

SECURITIES NOTE

Dated 25 March 2022

This document is a Securities Note issued in accordance with the provisions of Chapter 4 of the Capital Markets Rules published by the MFSA and of the Prospectus Regulation. This Securities Note is issued pursuant to the requirements of Rule 4.14 of the Capital Markets Rules and contains information about the Bonds. Application has been made for the admission to listing of the Bonds on the Official List of the Malta Stock Exchange. This Securities Note should be read in conjunction with the most updated Registration Document issued from time to time containing information about the Issuer.

In respect of an issue of €12.5 million 4.5% Secured Bonds 2032

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

G3 FINANCE PLC

a public limited liability company registered in terms of the laws of Malta
with company registration number C 94829

Guaranteed* by G3 Holdings Limited (C 94828)

*Prospective investors are to refer to the Guarantee contained in Annex II of this Securities Note for a description of the scope, nature and terms of the Guarantee and also to refer to sub-section 5.5 of this Securities Note for a description of the Collateral. 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, as well as the Collateral granted by the G3 Group.

ISIN: MT0002641208

Legal Counsel

GVZH
ADVOCATES

Sponsor, Manager & Registrar

 **RIZZO FARRUGIA**
YOUR INVESTMENT CONSULTANTS

THIS SECURITIES NOTE 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 QUALITY OF THE SECURITIES THAT ARE THE SUBJECT OF THIS SECURITIES NOTE. INVESTORS SHOULD MAKE THEIR OWN ASSESSMENT AS TO THE SUITABILITY OF INVESTING IN THE SECURITIES.

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.

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 ADVISER.

Approved by the Directors



Daniel Grima



Jonathan Grima

in their capacity as Directors and for and on behalf of John Grima, Alexander Grima, Albert Grech,
Juanita Bencini and Michael Lewis Macelli.



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Important Information

THIS SECURITIES NOTE CONSTITUTES PART OF THE PROSPECTUS DATED 25 MARCH 2022 AND CONTAINS INFORMATION ABOUT G3 FINANCE PLC IN ITS CAPACITY AS ISSUER, G3 HOLDINGS LIMITED IN ITS CAPACITY AS GUARANTOR AND ABOUT THE BONDS IN ACCORDANCE WITH THE REQUIREMENTS OF THE CAPITAL MARKETS RULES ISSUED BY THE MFSA, THE COMPANIES ACT AND THE PROSPECTUS REGULATION, AND SHOULD BE READ IN CONJUNCTION WITH THE REGISTRATION DOCUMENT ISSUED BY THE ISSUER.

THIS SECURITIES NOTE SETS OUT THE CONTRACTUAL TERMS UNDER WHICH THE BONDS ARE ISSUED BY THE ISSUER AND ACQUIRED BY A BONDHOLDER, WHICH TERMS SHALL REMAIN BINDING UNTIL THE REDEMPTION DATE OF THE BONDS, UNLESS THEY ARE OTHERWISE CHANGED IN ACCORDANCE WITH SUB-SECTION 6.16 OF THIS SECURITIES NOTE.

THE INFORMATION CONTAINED HEREIN IS BEING MADE AVAILABLE IN CONNECTION WITH AN ISSUE BY THE COMPANY OF A MAXIMUM OF €12,500,000 SECURED BONDS 2032 OF A NOMINAL VALUE OF €100 EACH. THE BONDS SHALL BE ISSUED AT PAR AND BEAR INTEREST AT THE RATE OF 4.5% *PER ANNUM* PAYABLE ANNUALLY IN ARREARS ON 6 APRIL OF EACH YEAR UNTIL THE REDEMPTION DATE, WITH THE FIRST INTEREST PAYMENT FALLING DUE ON 6 APRIL 2023. THE NOMINAL VALUE OF THE BONDS WILL BE REPAYABLE IN FULL AT MATURITY ON 6 APRIL 2032. THE BOND ISSUE IS GUARANTEED BY G3 HOLDINGS LIMITED.

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 SECURITIES NOTE 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 ADVISERS.

THE PROSPECTUS DOES NOT CONSTITUTE, AND MAY NOT BE USED FOR PURPOSES OF, AN OFFER OR INVITATION TO SUBSCRIBE FOR SECURITIES ISSUED BY THE ISSUER BY ANY PERSON IN ANY JURISDICTION: (I) IN WHICH SUCH OFFER OR INVITATION IS NOT AUTHORISED; OR (II) IN WHICH THE PERSON MAKING SUCH OFFER OR INVITATION IS NOT QUALIFIED TO DO SO; OR (III) TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR INVITATION. 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 BONDS 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 ADVISERS AS TO LEGAL, TAX, INVESTMENT OR ANY OTHER RELATED MATTERS CONCERNING THE BONDS AND THE PROSPECTUS.

