(46)	(146)	(282)	(141)	(145)
Total profit for the year after tax	55	238	491	243	248



Hili Finance Company p.l.c.
Statement of financial position as at

€000	31 Dec 2018	31 Dec 2019	31 Dec 2020	30 Jun 2021
Assets				
Non-current assets				
Loans and receivables	41,931	121,931	122,481	122,411
Total non-current assets	41,931	121,931	122,481	122,411
Current assets				
Loans and receivables	817	2,361	2,255	5,000
Other receivables	12	44	44	10
Cash and cash equivalents	60	18	3	16
Total current assets	889	2,423	2,302	5,026
Total assets	42,820	124,354	124,782	127,437
Equity and liabilities				
Equity				
Share capital	2,000	2,000	2,000	2,000
Retained earnings	55	294	785	1,033
Total equity	2,055	2,294	2,785	3,033
Liabilities				
Non-current liabilities				
Debt securities	40,000	120,000	120,000	120,000
Total non-current liabilities	40,000	120,000	120,000	120,000
Current liabilities				
Other payables	682	1,729	1,759	4,045
Other financial liabilities	37	183	-	5
Current tax liability	46	148	238	354
Total current liabilities	765	2,060	1,997	4,404
Total liabilities	40,765	122,060	121,997	124,404
Equity and liabilities	42,820	124,354	124,782	127,437

Hili Finance Company p.l.c.
Statement of cash flows

€000	FY2018 9 mths	FY2019 12 mths	FY2020 12 mths	FY2020 6 mths	FY2021 6 mths
Net cash from operating activities	(9)	(273)	(303)	(11)	14
Net cash from investing activities	(41,931)	(78,355)	4,858	-	-
Net cash from financing activities	42,000	78,586	(4,570)	-	-
Net movement in cash and cash equivalents	60	(42)	(15)	(11)	14
Cash and cash equivalent at beginning of period	-	60	18	18	3
Cash and cash equivalents at the end of period	60	18	3	7	16



In July 2018, the Issuer successfully raised €40 million through the issuance of 3.85% unsecured bonds 2028 and, thereafter, the amount of €41.2 million (being the net proceeds from the bond issue, together with the accumulated cash balance) was on-lent to the Guarantor.

In July 2019, the Issuer successfully raised €80 million through the issuance of 3.80% unsecured bonds 2029 and, thereafter, the amount of €79 million (being the net proceeds from the bond issue) was on-lent to the Guarantor. Further funds, being the accumulated cash balances, were advanced to the Guarantor in August 2020.

Finance income represents the interest generated on the loans granted to the Guarantor, which totalled €12.1 million between 6 April 2018 and 30 June 2021. Finance costs represent the accrued interest on outstanding debt securities and other finance costs, which totalled €10.3 million during the same period. After accounting for administrative expenses and taxation, total comprehensive income generated by the Issuer between 6 April 2018 and 30 June 2021 totalled €1.0 million.

6.2 THE GUARANTOR

The financial information included hereinafter is extracted from the audited consolidated financial statements of the Guarantor for the financial years ended 31 December 2018, 2019 and 2020 and the unaudited interim financial statements of the Guarantor for the six-month period beginning 1 January 2021 up to 30 June 2021. The audited consolidated financial statements of the Guarantor are available on the Issuer's website (www.hilifinance.com) and are available for inspection at its registered office as set out in section 17 of this Registration Document.

The tables and narrative included in this sub-section 6.2 contain certain alternative performance measures (as defined by the European Securities and Markets Authority (ESMA)), including EBITDA, that Hili Ventures' management and other competitors in the industry use. These non-International Financial Reporting Standards financial measures are presented as supplemental information as: (i) they represent measures that the Directors believe may be relevant for certain investors, securities analysts and other parties in assessing Hili Ventures' operating and financial performance and may contribute to a fuller understanding of Hili Ventures' cash generation capacity and the growth of the combined business; and (ii) they may be used by Hili Ventures' management as a basis for strategic planning and forecasting.

Hili Ventures Limited Consolidated statement of comprehensive income

€000	FY2018 12 mths	FY2019 12 mths	FY2020 12 mths	FY2020 6 mths	FY2021 6 mths
Revenue	427,410	490,567	483,237	215,490	262,291
Cost of sales	(330,626)	(362,764)	(359,890)	(177,708)	(194,556)
Gross profit	96,784	127,803	123,349	37,782	67,735
Net operating expenses	(53,739)	(62,826)	(55,777)	(9,340)	(29,651)
EBITDA	43,045	64,977	67,572	28,442	38,084
Depreciation and amortisation	(15,731)	(27,155)	(29,935)	(20,756)	(14,827)
Net investment income	644	5,412	1,393	333	376
EBIT	27,958	43,234	39,030	8,019	23,633
Finance cost	(12,187)	(16,757)	(19,955)	(8,899)	(8,894)
Profit before tax	15,771	26,477	19,075	(880)	14,739
Income tax expense	(3,959)	(3,887)	(3,825)	(1,305)	(3,426)
Profit/(loss) for the year	11,812	22,590	15,250	(2,185)	11,313
Other comprehensive income / (expense)					
Items that will not be reclassified subsequently to profit and loss:					
Decrease in fair value of financial assets at fair value through other comprehensive income	(39)	(16)	(15)	(8)	3
Items that may be reclassified subsequently to profit or loss:					
Decrease in fair value of financial assets at fair value through other comprehensive income	-	(20)	(7)	(4)	4
Revaluation on property, plant and equipment	4,244	8,176	4,200	301	214
Currency exchange differences on translation of foreign operations	(2,311)	(793)	(5,758)	(2,161)	548
Total other comprehensive income/(expense)	1,894	7,347	(1,580)	(1,872)	769
Total comprehensive income for the year	13,706	29,937	13,670	(4,057)	12,081



Hili Ventures Limited
Consolidated statement of financial position as at

€000	31 Dec 2018	31 Dec 2019	31 Dec 2020	30 Jun 2021
Assets				
Non-current assets				
Goodwill and other intangible assets	101,432	98,174	106,330	106,607
Property, plant and equipment	124,760	202,171	214,445	215,616
Investment Property	79,654	72,605	64,727	64,717
Right of use assets	-	80,918	80,583	80,353
Restricted cash	831	1,192	1,583	1,988
Other non-current assets	51,761	38,609	54,578	59,010
Total non-current assets	358,438	493,668	522,246	528,290
Current assets				
Inventories	22,684	19,040	17,714	19,613
Trade and other receivables	20,554	22,930	23,508	25,101
Other current assets	13,083	27,039	13,159	8,681
Cash and cash equivalents	40,355	66,238	47,596	63,255
Total current assets	96,675	135,247	101,976	116,651
Total assets	455,113	628,916	624,222	644,940
Equity and liabilities				
Equity				
Equity and reserves	86,390	110,128	106,811	114,049
Non-current liabilities				
Borrowings and bonds	266,241	328,039	329,850	339,228
Lease liabilities	-	71,948	74,883	75,842
Other non-current liabilities	8,095	6,443	9,247	9,428
Total non-current liabilities	274,336	406,430	413,979	424,498
Current liabilities				
Bank overdrafts	6,522	6,794	5,707	1,526
Borrowings	15,227	22,060	19,190	14,329
Lease liabilities	-	11,111	9,472	9,428
Other current liabilities	72,638	72,393	69,062	81,110
Total current liabilities	94,387	112,358	103,431	106,394
Total liabilities	368,723	518,788	517,411	530,892
Total equity and liabilities	455,113	628,916	624,222	644,940