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 SO APPLYING FOR ANY SUCH SECURITIES AND OF ANY APPLICABLE EXCHANGE CONTROL REQUIREMENTS AND TAXES IN THE COUNTRIES OF THEIR NATIONALITY, RESIDENCE OR DOMICILE.

SAVE FOR THE PUBLIC OFFERING IN THE REPUBLIC OF MALTA, NO ACTION HAS BEEN OR WILL BE TAKEN BY THE ISSUER THAT WOULD PERMIT A PUBLIC OFFERING OF THE SECURITIES DESCRIBED IN THIS SECURITIES NOTE OR THE DISTRIBUTION OF

THE PROSPECTUS (OR ANY PART THEREOF) OR ANY OFFERING MATERIAL IN ANY COUNTRY OR JURISDICTION WHERE ACTION FOR THAT PURPOSE IS REQUIRED.

IN RELATION TO EACH MEMBER STATE OF THE EUROPEAN ECONOMIC AREA (OTHER THAN MALTA), THE BONDS CAN ONLY BE OFFERED TO “QUALIFIED INVESTORS” (AS DEFINED IN THE PROSPECTUS REGULATION), AS WELL AS IN ANY OTHER CIRCUMSTANCES WHICH DO NOT REQUIRE THE PUBLICATION BY THE ISSUER OF A PROSPECTUS PURSUANT TO ARTICLE 3 OF THE PROSPECTUS REGULATION.

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

A COPY OF 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 COMPANIES 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 PUBLIC 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 SECURITIES NOTE ARE, EXCEPT WHERE OTHERWISE STATED, BASED ON THE LAW AND PRACTICE CURRENTLY IN FORCE IN MALTA AND ARE SUBJECT TO CHANGES THEREIN.

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 THE BONDS.

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

ALL THE ADVISERS TO THE ISSUER NAMED IN SUB-SECTION 5.4 OF THE 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.

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

1. Definitions

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

Applicant/s	an Authorised Intermediary or any person or persons, natural or legal, who subscribes for the Bonds;
Application/s	the application to subscribe for Bonds made by an Applicant/s in accordance with the terms of this Securities Note;
Bond Issue Price	the price of €100 per Bond;
Business Day	any day between Monday and Friday (both days included) on which commercial banks in Malta settle payments and are open for normal banking business;
CET	Central European Time;
CSD	the Central Securities Depository of the Malta Stock Exchange authorised in terms of Part IV of the Financial Markets Act (Chapter 345 of the laws of Malta), having its address at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta;
GDPR	Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC;
Interest Payment Date	6 April of each year between and including each of the years 2023 and the year 2032, provided that if any such day is not a Business Day such Interest Payment Date will be carried over to the next following day that is a Business Day;
Issue Date	expected on 6 April 2022;
MiFIR	Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments;
Redemption Value	the nominal value of each Bond (€100 per Bond); and
Terms and Conditions	the terms and conditions of the Bonds, set out in sub-sections 5.3 (<i>'Issue Statistics'</i>), 6 (<i>'Information concerning the Bonds'</i>) and 8 (<i>'Terms and Conditions of the Bond Issue'</i>) of this Securities Note.

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 Securities Note.

2. Risk Factors

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

THE NOMINAL VALUE OF THE BONDS IS REPAYABLE IN FULL UPON MATURITY, UNLESS THE BONDS ARE PREVIOUSLY RE-PURCHASED AND CANCELLED. THE ISSUER SHALL REDEEM THE BONDS ON THE REDEMPTION DATE.

AN INVESTMENT IN THE BONDS INVOLVES CERTAIN RISKS, INCLUDING THOSE DESCRIBED BELOW. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER, WITH THEIR OWN PROFESSIONAL ADVISERS, THE FOLLOWING RISK FACTORS AND OTHER INVESTMENT CONSIDERATIONS, AS WELL AS ALL THE OTHER INFORMATION CONTAINED IN THE PROSPECTUS, BEFORE DECIDING TO MAKE AN INVESTMENT IN THE BONDS. SOME OF THESE RISKS ARE SUBJECT TO CONTINGENCIES WHICH MAY OR MAY NOT OCCUR AND THE ISSUER IS NOT IN A POSITION TO EXPRESS ANY VIEWS ON THE LIKELIHOOD OF ANY SUCH CONTINGENCIES OCCURRING.

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, AND 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 G3 GROUP'S BUSINESS, RESULTS OF OPERATIONS AND FINANCIAL CONDITION AND COULD, THEREBY, NEGATIVELY AFFECT THE ABILITY OF THE ISSUER TO MEET ITS OBLIGATIONS IN CONNECTION WITH THE PAYMENT OF INTEREST ON THE BONDS AND REPAYMENT OF PRINCIPAL WHEN DUE.

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

ACCORDINGLY, 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

This Securities Note contains "forward-looking statements" which include, among others, statements concerning matters that are not historical facts and which may involve projections of future circumstances. These statements by their nature involve a number of risks, uncertainties and assumptions, a few of which are beyond the Issuer's control, and important factors that could cause actual risks to differ materially from the expectations of the Issuer's and/or Guarantor's directors. Such forecasts and projections do not bind the Issuer with respect to future results and no assurance can be given that future results or expectations covered by such forward-looking statements will be achieved.

2.2 Suitability of Investments

An investment in the Issuer and the Bonds may not be suitable for all recipients of the Prospectus and prospective investors are urged to consult an independent investment adviser licensed under the Investment Services Act (Chapter 370 of the laws of Malta) as to the suitability or otherwise of an investment in the Bonds before making an investment decision. In particular, such advice should be sought with a view to ascertaining that each prospective investor:

- i) has sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in the Prospectus or any applicable supplement;
- ii) has sufficient financial resources and liquidity to bear all the risks of an investment in the Bonds, including where the currency for principal or interest payments is different from the prospective investor's currency;
- iii) understands thoroughly the terms of the Bonds and is familiar with the behaviour of any relevant indices and financial markets;
- iv) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect his/her/its investment and his/her/its ability to bear the applicable risks; and
- v) is able to assess as to whether an investment in the Bonds shall achieve his/her/its investment objective.

2.3 Risks relating to the Bonds

An investment in the Bonds involves certain risks including, but not limited to, those described below:

- The impact of COVID-19, and other infectious illness outbreaks that may arise in the future, could adversely affect the economies of many nations or the entire global economy, individual issuers and capital markets in ways that cannot necessarily be foreseen. The existence of an orderly and liquid market for the Bonds depends on a number of factors including, but not limited to, the presence of willing buyers and sellers of the Issuer's Bonds at any given time. Such factors are dependent upon the individual decisions of investors and the general economic conditions of the market in which the Bonds are traded, over which the Issuer has no control. Accordingly, there can be no assurance that an active secondary market for the Bonds will develop, or, if it develops, that it will continue. Furthermore, there can be no assurance that an investor will be able to sell or otherwise trade in the Bonds at or above the Bond Issue Price, or at all.
- Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds. Investors should also be aware that the price of fixed rate bonds should, theoretically, move adversely to changes in interest rates. When prevailing market interest rates are rising their prices decline and, conversely, if market interest rates are declining, the prices of fixed rate bonds rise. This is called market risk since it arises only if a Bondholder decides to sell the Bonds before maturity on the secondary market.
- A Bondholder will bear the risk of any fluctuations in exchange rates between the currency of denomination of the Bonds (€) and the Bondholder's currency of reference, if different. Any adverse fluctuations may impair the return of investment of the Bondholder in real terms after taking into account the relevant exchange rate.
- No prediction can be made about the effect which any future public offerings of the Issuer's securities, or any takeover or merger activity involving the Issuer, will have on the market price of the Bonds prevailing from time to time. If such changes take place, they could have an adverse effect on the market price for the Bonds.
- The Bonds, as and when issued and allotted, shall constitute the general, direct, unconditional and secured obligations of the Issuer and shall be guaranteed in respect of both the interest due and the principal amount under said Bonds by the Guarantor jointly and severally. The Bonds shall be secured by the Collateral and, accordingly, shall rank with priority and preference as regards the Security Property. Notwithstanding that the Bonds constitute the general, direct, unconditional and secured obligations of the Issuer, as guaranteed by the Guarantor, they may rank after causes of preference which may arise by operation of law. There can be no guarantee that privileges accorded by law in specific situations will not arise during the course of the business of the Issuer and/or G3 Properties Limited and/or G3 Hospitality Limited, as applicable, which may rank with priority or preference over the Collateral.
- Whilst the Collateral that is to be granted in favour of the Security Trustee for the benefit and in the interest of Bondholders grants the Security Trustee a right of preference and priority for repayment over the Collateral, there can be no guarantee that the value of the Collateral over the term of the Bonds will be sufficient to cover the full amount of interest and principal outstanding under the Bonds. This may be caused by a number of factors, not least of which general economic factors that could have an adverse impact on the value of the relevant Collateral, specifically the value of the Security Property. If such circumstances were to arise or subsist at the time that the Collateral is to be enforced by the Security Trustee, it could have a material adverse effect on the recoverability of all the amounts that may be outstanding under the Bonds. Furthermore, third party security interests may be registered which will rank in priority to the Bonds against the unencumbered assets of the Issuer for so long as such security interests remain in effect.
- Even after the Bonds are admitted to trading on the Official List of the MSE, the Issuer is required to remain in compliance with certain requirements relating, *inter alia*, to the free transferability, clearance and settlement of the Bonds in order to remain a listed company in good standing. Moreover, the MFSA has the authority to suspend trading or listing of the Bonds if, *inter alia*, it comes to believe that such a suspension is required for the protection of investors or the integrity or reputation of the market. The MFSA may discontinue the listing of the Bonds on the MSE. Any such trading suspensions or listing revocations / discontinuations could have a material adverse effect on the liquidity and value of the Bonds.
- In the event that the Issuer wishes to amend any of the Terms and Conditions of the Bonds it shall call a meeting of Bondholders in accordance with the provisions of sub-section 6.16 of this Securities Note. These provisions permit defined majorities to bind all Bondholders, including Bondholders who do not attend and vote at the relevant meeting and Bondholders who vote in a manner contrary to the majority. Furthermore, in terms of the Guarantee the Guarantor has the power to veto a decision