Hili Ventures Limited
Consolidated statement of cash flows

€000	FY2018 9 mths	FY2019 12 mths	FY2020 12 mths	FY2020 6 mths	FY2021 6 mths
Net cash from operating activities	36,261	48,645	44,885	30,114	37,213
Net cash from investing activities	(34,516)	(65,911)	(48,617)	(21,949)	(10,964)
Net cash from financing activities	8,484	42,152	(14,171)	(9,077)	(6,408)
Net movement in cash and cash equivalents	10,230	24,886	(17,902)	(912)	19,840
Cash and cash equivalent at beginning of period	23,707	33,833	59,445	59,445	41,889
Effects of movement in exchange	(104)	726	346	-	-
Cash and cash equivalents at the end of period	33,833	59,445	41,889	58,532	61,729

As set out in the table below, Hili Ventures reported a turnover of €490.6 million in FY2019, whereby *circa* 88% represented 'restaurant operations' revenue (being income derived from the operation of the quick service restaurants through Premier Capital plc) and 'IT retail sales' revenue (primarily being income from IT retail and consumer electronic products under the iSpot brand). FY2019 revenue represented an increase of €63.2 million (+14.8%) from the revenue of €427.4 million reported in FY2018, of which:

- €47.6 million (+16.2%) emanates from the restaurant operations, which is the result of new quick service restaurants growing from 146 in 2018 to 156 in 2019, combined with an increase in the revenue per store generated;
- €13.7 million (+17.7%) is attributable to an increase in IT retail sales, based on an increase in the number of clients of 12.5% over 2018 and the conversion rate increased to 9.6% in 2019 from 8.8% in 2018;
- the other revenue segments of the Group reported year-on-year improvements and, in aggregate, increased revenue by €1.8 million (+3.2%) to €58.0 million.

Hili Ventures Limited
Group revenue by activity

€000	FY2018 9 mths	FY2019 12 mths	FY2020 12 mths	FY2020 6 mths	FY2021 6 mths
Restaurant operations	293,650	341,281	318,955	143,127	185,142
IT retail sales	77,529	91,233	95,113	38,920	43,907
Commercial sales	21,013	19,220	21,260	9,491	7,265
Logistic and transport services	16,397	17,279	24,177	11,303	15,527
Engineering services	6,838	6,992	9,100	5,462	3,239
Rental income	5,250	6,547	5,278	2,633	2,667
Software and payment services	3,872	4,932	6,224	3,003	2,856
Maintenance and support	2,862	3,085	3,010	1,550	1,689
Management fees	-	-	120	-	-
Consolidated	427,410	490,567	483,237	215,490	262,291

Although FY2020 was impacted by the COVID-19 pandemic, the Group generated €483.2 million in revenue, a decrease of 1.5% (or €7.3 million) when compared to FY2019 revenue. Despite the pandemic causing several business disruptions, especially in the Group's restaurant operations, whereby revenue decreased by €22.3 million (-6.5%) over FY2019 levels as dine-in service was suspended across most restaurants, operations from other segments helped to mitigate these losses. Three segments, in particular, generated an increase in revenue in FY2020, these being:

- the sale of IT products which increased by €3.9 million (+4.3%) over FY2019 levels, as the pandemic accelerated demand towards digital commerce;
- logistic and transport services which increased by €6.9 million (or 40%) over FY2019 levels, driven primarily by the acquisition of STS Marine Solutions. However, excluding the €9.8 million revenue derived from the acquired business, the logistics segment was impacted by the pandemic, particularly due to temporary closure of factories in China, albeit being compensated by increases in volumes in the latter part of the year by favourable rates;
- revenue from engineering services which improved from €7.0 million in FY2019 to €9.1 million (+30%) in FY2020, due to two major projects in the Middle East.



By 30 June 2021 the Guarantor had generated €262.3 million in revenue, with over 87% of revenue emanating from the restaurant operations and sale of IT retail and consumer electronic products. The revenue generated by the Guarantor in the first six months of 2021 represents 54.3% of total revenue generated in FY2020, and an increase of 21.7% over the same period in 2020, illustrating a gradual recovery from the pandemic.

As the Group's cost of sales are primarily variable in nature, they have moved in line with revenue. As a result, the Group's gross profit margin remained relatively constant at *circa* 25% between FY2018 and FY2021.

At the operating level, EBITDA increased from €43.0 million in FY2018 to €65.0 million in FY2019 (+51%), representing an increase in EBITDA margin from 10.1% in FY2018 to 13.2% in FY2019. This increase was driven by the implementation of *IFRS 16 (Leases)* in FY2019, whereby operating lease expenses (previously accounted for in net operating expenses and above EBITDA line) are now reflected in depreciation and net finance costs which are below the EBITDA level.

Consequently, some line items within the income statement of FY2018 and FY2019 cannot be compared given that depreciation and amortisation are split between cost of sales and operating expenses. Although EBITDA margin remained constant at *circa* 14.0% in FY2020 and FY2021, the improvements recorded when compared to FY2019 result from a cost mitigation exercise which was implemented throughout all subsidiaries at the onset of the pandemic, with the aim of safeguarding the Guarantor's liquidity and profitability. As travel and large gatherings were hampered as part of the national restrictions imposed to curtail the pandemic, travelling and entertainment costs were reduced, hence resulting in a decrease in net operating expenses.

Depreciation and amortisation were higher in FY2019 by €11.4 million primarily due to the impact of IFRS 16. The depreciation and amortisation charge during FY2020 increased to €29.9 million (FY2019: €27.2 million), mainly on account of the opening of new stores from the Group's restaurant operations, and the acquisition of STS Marine Solutions.

Net investment income reached €5.4 million in FY2019. The principal items of investment income comprised a gain on disposal of shares in Harvest Technology plc of €5.8 million and increases in fair value of property of €2.7 million. Investment losses included the full impairment of the IT retail and consumer electronic products store in Romania of €0.3 million and an impairment loss of €3.5 million arising on the logistics business.

Finance costs mainly consist of interest incurred on the Issuer's bonds currently in issue, in addition to finance costs on bank borrowings and finance lease liabilities (IFRS 16). Finance costs have increased from €12.0 million in FY2018 to €19.5 million in FY2020 on account of IFRS 16 and higher bond interest payable following the issuance of new bonds to the general public in both FY2018 and FY2019.

The Group registered a profit after tax of €22.6 million in FY2019, an increase of €10.8 million (+91%) when compared to €11.8 million reported in FY2018. After accounting for other comprehensive income of €7.4 million (mainly made up of uplifts in fair value of property, plant and equipment), the Group's total comprehensive income amounted to €30.0 million in FY2019 (FY2018: €13.7 million). This decreased to €13.7 million in FY2020, principally due to the impact of the pandemic, but totalled €12.1 million in the first six months of FY2021.

Non-current assets in the statement of financial position as at 30 June 2021 amounted to €528.3 million (2020: €522.3 million). Notable items include: (i) goodwill and other intangibles amounting to €106.6 million (2020: €106.3 million), which principally relate to goodwill on acquisitions of going concerns, support services license, acquired rights, franchise fees for restaurant operations, patents and trademarks for IT retail and consumer electronic products and computer software licenses; and (ii) property, plant and equipment and investment property amounting to €215.6 million (2020: €214.4 million), which comprises improvements to leased properties, equipment and properties owned by Hili Properties plc.

Current assets as at 30 June 2021 amounted to €116.7 million (2020: €102.0 million) and primarily include inventory, trade receivables, other assets and cash balances. Current liabilities amounted to €106.4 million (2020: €103.4 million), made up of borrowings as to €15.8 million (2020: €24.9 million) and other liabilities of €90.5 million (2020: €78.5 million). Hili Ventures' liquidity ratio (which is measured by dividing current assets by current liabilities and indicates a company's ability to pay its current liabilities from its current assets), as at 30 June 2021, stood at 1.10 times (2020: 0.99 times).

Non-current liabilities as at 30 June 2021 amounted to €424.5 million (2020: €414.0 million) and mainly includes borrowings and bonds, as well as lease liabilities on account of IFRS 16. The equity value of Hili Ventures as at 30 June 2021 totalled €114.1 million (2020: €106.8 million).

Net cash flows from operating activities in FY2020, as presented in the statements of cash flows for the year ended 31 December 2020, amounted to €44.9 million as compared to €48.6 million in the prior year. In the first six months of 2021, net cash from operating activities totalled €37.2 million. The majority of cash generated from operating activities pertains to the restaurant and sale of IT retail and consumer electronic products, which is offset by net cash outflows in working capital movements and interest and tax payments.

In FY2020, Hili Ventures used €48.6 million in investment activities, as compared to €65.9 million in FY2019, primarily to acquire investment property, property, plant and equipment, and other assets. In the first six months of 2021, Hili Ventures used €11.0 million in investment activities.

Cash flows from financing activities includes the repayment of existing loans, the payment of rents to third parties and dividends. These cash outflows were mainly financed through cash generated from operations, as well as bank loan drawdowns and new bonds issued in both FY2018 and FY2019. Cash and cash equivalents as at 30 June 2021 amounted to €61.7 million, an increase of €19.8 million from the opening balance on 1 January 2021.



7. PRINCIPAL INVESTMENTS

The recent principal investments of Hili Ventures are described hereunder:

- In April 2020, the Group, acting through 1923 Investments plc, completed the acquisition of all non-US ship-to-ship operations from marine energy transporter Teekay Tankers in order to fulfil its strategy to make greater strides in international shipping in the near term. Based in Sunderland, a highly experienced team at the newly incorporated STS Marine Solutions provides ship-to-ship and ship-to-shore transfers of crude oil, refined petroleum, LPG and LNG. The team, which manages Jordan's first LNG import terminal, oversees operations at 24 bases around the globe, where core activities comprise oil and gas and LNG support, emergency support services and consultancy. STS Marine Solutions has over 30 years' transfer experience as well as experience in terminal management and project consultancy. STS Marine Solutions provides ship-to-ship services in 24 locations, including in Gibraltar, Cyprus, Dubai, Norway, Yosu (South Korea), Subic Bay (Philippines), Augusta and Malta. This was the only key acquisition made by the Group during 2020. In Q3 2020, 1923 Investments also discontinued the freight forwarding business to focus primarily on ship-to-ship services and warehousing in Malta.

Part of the proceeds of the Bond Issue shall be utilised to part re-finance the acquisition in question, as set out in further detail in sub-section 5.1 of the Securities Note.

- In October 2020, Hili Ventures' quick service restaurant business Premier Capital plc, the developmental licensee for a major brand under franchise in Estonia, Greece, Latvia, Lithuania, Malta and Romania, secured 100% ownership of the Romanian business after acquiring the 10% stake held by a single shareholder.
- In Q3 2020, HV Hospitality Limited unveiled its plans for the new Comino Hotel and Bungalows on the island of Comino. With a focus on sustainability, the total investment is projected to reach between €110 million and €120 million. The project, entirely held by HV Hospitality Limited, will introduce a higher tier of hospitality than is currently on offer across the Maltese islands.

HV Hospitality Limited has initiated the design process to redevelop the existing properties into an exclusive five-star hotel and luxury serviced bungalows and is awaiting the issuance of the necessary approvals and permits to be able to advance to the development phase.

The design team for this project is led by world-renowned architect Antonio Belvedere who is committed to deliver a project that blends with the natural environment. HV Hospitality Limited has also engaged ARUP, one of the world's leading engineering practices, with a brief to capture sustainable design strategies. It is expected that the planning permission will be obtained during the year 2022, and the project will take approximately 24 months to complete.

Looking ahead, in line with its three-year plans to 2024, Hili Ventures intends to continue on its growth trajectory, pursuing expansion organically and through mergers and acquisitions, broadly as follows:

- In 2021, the Group has been actively engaged in seeking partners and investors for a collection of attractive propositions in a range of sectors and markets, a number of which are expected to materialise within the 3-year time frame indicated above. Hili Ventures' investment arm 1923 Investments plc intends to intensify its mergers and acquisitions activity to the tune of €50 million by forging strategic international partnerships.
- The Group's quick service restaurant operations team remains committed to its ambitious vision for the next five years, renovating existing restaurants and upgrading its retail outlets to increase drive-through and delivery concepts, and is determined to open more than 50 restaurants in the next five years, including eight which have opened in 2021.
- Hili Properties plc aims to expand its portfolio beyond retail and office properties by venturing into partnerships with prominent players on the wider European market. In 2022, it is expected that Hili Properties plc will continue to focus on its expansion strategy to more Central and Eastern Europe countries that present stable economic growth and potential via the acquisition of strategically positioned immovable property that is typically occupied by reputable tenants, with a view to securing both sustainable income and strong capital returns.

In this regard, a share sale and purchase agreement was entered into on 17 November 2021 (the "SPA") by and between Hili Properties plc in its capacity as buyer and YIT Lietuva UAB in its capacity as seller, in virtue of which Hili Properties plc undertook to acquire from the seller 100% of the shares issued in the capital of UAB Indev, a Lithuanian company with registration number 305504167 (the "Target"). The Target, in turn, owns a property in Lithuania, which comprises of a sublease title to a plot of land and a building consisting of manufacturing, storage and office



premises. The property also includes integrated engineering equipment, machinery and movable property located therein. The building has been commissioned and handed over to the tenant UAB REHAU Production LT at the end of 2021. The price of the property was €20,850,979 and the transaction was closed on 29 December 2021.

Part of the proceeds of the Bond Issue shall be utilised to re-pay, in full, two intercompany loans taken out to fund an equity investment by the Guarantor in Hili Properties plc for the purpose of the latter acquiring commercial immovable property in furtherance of the Group's strategy of expanding its investment property portfolio, as set out above in sub-section 5.1 of the Securities Note.

8. BUSINESS DEVELOPMENT STRATEGY AND TREND INFORMATION

8.1 TREND INFORMATION OF THE ISSUER

There has been no material adverse change in the prospects or in the financial or trading position of the Issuer since the date of publication of its latest audited financial statements for the period ended 31 December 2020.

The Issuer is dependent on the business prospects of the Guarantor and, therefore, the trend information relating to the Guarantor has a material effect on its financial position and prospects.