by the Bondholders, taken at a Bondholders' meeting duly convened and held, to amend or waive the Terms and Conditions of the Bonds which are issued with the benefit of its Guarantee, in cases in which such amendment or waiver may give rise to changes in: (i) the amount payable by the Guarantor under the Guarantee; (ii) the term and/or frequency of such payments; (iii) the Events of Default listed in sub-section 6.13 of this Securities Note; and/or (iv) any other term which may otherwise increase the exposure of the Guarantor to the enforcement of the Guarantee. In the event that the Guarantor were to exercise such right of veto, the proposed amendment to, or waiver of, the Terms and Conditions would not be put into effect.

- The Bonds and the Terms and Conditions of the Bond Issue are based on the requirements of the Capital Markets Rules, the Companies Act and the Prospectus Regulation in effect as at the date of the Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in law or administrative practice after the date of the Prospectus.
- By acquiring Bonds, a Bondholder is considered to be bound by the terms of the Trust Deed as if he/she/it had been a party to it. The Trust Deed contains a number of provisions which prospective investors ought to be aware of prior to acquiring the Bonds. For instance, in terms of the Trust Deed (i) the Security Trustee is not bound to take any such steps or proceedings or take any other action to enforce the security constituted by the Collateral unless the Security Trustee shall have been indemnified to its satisfaction against all actions, proceedings, claims and demands to which it may thereby render itself liable and all costs, charges, damages and expenses which it may incur by so doing; and (ii) the Security Trustee may pay itself out of the trust funds all sums owing to it in respect of the remuneration costs, charges, expenses or interest or by virtue of any indemnity from the Issuer to which it is entitled under the Trust Deed or by law or by virtue of any release or indemnity granted to it and all such sums as aforesaid shall be so retained and paid in priority to the claims of the Bondholders and shall constitute an additional charge upon the property charged with the Collateral.

2.4 Risks relating to the Guarantee

In view of the fact that the Bonds are being guaranteed by the Guarantor on a joint and several basis, the Bondholders shall be entitled to request the Guarantor to pay both the interest due and the principal amount under said Bonds if the Issuer fails to meet any amount when due in terms of the Prospectus. The Guarantee also entitles the Bondholders to take action against the Guarantor without having to first take action against the Issuer, if the Issuer fails to pay any sum payable by it to Bondholders pursuant to the Terms and Conditions of the said Bonds. The strength of this undertaking on the part of the Guarantor and, therefore, the level of recoverability by the Bondholders from the Guarantor of any amounts due under any of the Bonds, is dependent upon and directly linked to the financial position and solvency of the Guarantor.

3. Persons Responsible and Approval Statement

This Securities Note includes information given in compliance with the Capital Markets Rules for the purpose of providing prospective investors with information with regard to the Issuer, the Guarantor and the Bonds. John Grima, Daniel Grima, Alexander Grima, Jonathan Grima, Albert Grech, Juanita Bencini and Michael Lewis Macelli, being all of the Directors of the Issuer, accept responsibility for the information contained in the Prospectus.

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

4. Consent for Use of the Prospectus

4.1 Consent required in Connection with Use of the Prospectus by Authorised Intermediaries

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

- a) to any resale, placement or other offering of Bonds subscribed for as aforesaid, taking place in Malta; and
- b) to any resale, placement or other offering of Bonds subscribed for as aforesaid, taking place within the period of 60 days from the date of the Prospectus.

There are no other conditions attached to the consent given by the Issuer hereby which are relevant for the use of the Prospectus.

All information on the Terms and Conditions of the Bonds which is offered to any prospective investor by Authorised Intermediaries is to be provided by such Authorised Intermediaries to the prospective investor prior to such investor subscribing to any Bonds. Any interested investor has the right to request that Authorised Intermediaries provide the investor with all and any information on the Prospectus, including the Terms and Conditions of the Bonds.

Neither one of the Issuer, the Guarantor, the Sponsor, the Security Trustee or any of their respective advisers take any responsibility for any of the actions of any Authorised Intermediary, including their compliance with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to a resale, placement or other offering of Bonds.

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

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

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

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

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

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

Any new information with respect to Authorised Intermediaries unknown at the time of the approval of this Securities Note will be made available through a company announcement which will also be made available on the Issuer's website: www.g3.com.mt

4.2 Statement of Authorisation

This Securities Note has been approved by the MFSA as the competent authority under the Prospectus Regulation. The MFSA only approves this Securities Note 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 quality of the securities that are the subject of this Securities Note. Investors should make their own assessment as to the suitability of investing in the Bonds.

5. Essential Information

5.1 Reasons for the Issue and Use of Proceeds

The proceeds from the Bond Issue, which net of Bond Issue expenses are expected to amount to approximately €12.1 million, will be on-lent by the Issuer to G3 Hospitality Limited pursuant to the Loan Agreement and shall be utilised for the following purposes, in the amounts and order of priority set out below:

- i. an amount of *circa* €5.4 million will be used for the purpose of repaying financing facilities taken out by the Group with Bank of Valletta plc, which facilities were taken out with respect to the settlement of expenses related to the development, finishing and furnishing of the Pergola Hotel & Spa and the Solana Hotel & Spa, respectively, prior to the date of the Prospectus;
- ii. an aggregate amount of *circa* €3.4 million will be used in furtherance of the Group's growth strategy of increasing its property portfolio, as set out below:
 - a. an amount of *circa* €1.4 million will be used for the purpose of financing the acquisition by G3 Hospitality Limited of a plot of land situated at 122,124,126 in Triq Dun Frangisk Sciberras, Mellieha, Malta in the vicinity of the Pergola Hotel & Spa and in respect of which plot of land G3 Hospitality Limited entered into a promise of sale agreement on 16 July 2019, as set out in further detail in sub-section 6.3 of the Registration Document;
 - b. an amount of *circa* €2.0 million will be used for the purpose of financing the acquisition of a plot of land situated at Triq Dun Frangisk Sciberras, Mellieha, Malta adjacent to the Solana Hotel & Spa, which land is earmarked for future development as an extension to the existing Solana Hotel & Spa and in respect of which plot of land G3 Hospitality Limited entered into a promise of sale agreement on 5 March 2020, as set out in further detail in sub-section 6.3 of the Registration Document; and
- iii. the remaining balance of net Bond Issue proceeds in an amount of *circa* €3.3 million will be used for the general corporate funding purposes of the G3 Group.

The issue and allotment of the Bonds is conditional upon: (i) the Guarantee being granted in terms of Annex II to this Securities Note; (ii) the Collateral being constituted in favour of the Security Trustee in accordance with the provisions of the Security Trust Deed; and (iii) the Bonds being admitted to the Official List. In the event that any one or more of the aforesaid conditions is not satisfied, the Security Trustee shall, through the Registrar, return the proceeds of the Bond Issue to Applicants.

5.2 Expenses

The Issue will involve expenses, including professional fees and costs related to publicity, advertising, printing, listing, registration, sponsor, management, selling commission and other miscellaneous costs incurred in connection with the Bond Issue. Such expenses, which shall be borne by the Issuer, are estimated not to exceed approximately €400,000, with approximately €125,000 being attributed to placement fees and approximately €275,000 to professional, MSE, regulatory and ancillary fees. The amount of the expenses will be deducted from the proceeds of the Issue, which, accordingly, will bring the estimated net proceeds from the Bond Issue to approximately €12.1 million. There is no particular order of priority with respect to such expenses.