As at the time of publication of this Registration Document, the Guarantor considers that generally it shall be subject to the normal business risks associated with the business in which Hili Ventures operates, and, barring unforeseen circumstances, does not anticipate any trends, uncertainties, demands, commitments or events outside the ordinary course of business that could be considered likely to have a material effect on the upcoming prospects of Hili Ventures and its business, at least with respect to the current financial year. However, investors are strongly advised to carefully read the risk factors in the Prospectus.

8.2 THE GUARANTOR

There has been no material adverse change in the prospects of the Guarantor since the date of its last published audited consolidated financial statements for the period ended 31 December 2020.

The Guarantor's business strategy focuses on two principal elements as described hereunder:

- **Management strategy**, which involves the proactive financial and operational management of the businesses owned by Hili Ventures, so as to achieve positive operational results, distribute dividends to the Guarantor on a regular basis and increase shareholder value. The Guarantor monitors and supports Hili Ventures Companies by, *inter alia*:
 - assisting in the recruitment and retention of talented senior executives to operate the businesses owned by the Guarantor;
 - regularly monitoring financial and operational performance of Hili Ventures Companies to effectively ensure that set goals and organic growth strategies are achieved;
 - assisting Hili Ventures Companies in controlling and right-sizing overhead costs; and
 - forming strong subsidiary level boards of directors to support executive management in their development and implementation of strategic goals and objectives.
- **Acquisition strategy**, which involves the acquisition of businesses that are expected to produce positive earnings and cash flow and have high growth potential. In this respect, the Guarantor may acquire companies operating in sectors other than those in which Hili Ventures currently operates if the directors believe an acquisition target presents an attractive opportunity.

8.2.1 Premier Capital plc

The principal objective of Premier Capital plc and its subsidiaries is to focus on the expansion of the quick service restaurant network within existing and new markets, given the belief of Premier Capital plc's management that there is significant market potential to continue to develop the quick service restaurant concept in Malta, the Baltic countries, Romania and Greece and, possibly, other territories (subject to franchisor's approval and granting of the associated licenses).

The opportunities for further expansion in the regions in which Premier Capital plc operates will depend on a number of factors that could have a material impact on Premier Capital plc's strategy to increase its operational presence in these territories. These factors are driven principally by the level of penetration that management reckons is sustainable in each of these territories to conduct profitable operations.

In devising future strategy, Premier Capital plc's management takes an ad hoc regional view of: general macro-economic conditions; the social development of the population; competition; regulation; affluence; political and economic stability within each territory. Moreover, Premier Capital plc commissions regular market studies in each of the territories in which it operates restaurants in order to keep under review all the



relevant market conditions that could have an impact on its development strategy and to enable it to react in a timely manner as and when market conditions so dictate.

On the basis of data available to Premier Capital plc's management, it transpires that the Maltese market, the Baltic countries market, as well as the Romanian and the Greek markets, can sustain further expansion, albeit not necessarily with the same potential.

In the case of Malta and the Baltic countries, Premier Capital plc already has a high penetration rate, comparable to that prevailing in the more developed city centres in Western Europe. Premier Capital plc's management believes that growth in these regions remains sustainable, with plans for relocations and renovations of its existing restaurants.

In the case of Romania and Greece, Premier Capital plc's management believes that there is further room for higher penetration rates. The relatively low penetration rate of restaurants per capita, combined with the high level of brand recognition enjoyed and Premier Capital plc's pricing strategy for the region, is believed to postulate the right platform for expansion in these regions.

Europe's food delivery markets have grown significantly over the years as large market players commenced operations in certain key countries, with the COVID-19 pandemic boosting growth even further.

Despite the challenging conditions brought about by the pandemic, Premier Capital plc successfully navigated the restrictive measures brought about by the unprecedented scenario. Indeed, restaurants continued to serve customers mainly through drive-through and delivery services and lobby take-out, as dine-in service was restricted across most of the Group's footprint.

8.2.2 1923 Investments plc

The principal objective of 1923 Investments plc is to operate and manage Hili Ventures' investments, other than the operation of quick service restaurants and the property division, which are managed by Premier Capital plc and Hili Properties plc, respectively. The following is an overview of the business strategies and trends affecting each of the businesses currently operated by 1923 Investments plc, specifically, iSpot, Harvest Technology and Hili Logistics.

8.2.2.1 The business of iSpot

The market in Poland and Hungary for IT retail and consumer electronic products and services is highly competitive. As with other developed markets, the market is characterised by frequent product introductions and rapid technological advances that have substantially increased the capabilities and use of mobile communication and media devices, personal computers, and other digital electronic devices. iSpot competes with other resellers of IT retail and consumer electronic products and services, and therefore competing factors include mainly price of products, as well as location of stores, quality of service provided and share of the business-to-business ('B2B') market. iSpot's other competitors, which sell IT retail and consumer electronic products as well as other mobile devices and personal computers based on other operating systems, typically undertake aggressive price cuts and lower their product margins to gain or maintain market share. The challenge of the IT retail and consumer electronic products premium reseller stores is to differentiate the total service experience beyond the product. iSpot is, however, designing new ways to expand the business generated from its retail platforms beyond the current business-to-consumer ('B2C') activity, which will definitely create growth opportunities for the company's already strong portfolio in the market.

Principal competitive factors important to iSpot include price, product features, relative price/performance, product quality and reliability, design innovation, a strong third-party software and peripherals ecosystem, marketing and reselling capability, service and support, and corporate reputation.

8.2.2.2 The business of Harvest Technology

Harvest Technology aims to bring people together to share their skills, creativity, optimism and vision. Through entrepreneurship, ambition and opportunity, Harvest Technology wants to create a space where companies with long-lasting ideas can gain access to resources and expertise that will help them define the right strategic footing to broaden their horizons and succeed.

The IT hardware, software and services industry is very fragmented and highly competitive. Harvest Technology competes with a large number and wide variety of marketers and resellers of IT hardware, software and services. The competitive landscape in the industry is continually changing as various competitors expand their product and service offerings. In addition, emerging models such as cloud computing are creating new competitors and opportunities in messaging, infrastructure, security, collaboration and other services offerings, and, as with other areas, the above-mentioned companies resell and compete directly with many of these offerings.

With reference to payment gateway solutions, management believes that electronic transactions will expand further in the future and that an increasing percentage of these transactions will be processed through emerging technologies. Competitors are continually offering innovative products and enhanced services, such as products that support smart phones that contain mobile wallet software. As mobile payments continue to evolve and are desired by merchants and consumers, Harvest Technology will continue to develop new products and services that will leverage the benefits that these new technologies can offer customers. In addition, it is expected that new markets will develop in areas



that have been previously dominated by paper-based transactions. Industries such as e-commerce, government, recurring payments and business-to-business should continue to see transaction volumes migrate to more electronic-based settlement solutions.

As such, the continued development of new products and services and the emergence of new vertical markets are expected to provide opportunities for Harvest Technology to expand its business in the years to come.

8.2.2.3 The business of Hili Logistics

The logistics services industry is intensely competitive and is expected to remain so for the foreseeable future. There are a large number of companies competing in one or more segments of the industry, and a more limited number of firms with a global network that offer a full complement of logistics services. Furthermore, there are new technology-based competitors entering the industry. Many of these competitors have significantly more resources than Hili Logistics. Depending on the location of the shipper and the importer, Hili Logistics must compete against both the niche players and larger entities. The industry continues to experience consolidations into larger firms aiming for stronger and more complete multinational and multi-service networks. However, regional and local competitors still maintain a strong market presence in certain areas.