5.3 Issue Statistics

Amount:	€12.5 million;
Bond Issue Price:	at par (€100 per Bond);
Denomination:	Euro (€);
Events of Default:	the events listed in sub-section 6.13 of this Securities Note;
Form:	the Bonds will be issued in fully registered and dematerialised form and will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the CSD;
Governing law and jurisdiction:	the Prospectus and the Bonds are governed by and shall be construed in accordance with Maltese law. The Maltese Courts shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Prospectus and/or the Bonds;
Interest:	the Bonds shall bear interest from and including 6 April 2022 at the rate of four point five per cent (4.5%) <i>per annum</i> payable annually in arrears on the Interest Payment Dates;
Interest Payment Date:	annually on the 6 April of each year between and including each of the years 2023 and 2032, as from 6 April 2023 (the first interest payment date), provided that any Interest Payment Date which falls on a day other than a Business Day will be carried over to the next following day that is a Business Day;
ISIN:	MT0002641208;
Issue or Bond Issue:	the issue of up to €12.5 million Secured Bonds due in 2032 denominated in Euro having a nominal value of €100 each, which will be issued by the Company at par and shall bear interest at the rate of 4.5% <i>per annum</i> , redeemable on 6 April 2032;
Listing:	the MFSA has approved the Bonds for admissibility to listing and subsequent trading on the Official List. Application has been made to the Malta Stock Exchange for the Bonds to be listed and traded on its Official List;
Minimum amount per subscription:	two thousand Euro (€2,000) in nominal value of Bonds and multiples of one hundred Euro (€100) thereafter per individual Bondholder;
Plan of distribution:	the Bonds are open for subscription by all categories of investors, including the general public, through Authorised Intermediaries pursuant to the Intermediaries' Offer, as further described in sub-section 6.2 of this Securities Note;
Placement Agreements:	the agreements entered into by and between the Issuer and the Authorised Intermediaries, for their own account or on behalf of their clients, in respect of the entire €12.5 million Bonds being issued;
Redemption Date:	6 April 2032;
Redemption Value:	at par (€100 per Bond);

Status of the Bonds:	the Bonds, as and when issued and allotted, shall constitute the general, direct and unconditional obligations of the Issuer, shall be secured by means of the Collateral granted in terms of the Security Trust Deed and shall be guaranteed in respect of both the interest due and the principal amount under said Bonds by the Guarantor jointly and severally. The Bonds shall, at all times, rank <i>pari passu</i> , without any priority or preference among themselves, but shall rank with priority and preference as regards the Security Property, save for such exceptions as may be provided by applicable law, with first ranking and priority over the Security Property;
Subscription:	multiples of one hundred Euro (€100); and
Underwriting:	the Bond Issue is not underwritten.

5.4 Interest of Natural and Legal Persons Involved in the issue

Save for the possible subscription for Bonds by Authorised Intermediaries (which include the Sponsor) and any fees payable to Rizzo, Farrugia & Co. (Stockbrokers) Ltd as Sponsor, Manager & Registrar in connection with the Bond Issue, so far as the Issuer is aware no person involved in the Issue has an interest material to the Bond Issue.

5.5 Collateral

Security for the fulfilment of the Issuer's Bond Obligations in terms of the Bond Issue is to be granted in favour of the Security Trustee for the benefit of Bondholders, by way, *inter alia*, of the granting of the Collateral as described hereunder.

The security shall be constituted in favour of the Security Trustee for the benefit of all Bondholders from time to time registered in the CSD. The Collateral will be vested in the Security Trustee for the benefit of the Bondholders in proportion to their respective holding of Bonds.

G3 Properties Limited shall grant the following security rights in favour of the Security Trustee for the benefit of Bondholders:

- i. a first ranking special hypothec over the Security Property for the aggregate amount of €15,000,000 in favour of the Security Trustee in its capacity as trustee of the G3 Security Trust pursuant to the terms of the Security Trust Deed and the Deed of Hypothec, for the benefit of Bondholders as beneficiaries. Details concerning the property valuation report dated 9 February 2022 in relation to the Security Property currently owned by G3 Properties Limited and the aggregate value attributed to said Security Property are set out in section 16 of the Registration Document¹; and
- ii. a pledge over the proceeds from the Insurance Policy in favour of the Security Trustee in its capacity as trustee of the G3 Security Trust pursuant to the terms of the Security Trust Deed.

Following the Bond Issue, the Registrar or the Security Trustee, as applicable, shall retain all Bond Issue net proceeds until the Guarantee and the Collateral have been duly perfected and the Malta Stock Exchange has confirmed that the Bonds will be admitted to the Official List of the Malta Stock Exchange. The Bonds shall not be included on the Official List of the Malta Stock Exchange unless the Collateral has been perfected.

Specifically, G3 Properties Limited has agreed to grant the Collateral in favour of the Security Trustee for the benefit of Bondholders, as primary beneficiaries, in terms of the Security Trust Deed, and to appoint the Security Trustee to hold and administer the Collateral under trust.

The Collateral will secure the claim of the Security Trustee, for the benefit and in the interest of Bondholders, for the repayment of the principal and interest under the Bonds. The initial Security Trustee is GVZH Trustees Limited.

G3 Properties Limited, G3 Hospitality Limited and the Issuer shall enter into a Security Trust Deed with the Security Trustee, which shall set out the covenants of the Issuer to pay the principal amount under the Bonds on the Redemption Date and interest thereon on each Interest Payment Date in terms of this Securities Note, the hypothecary rights under the Deed of Hypothec,

¹ The plot of land adjoining the Solana Hotel & Spa, once acquired and developed, will form part of the Security Property.

the rights under the pledge agreement relating to the Insurance Policy and all other ancillary rights and benefits enjoyed by the Security Trustee (for the benefit of Bondholders) under the Security Trust Deed.

The Security Trustee's role includes the holding of the Collateral for the benefit of Bondholders and the enforcement of the said Collateral upon the happening of specified events of default. The Security Trustee shall have no payment obligations to Bondholders under the Bonds, which obligations remain exclusively the obligations of the Issuer and the Guarantor, as applicable.

In terms of the Security Trust Deed, the Security Trustee reserves the right to demand to the Issuer that additional or alternative immovable (and unencumbered) property owned by the Group be given as security in addition to and/or in place of the Security Property, should at any given time the value of the Security Property be reported, pursuant to an independent architect's valuation report, to be lower than the nominal value of outstanding Bonds in issue plus interest yet to accrue until the Redemption Date. In such case, the Issuer shall identify, at its discretion, which of the unencumbered property/ies forming part of the Group's portfolio as at the date thereof, if any, would replace or be added to the existing Security Property for the purposes of securing the Bond Issue, and procure that the relative Group company takes such steps as may be necessary for such unencumbered property/ies to replace or be added to the existing Security Property. In the event that, upon such request being made by the Security Trustee, the Group's property portfolio does not comprise any immovable property which is unencumbered, the Issuer shall either: provide a cash guarantee in favour of the Security Trustee sufficient to cover the difference between the nominal value of outstanding Bonds in issue (plus interest yet to accrue until the Redemption Date) and the revised value of the Security Property as set out in the above-mentioned independent architect's valuation report; or take such steps as may be necessary to free any one or more of the immovable properties in the Group's property portfolio from any existing encumbrances, and grant a first ranking special hypothec thereon in favour of the Security Trustee for the purpose of securing the Bond Issue.

The terms and conditions of the Security Trust Deed shall, upon admission to listing of the Bonds or subsequent purchase of any Bonds, be binding on such subscriber or purchaser as a beneficiary under the trust as if the Bondholders had been a party to the Security Trust Deed and as if the Security Trust Deed contained covenants on the part of each Bondholder to observe and be bound by all the provisions therein, and the Security Trustee is authorised and required to do the things required of it by the Security Trust Deed.

In the event where the Security Trustee makes declarations of trust indicating additional property settled on trust, the Issuer shall make the necessary company announcement in accordance with the Capital Markets Rules to that effect.

The Security Trustee shall hold the said property under trust in relation to a commercial transaction (as defined in the Trusts and Trustees Act (Chapter 331 of the laws of Malta)) and transactions connected or ancillary thereto. Furthermore, the Security Trustee shall hold the said property under a security trust as provided in Article 2095E of the Civil Code (Chapter 16 of the laws of Malta). A security shall be, therefore, constituted in the name of the Security Trustee in the manner provided for by applicable law of Malta for the benefit of the Bondholders and this for all amounts owing to the Bondholders by the Issuer in terms of this Securities Note, as may be amended from time to time, including all amounts of interest or charges due in terms thereof, in relation to the Bonds.

In the event that the Issuer or the Guarantor commits any of the Events of Default set out in sub-section 6.13 below, including default on the part of the Issuer of its obligations to repay any Bonds (together with interest and charges thereon) in terms of this Securities Note, the Security Trustee shall have the authority to enforce the Collateral.

The Security Trustee shall not be bound to take any steps to ascertain whether any Events of Default or other condition, event or circumstance has occurred or may occur. Until it shall have actual knowledge or express notice to the contrary, the Security Trustee shall be entitled to assume that no such Events of Default or condition, event or other circumstance has happened and that the Issuer and the Guarantor, as applicable, are observing and performing all the obligations, conditions and provisions on their respective part pursuant to this Securities Note, the Security Trust Deed, the Guarantee and the Deed of Hypothec. Without prejudice to other powers and discretions of the Security Trustee in terms of the Security Trust Deed, the Security Trustee shall have the discretion to enforce the Collateral on its own accord or upon receiving notice from the Bondholders that any of the Events of Default has occurred in accordance with the provisions of this Securities Note.

Following the Security Trustee's enforcement of the Collateral, the Security Trustee shall apply any available funds as follows:

- first to pay any sums due to the Security Trustee as trust administration costs or liabilities of the Security Trustee; and
- secondly to pay the Bondholders any outstanding dues by the Issuer in terms of this Securities Note.