Prior to the COVID-19 pandemic, there has been a strong upward trend in international freight traffic, primarily driven by the proliferation of the e-commerce industry. The pandemic created related supply chain disruptions causing labour shortages, fragmented supply lines, a weakened infrastructure and ambiguity with respect to the rules and regulations for mobility of goods. The effect of the pandemic has inevitably led to delay in deliveries, traffics and an increase in pricing. However, the impact is volatile and unequal as e-commerce shipping at intra-region level has seen an upward shift with an increase in online transactions, while those facilitated through offline networks have taken a setback.

The primary competitive factors in the logistics services industry continue to be price and quality of service, including reliability, responsiveness, expertise, convenience, and scope of operations. Hili Logistics emphasises quality customer service and is focused on optimising operations so as to maintain competitive prices over others in the industry.

Management has a strategy to grow Hili Logistics through the development of its current core activities and, in particular, endeavours to add new geographic territories, enhance the current base of customers, and/or add new services. The operating companies forming part of Hili Logistics shall continue to exploit synergies, collaborate on projects and attract new clients by utilising existing logistical contacts and supply chains.

8.2.3 Hili Properties plc

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

With respect to the remaining portfolio, Hili Properties plc's strategy is to create a property portfolio consisting primarily of attractively-located, institutional and high quality, income-producing investment properties to deliver income and capital growth through active asset management.

Hili Properties plc intends to continue to source its investment opportunities primarily through the board of directors' extensive network of relationships within the immovable property markets in which it operates, which include the corporate and private landlords, brokers, domestic banks and others. The board of directors expects to create both sustainable income and strong capital returns for Hili Properties plc.

8.2.4 HV Marine Limited

HV Marine Limited aims to become a key player in the marine industry. Its vision is to develop a strong network of critical infrastructure for berthing, operating and servicing of yachts. Its mission is to become the leader in providing high quality marine facilities and complementary services, delivered to customers through sustainable businesses which encourage local employment and add value to local economies. As part of its growth strategy, HV Marine Limited is continuously seeking new opportunities through acquisitions, joint ventures and strategic partnerships. To date it has one subsidiary, Motherwell Bridge Industries Limited, a market leader in the engineering sector, particularly in the construction and maintenance of port handling equipment.

9. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

9.1 THE ISSUER

9.1.1 Executive and Non-Executive Directors

The Memorandum of Association of the Issuer provides that the business and affairs of the Issuer shall be managed and administered by a Board of Directors to be composed of not less than four and not more than six Directors, who are appointed by the shareholders.



Directors of the Issuer are appointed by means of an ordinary resolution in general meeting. Accordingly, the Guarantor is empowered to appoint the Directors of the Issuer, thereby putting it in a position to appoint an absolute majority of the Directors of the Issuer and, accordingly, have control over the management and operations of the Issuer.

The Issuer is currently managed by a Board consisting of five Directors entrusted with its overall direction, including the establishment of strategies for future development. Its responsibilities include the oversight of the Issuer's internal control procedures and financial performance, and the review of the Issuer's business risks, thus ensuring such risks are adequately identified, evaluated, managed, and minimised. All the Directors have access to independent professional advice at the expense of the Issuer, should they so require.

The executive Director of the Issuer is entrusted with the company's day-to-day management and is also a director or officer of other companies within Hili Ventures. The only executive Director of the Issuer is Dorian Desira.

The main functions of the remaining four non-executive Directors comprising the Board, two of whom are also independent of the Issuer, are to monitor the operations of the executive Director and his performance, as well as to review any proposals tabled by the executive Director. The non-executive Directors are Geoffrey Camilleri, Keith Busuttil, Jacqueline Camilleri and Mario Vella, with the latter two also being independent of the Issuer.

In line with generally accepted principles of sound corporate governance, at least one of the Directors shall be a person independent of the Group.

None of the Directors have been:

- a) convicted in relation to fraud or fraudulent conduct;
- b) made bankrupt or associated with any liquidation or insolvency caused by action of creditors;
- c) the subject of any official public incrimination or sanction by any statutory or regulatory authority; or
- d) disqualified by a court from acting as director or manager.

The Directors believe that the Issuer's current organisational structure is adequate for its present activities. The Directors will maintain this structure under continuous review to ensure that it meets the changing demands of the business and to strengthen the checks and balances necessary for better corporate governance.

9.1.2 Directors' service contracts

None of the Directors of the Issuer have a service contract with the Issuer.

9.1.3 Aggregate emoluments of Directors

Pursuant to the Company's Memorandum and Articles of Association, the maximum annual aggregate emoluments that may be paid to the Directors is determined by the Company in general meeting. Specifically, in terms of the Memorandum and Articles of Association, the aggregate emoluments of all Directors in any one financial year, and any increases thereto, shall be such amount as may from time to time be determined by the Issuer in general meeting, and any notice convening the general meeting during which an increase in the maximum limit of such aggregate emoluments shall be proposed shall contain a reference to such fact. The Directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of the Directors or general meetings of the Issuer or in connection with the business of the Issuer.

The remuneration of Directors is a fixed amount *per annum* and does not include any variable component relating to profit sharing, share options or pension benefits. During the financial year ended 31 December 2020, the Directors received emoluments amounting in total to €27,000 (2019: €27,108).

9.1.4 Loans to Directors

There are no loans outstanding by the Issuer to any of its Directors, nor any guarantees issued for their benefit by the Issuer.

9.1.5 Removal of Directors

In terms of the Issuer's Articles of Association, the first Directors of the Issuer shall serve until the end of the first annual general meeting during which the new directors shall be appointed. Thereafter, all other directors shall hold office from the general meeting at which they are elected until the end of the next annual general meeting. All retiring directors shall be eligible for re-election. The Directors of the Issuer currently in office are expected to remain in office at least until the next Annual General Meeting of the Issuer.

A Director may, unless he resigns, be removed by ordinary resolution of the shareholders as provided in article 140 of the Act.

9.1.6 Powers of Directors

The business of the Issuer is managed by the Directors, who may, in accordance with the Issuer's Articles of Association, exercise all such powers as are not by the said Articles of the Issuer required to be exercised by it in general meeting.



In accordance with the Issuer's Articles of Association, the Board of the Issuer may exercise all the powers of the Issuer to borrow money and to hypothecate or charge its undertaking, property and uncalled capital or any part thereof, and to issue bonds, debentures, debenture stock and other securities, on such terms, in such manner and for such consideration as they may deem fit, whether outright or as security for any debt, liability or obligation of the company or of any third party, subject to the limit established in the Articles of Association and the overriding authority of the shareholders in general meeting to change, amend, restrict and/or otherwise modify such limit and the Directors' borrowing powers.

9.1.7 Employees

As at the date of the Prospectus, the Issuer has no employees.

9.2 THE GUARANTOR

9.2.1 Directors

The Guarantor is managed by a board of directors consisting of five directors that is entrusted with the responsibility of the direction and management of the Guarantor within the strategic parameters established by the board. A brief *curriculum vitae* of each of the current directors of the Guarantor is set out in sub-section 4.1.2 above.

9.2.2 Directors' service contracts

None of the directors of the Guarantor have a service contract with the Guarantor.

9.2.3 Loans to directors

There are no loans outstanding by the Guarantor to any of its directors, nor any guarantees issued for their benefit by the Guarantor.

9.2.4 Removal of directors

Directors of the Guarantor may, unless they resign, be removed by ordinary resolution of the shareholders as provided in article 140 of the Act.

9.2.5 Powers of directors

By virtue of the Articles of Association of the Guarantor, the board of directors is empowered to exercise all the rights of the company except those rights as are expressly reserved for decision by the shareholders in general meeting.

9.2.6 Employees

As at 31 December 2020, the average number of persons employed with Hili Ventures (on a group basis) and Hili Ventures Limited (the company) amounted to 9,556 (2019: 9,537 employees) and 47 (2019: 38 employees), respectively.

9.2.7 Boards of Subsidiary companies

The operating entities of Hili Ventures are each owned through subsidiary holding companies, namely Premier Capital plc, 1923 Investments plc, Hili Properties plc, Cobalt Leasing Ltd, HV Hospitality Limited and HV Marine Limited. Accordingly, a board of directors is entrusted with the responsibility of the direction and management of each subsidiary holding company within the strategic parameters established by the Guarantor's board of directors.

The board of directors of each subsidiary holding company is autonomous in the determination of the appropriate policies for the respective operating companies. The operating companies, in turn, have their own management structures and employees that have the function of implementing the policies and directions of their respective subsidiary holding company board.

9.3 WORKING CAPITAL

As at the date of this Registration Document, the directors of the Issuer and of the Guarantor are of the opinion that working capital available to the Issuer and Guarantor, respectively, is sufficient for the attainment of their objects and the carrying out of their respective business for the next 12 months of operations. The proceeds from the Bond Issue have been taken into account when providing said clean working capital statement; said clean working capital statement would still apply if the proceeds from the Bond Issue were not so included in the calculation of working capital.

9.4 CONFLICT OF INTEREST

As at the date of this Registration Document, in addition to being a director of the Guarantor, Melo Hili is a director of 1923 Investments plc, of HV Hospitality Limited, of HV Marine Limited and of Premier Capital plc, besides being a director of a number of other companies forming part of Hili Ventures. Moreover, Melo Hili is the controlling ultimate beneficial owner of Hili Ventures.

Besides being Directors of the Issuer, Geoffrey Camilleri, Dorian Desira and Keith Busuttil are directors and officers of other companies forming part of Hili Ventures. Specifically, Geoffrey Camilleri is a director of Motherwell Bridge Industries Limited and Cobalt Leading Ltd, while Dorian Desira is a director of 1923 Investments plc, Motherwell Bridge Industries Limited, Premier Capital plc and HV Marine Limited. Keith Busuttil is a director of Harvest Technology plc, Hili Logistics Limited and Carmelo Caruana Company Limited, among others.



Jacqueline Camilleri is also a member of the board of directors of Harvest Technology plc in addition to being a director of the Issuer. In assessing Ms Camilleri's independence, due notice has been taken of Rule 5.119 of the Capital Markets Rules.

Annabel Hili, a director of the Guarantor, also sits on the board of HV Hospitality Limited and is one of the ultimate beneficial shareholders of the Group.

In view of the foregoing, such directors are susceptible to conflicts between the potentially diverging interests of the different entities comprising Hili Ventures.

No private interests or duties unrelated to the Issuer, Guarantor or Hili Ventures, as the case may be, have been disclosed by the general management team which may or are likely to place any of them in conflict with any interests in, or duties towards, the Issuer or the Guarantor, as the case may be.

In addition, in view of the lender-borrower relationship which is to arise between the Issuer and companies forming part of Hili Ventures, there may be situations that could give rise to conflicts between the potentially diverging interests of members of Hili Ventures. By virtue of the Memorandum and Articles of Association of the Issuer, the Directors are obliged to keep the Board advised of any interest in a contract, arrangement or proposal with the Issuer. The Board member concerned shall not take part in the assessment by the Board as to whether a conflict of interest exists. A Director shall not vote at a meeting of Directors in respect of any contract, arrangement or proposal in which he has a material interest, whether direct or indirect.

To the extent known or potentially known to the Issuer as at the date of this Registration Document, other than the information contained and disclosed herein, there are no other potential conflicts of interest between any duties of the Directors and their respective private interests and/or their other duties, which require disclosure in terms of the Prospectus Regulation.

10. AUDIT COMMITTEE PRACTICES

The Audit Committee's objective is to assist the Board in fulfilling its supervisory and monitoring responsibilities according to terms of reference that reflect the requirements of the Capital Markets Rules, as well as current good corporate governance best practices. The Audit Committee oversees the conduct of the internal and external audit and acts to facilitate communication between the Board, management, the external auditors and the internal audit team. The internal and external auditors are invited to attend Audit Committee meetings. The Audit Committee reports directly to the Board of Directors.

The terms of reference of the Audit Committee include support to the Board of Directors of the Issuer in its responsibilities in dealing with issues of risk, control and governance, and associated assurance. The Board has set formal terms of establishment and the terms of reference of the Audit Committee which set out its composition, role and function, the parameters of its remit, as well as the basis for the processes that it is required to comply with. The Board reserved the right to change the Audit Committee's terms of reference from time to time.

The primary purpose of the Audit Committee is to assist the Directors in conducting their role effectively so that the Issuer's decision-making capability and the accuracy of its reporting and financial results are maintained at a high level at all times. The main responsibilities of the Audit Committee include, but are not limited to, the following:

- a) monitoring the financial reporting process and submitting recommendations or proposals to ensure its integrity;
- b) monitoring of the effectiveness of the Issuer's internal quality control and risk management system and, where applicable, its internal audit regarding the financial reporting of the Issuer;
- c) making recommendations to the Board in relation to the appointment of the external auditor and to approve the remuneration and terms of engagement of the external auditor, following appointment by the shareholders during the Issuer's Annual General Meeting;
- d) reviewing and monitoring the external auditor's independence;
- e) evaluating the arm's length nature of any proposed transactions to be entered into by the Issuer and a related party, to ensure that the execution of such transaction is at arm's length, conducted on a sound commercial basis and in the best interests of the Issuer; and
- f) assessing any potential conflicts of interest between the duties of the Directors and their respective private interests or duties unrelated to the Issuer.

The Audit Committee has the task of ensuring that any potential conflicts of interest that may arise at any moment pursuant to the different roles held by the Directors are handled in the best interest of the Issuer. Additionally, the Audit Committee has a crucial role in monitoring the activities and conduct of business of the Group's subsidiaries, limitedly insofar as these may affect the ability of the Issuer to fulfil its Bond Obligations.



The Audit Committee is made up entirely of non-executive Directors, two of whom are independent of the Issuer, and who are appointed for a period of one year. Mario Vella, an independent, non-executive Director of the Issuer, acts as Chairman, whilst Jacqueline Camilleri and Keith Busuttill act as members of the Audit Committee. In compliance with the Capital Markets Rules, Jacqueline Camilleri is considered to be the member competent in accounting and/or auditing matters. The Issuer considers that the members of the Audit Committee have the necessary experience, independence and standing to hold office as members thereof and the Audit Committee, as a whole, is deemed to have relevant competence in the sector the Company operates in.

11. COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS

11.1 THE ISSUER

The Issuer is subject to, and supports, the Code of Principles of Good Corporate Governance forming part of the Capital Markets Rules (the "Code"). The Board acknowledges that the Code does not dictate or prescribe mandatory rules but recommends principles of good practice. Nonetheless, the Board strongly believes that the Code is in the best interest of the shareholders and other stakeholders since it ensures that the Directors, management and employees of the Group adhere to internationally recognised high standards of corporate governance.

The Board considers that during the financial year ended 31 December 2020, the Issuer was in compliance with the Code, save for the following exceptions:

(i) Principle 7 "Evaluation of the Board's Performance"

Under the present circumstances, the Board does not consider it necessary to appoint a committee to carry out a performance evaluation of its role, as the Board's performance is evaluated on an ongoing basis by, and is subject to the constant scrutiny of, the Board itself and the Issuer's shareholders.

(ii) Principle 8: "Committees"

The Issuer does not have a remuneration committee or a nomination committee as recommended in Principle 8. Under the present circumstances the Board does not consider it necessary to appoint a nomination committee and a remuneration committee as decisions on these matters are taken at shareholder level.

(iii) Principle 10: "Institutional shareholders"

This principle is not applicable since the Company does not have any institutional shareholders.

As required by the Act and the Capital Markets Rules, the Issuer's financial statements are subject to annual audit by the Issuer's external auditors. In view of the reporting structure adopted by the Code, the Issuer, on an annual basis in its annual report, details the level of the Issuer's compliance with the principles of the Code, explaining the reasons for non-compliance, if any.

11.2 THE GUARANTOR

As the Guarantor is not a public company having securities listed on a regular market, it is not bound by the provisions of the Code set out in the Capital Markets Rules. Notwithstanding the foregoing, the Board of directors of the Guarantor has established an Audit Committee in compliance with the Code, the primary purpose of which is to act independently from the executive management, to protect the interests of the company's shareholders and assist the directors in conducting their role effectively so that the company's decision-making capability and accuracy of its reporting and financial results are maintained at a high level at all times. The Audit Committee of the Guarantor, the latter entity being the parent company of Hili Ventures, is, pursuant to its terms of reference, entitled to review any issues that relate to the particular subsidiaries or activities carried on by the Group. In this regard, the Audit Committee of the Guarantor ensures that there is adequate cooperation with Hili Ventures (and with internal and external auditors of the individual companies within the Group) to enable the Audit Committee to discharge its responsibilities effectively.



12. HISTORICAL FINANCIAL INFORMATION

The historical financial information relating to the Issuer for the periods ended 31 December 2018, 2019 and 2020 has been audited by Grant Thornton Malta and, together with the respective auditor's reports thereon, is available for inspection as set out in section 17 of this Registration Document, is incorporated by reference, and may be accessed on the Issuer's website www.hilifinance.com. There have been no significant adverse changes to the financial or trading position of the Issuer since the end of the financial period to which the last audited financial statements relate.

The unaudited interim financial information of the Issuer for the six months ended 30 June 2021 is available for inspection as set out in section 17 of this Registration Document, is incorporated by reference, and may be accessed on the Issuer's website www.hilifinance.com.

	Page number in Annual Report	Page number in Annual Report	Page number in Annual Report	Page number in interim financial statements
	Financial year ended 31 December 2018	Financial year ended 31 December 2019	Financial year ended 31 December 2020	Interim financial information for the six months ended 30 June 2021
Independent Auditors' Report	27-31	29-33	31-35	N/A
Statement of Financial Position	10	10	10	4
Income Statement	9	9	9	3
Statement of Cash Flows	12	12	12	6
Notes to Financial Statements	13-26	13-28	13-30	8-10

The historical financial information relating to the Guarantor for the three financial years ended 31 December 2018, 2019 and 2020 as audited by Grant Thornton Malta, and the respective auditor's reports thereon, is set out in the consolidated financial statements of the Guarantor, which are available for inspection as set out in section 17 of this Registration Document, are incorporated by reference, and may be accessed on the Issuer's website www.hilifinance.com. There have been no significant adverse changes to the financial or trading position of the Guarantor since the end of the financial period to which the last audited financial statements relate.

	Page number in Annual Report	Page number in Annual Report	Page number in Annual Report
	Financial year ended 31 December 2018	Financial year ended 31 December 2019	Financial year ended 31 December 2020
Independent Auditors' Report	56-58	144-147	151-154
Statement of Financial Position	6	15-16	16-17
Income Statement	5	14	15
Statement of Cash Flows	8-9	20-22	21-23
Notes to Financial Statements	10-55	23-143	24-150

Furthermore, the Issuer and the Guarantor hereby confirm that there has been no material change or recent development which could adversely affect potential investors' assessments in respect of the Bonds, other than the information contained and disclosed in the Prospectus.

13. LITIGATION

There have been no governmental, legal or arbitration proceedings involving the Issuer and/or the Guarantor (including any such proceedings which are pending or threatened of which the Issuer and/or the Guarantor is aware) during the period covering twelve months prior to the date of the Prospectus which may have, or have had, in the recent past significant effects on the financial position or profitability of the Issuer and/or the Guarantor and/or the Group, taken as a whole.



14. ADDITIONAL INFORMATION

14.1 SHARE CAPITAL OF THE ISSUER

The authorised share capital of the Issuer is €2,000,000 divided into 2,000,000 ordinary shares of a nominal value of €1.00 each. The issued share capital of the Issuer is €2,000,000 divided into 2,000,000 ordinary shares of a nominal value of €1.00 each, being fully paid up and subscribed for, allotted and taken up by the Guarantor, other than 1 share which is subscribed for, allotted and taken up by APM Holdings Limited (C 30527).

The authorised share capital of the Issuer may be increased by an ordinary resolution of the shareholders in general meeting. Shares can be issued under those conditions decided by extraordinary resolution of the shareholders in general meeting.

There are no classes of shares and each ordinary share confers the right to one vote at general meetings of the Issuer. All ordinary shares rank *pari passu* in all respects.

The shares of the Issuer are not listed on the Exchange. An application has not been filed for the shares of the Issuer to be quoted on the Official List of the Exchange. There is no capital of the Issuer which has been issued to the public during the two years immediately preceding the publication of the Prospectus.

It is not expected that the Issuer will issue any shares during the next financial year, whether fully or partly paid up, in consideration for cash or otherwise.

There is no capital of the Issuer which is currently under option, nor is there any agreement by virtue of which any part of the capital of the Issuer is to be put under option. There are no arrangements, known to the Issuer, which may at a subsequent date result in a change in control of the Issuer.

The Issuer adopts measures in line with the Code to ensure that the relationship of the Issuer with the rest of Hili Ventures and/or with the ultimate shareholders, is retained at arm's length, including, in respect of the Issuer, adherence to rules on related party transactions set out in Chapter 5 of the Capital Markets Rules requiring the vetting and approval of any related party transaction by the Audit Committee, which is constituted in its totality by non-executive Directors, a majority of whom are independent of the Issuer. The Audit Committee has the task of ensuring that any potential abuse is managed, controlled and resolved in the best interests of the Issuer. The composition of the Board, including the presence of two independent, non-executive Directors, effectively minimises the possibility of any abuse of control by any major shareholder. With particular reference to the relationship between the Issuer and the ultimate shareholders, the Articles of Association of the Issuer require any director of the Issuer who in any way, whether directly or indirectly, has an interest in a contract, arrangement, transaction or proposal with the Issuer, to declare the nature of his interest to the Board of Directors of the Issuer. Furthermore, said Director shall not be permitted to vote at that meeting in respect of any contract, arrangement, transaction or any other proposal in which he has, either directly or indirectly, a personal material interest.

14.2 MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE ISSUER

14.2.1 Objects

The objects of the Issuer are set out in clause 4 of the Issuer's Memorandum of Association, with the principal object being to purchase or otherwise acquire, under any title whatsoever, to hold and manage, by any title, movable and immovable property or other assets, including but not limited to securities and other financial interests.

The Memorandum and Articles of Association of the Issuer otherwise regulate matters customarily dealt with therein, including matters such as voting rights and restrictions thereof, and the appointment and powers of Directors.

A copy of the Memorandum and Articles of Association of the Issuer may be inspected during the lifetime of this Registration Document at the registered office of the Issuer as set out in section 17 of this Registration Document, and at the Malta Business Registry.

14.2.2 Appointment of Directors

At present, in terms of clause 8 of the Issuer's Memorandum of Association, the management and administration of the Issuer shall be managed by a Board of Directors which shall be composed of not less than four and not more than six directors.

The Directors shall be appointed by means of an ordinary resolution of the shareholders of the Company in general meeting.

14.2.3 Powers of Directors

The Directors are vested with the management of the Issuer, and their powers of management and administration emanate directly from the Memorandum and Articles of Association and the law. The Directors are empowered to act on behalf of the Issuer and, in this respect, have the authority to enter into contracts, sue and be sued in representation of the Issuer. In terms of the Memorandum and Articles of Association they may do all such things that are not by the Memorandum and Articles of Association reserved for the shareholders in general meeting.

Directors may not vote on any proposal, issue, arrangement or contract in which they have a personal material interest.



The maximum limit of aggregate emoluments of the Directors is, in terms of the Memorandum and Articles of Association, to be established by the shareholders in general meeting. Within that limit, the Directors shall have the power to vote on remuneration to themselves or any member of their body. Any increases in the maximum limit of Directors' aggregate emoluments have to be approved by the Company in the general meeting.

In terms of the Memorandum and Articles of Association, the Board of Directors may exercise all the powers of the Issuer to borrow money and give security therefor, subject to such limit as may be established by the shareholders in general meeting.

There are no provisions in the Issuer's Memorandum and Articles of Association regulating the retirement or non-retirement of Directors over an age limit.

14.3 SHARE CAPITAL OF THE GUARANTOR

The authorised share capital of the Guarantor is €95,000,000 divided into 16,000,000 ordinary shares of a nominal value of €1 each and 79,000,000 non-cumulative 6.8% redeemable preference shares of a nominal value of €1 each. The issued share capital of the Guarantor is €69,400,000 divided into 1,000,000 ordinary shares of a nominal value of €1 each and 68,400,000 non-cumulative 6.8% redeemable preference shares of a nominal value of €1 each, all fully paid up, which have been subscribed for, allotted and fully taken up as follows:

- | | |
|--|---|
| (i) APM Holdings Limited (C 30527) | 500,000 Ordinary Shares |
| (ii) Slingshot Capital Limited (C 76496) | 500,000 Ordinary Shares |
| (iii) APM Holdings Limited (C 30527) | 68,400,000 Non-Cumulative 6.8% Redeemable Preference Shares |

The ultimate controlling beneficial owner of the Guarantor is Carmelo *sive* Melo Hilli

The authorised share capital of the Guarantor may be increased by an ordinary resolution of the shareholders in general meeting. Shares can be issued under those conditions decided by extraordinary resolution of the shareholders in general meeting.

Each ordinary share confers the right to one vote at general meetings of the Guarantor. All ordinary shares rank *pari passu* in all respects, particularly but not limited to dividend and capital repayment rights. The 68,400,000 non-cumulative 6.8% redeemable preference shares do not carry any voting rights, nor do they grant to their holders any voting rights to appoint directors on the Board of Directors of the company. They can be redeemed at the option of the company by 31 December 2099 at their par value, following a resolution to this effect at a general meeting.

There is no capital of the Guarantor which is currently under option, nor is there any agreement by virtue of which any part of the capital of the Guarantor is to be put under option. There are no arrangements, known to the Guarantor, which may at a subsequent date result in a change in control of the Guarantor.

14.4 MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE GUARANTOR

14.4.1 Objects

The Guarantor is registered as a private limited liability exempt company in terms of the Act. The principal objects of the Guarantor are set out in clause 4 of the memorandum of association of the Guarantor and include, but are not limited to, acting as a holding company and investing and holding shares, participations and debentures in any other company, partnership or business.

The Guarantor is also empowered in terms of its memorandum and articles of association to secure and guarantee the repayment of any debt, liability or obligation of the company or any third party.

A copy of the memorandum and articles of association of the Guarantor may be inspected during the lifetime of this Registration Document at the registered office of the Issuer as set out in section 17 of this Registration Document and at the Malta Business Registry.

14.4.2 Appointment of Directors

At present, in terms of the memorandum and articles of association of the Guarantor, the board of directors of the Guarantor shall consist of not less than one and not more than seven directors. Directors shall be appointed by means of an ordinary resolution of the shareholders of the Guarantor in general meeting.

There are no provisions in the Guarantor's memorandum and articles of association regulating the retirement or non-retirement of directors over an age limit.

14.5 COMMISSIONS

There were no commissions, discounts, brokerages or other special terms granted during the 2 years immediately preceding the publication of the Prospectus in connection with the issue or sale of any capital of the Issuer or the Guarantor.



15. MATERIAL CONTRACTS

Each of the Issuer and the Guarantor has not entered into any material contracts which are not in the ordinary course of their respective business which could result in the Issuer or any member of Hili Ventures being under an obligation or entitlement that is material to the Issuer's or Guarantor's ability to meet their obligations to security holders in respect of the securities being issued pursuant to, and described in, the Securities Note.

16. DISCLOSURES UNDER MARKET ABUSE REGULATION

No information has been disclosed by the Issuer over the last 12 months which is relevant as at the date of the Prospectus under Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC.

17. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents (or certified copies thereof), where applicable, shall be available for inspection at the registered office of the Issuer at Nineteen Twenty Three, Valletta Road, Marsa MRS 3000, Malta during the term of the Bond Issue during office hours:

- (a) Memorandum and Articles of Association of the Issuer;
- (b) Memorandum and Articles of Association of the Guarantor;
- (c) Audited financial statements of the Issuer for the financial years ended 31 December 2018, 2019 and 2020;
- (d) Audited consolidated financial statements of the Guarantor for the financial years ended 31 December 2018, 2019 and 2020;
- (e) Interim unaudited financial statements of the Issuer for the six-month period 1 January 2021 to 30 June 2021;
- (f) Financial Analysis Summary dated 27 January 2022 prepared by Calamatta Cuschieri Investment Services Limited; and
- (g) the Guarantee.

Documents (a) to (e) (both included) are also available for inspection in electronic form on the Issuer's website www.hilifinance.com.