The Security Trustee shall have the discretion to postpone any sale of the assets held on trust if the best value reasonably achievable for the said assets on the open market for the time being would not be considered a fair value in the opinion of the Security Trustee or in the opinion of any adviser appointed by the Security Trustee for the valuation of the said assets.

No provision contained in the Prospectus, the Deed of Hypothec and/or the Security Trust Deed shall be construed as creating or otherwise acknowledging any obligation on the part of the Security Trustee in favour of the Bondholders for any payments that may fall due under the Bonds.

In terms of the Security Trust Deed, the G3 Security Trust shall terminate in any of the following events, whichever is the earliest:

- upon the Issuer repaying all amounts outstanding to the Bondholders in terms of this Securities Note and upon the Security Trustee receiving confirmation in writing to this effect from the Issuer and/or the MSE; or
- after one hundred and twenty-five (125) years from the date of the Security Trust Deed; or
- on such earlier date as the Security Trustee shall declare in writing to be the date on which the relative trust period shall end, provided that such action is in accordance with the terms of the Security Trust Deed.

Every Bondholder shall be entitled to be entered in the register of Bondholders and shall, thereupon, become a primary beneficiary under the Security Trust Deed. The beneficial interest of a Bondholder in terms of the Security Trust Deed shall terminate upon such time as the Bondholder is no longer registered in the register of Bondholders maintained by the CSD, or upon the redemption of the principal amount of the Bonds and payment of all interests thereunder, as the case may be.

The Security Trustee shall, so far as is reasonable and within a reasonable time of receiving a request in writing to that effect, provide full and accurate information on the Security Trust Deed to beneficiaries of the G3 Security Trust and to the MFSA.

As at the date of the Prospectus, the Security Property is burdened by hypothecs registered in favour of Bank of Valletta plc. The aggregate amount of Group bank facilities to be, in large part, re-financed pursuant to the Bond Issue from Bond Issue proceeds is *circa* €5.4 million, as at the date of the Prospectus. Once the said bank facilities referred to in sub-section 6.5 of this Securities Note are, in large part, refinanced through the application of Bond Issue proceeds as aforesaid and as specifically set out in sub-section 5.1 of this Securities Note, the Security Property will, through the appropriate cancellations, reductions, postponements and/or waivers (as applicable), be released from all charges currently encumbering the Security Property, and such charges shall effectively be replaced by the Collateral being created in favour of the Security Trustee for the benefit of Bondholders. Provided, however, that in respect of the amount of €2 million Group bank facilities which will not be re-financed from Bond Issue proceeds and which will, therefore, remain outstanding following the issue of the Bonds, the first general hypothec over the present and future assets of G3 Hospitality Limited in favour of Bank of Valletta plc shall be postponed in favour of the Bondholders up to the amount of €15 million in so far as the Security Property is concerned, to allow for the constitution of the Collateral.

It is important to note that the aforementioned postponement by Bank of Valletta plc is up to an amount of €15,000,000 and there can be no guarantee that the value of the relevant hypothecated immovable property over the term of the Bonds will be sufficient to cover the Bond Obligations.

In relation to the Security Property, the Security Trustee shall appear on each notarial deed to effect payment and to obtain, if possible and where relevant, subrogation into the rights of the bank which provided the original finance. Pursuant to these deeds, the Security Trustee shall obtain the Collateral over the relevant immovable property constituting the Security Property and that had previously secured the bank funding being refinanced.

By creating a preferred claim over the Security Property, the Collateral will secure the claim of the Security Trustee, for the benefit of and in the interest of Bondholders, for the repayment of the principal and interest under the Bonds. Accordingly, following the issue of the Bonds and application of the Bond Issue proceeds in accordance with the terms of sub-section 5.1 above, as well as the release of the existing security in place over the Security Property, the Security Trustee will have the benefit of a first ranking special hypothec over the Security Property for the full amount of the Bonds and interest thereon.

Process for creation of the Collateral and release of Bond Issue proceeds to the Issuer

Part of the net Bond Issue proceeds to be allocated to the bank refinancing referred to in sub-section 5.1(i) above shall, as outlined in the Security Trust Deed, be released by the Registrar or the Security Trustee, as applicable, on condition that: (i) it receives appropriate assurance that publication and registration of the necessary notarial deeds for the cancellation and postponement,

as applicable, of the existing charges over the Security Property, and the simultaneous publication and registration of the Deed of Hypothec pursuant to which all security over the Security Property for the benefit of Bondholders is to be duly perfected and registered, will be effected once the bank facilities referred to in sub-sections 5.1 above and 6.5 below are refinanced through the application of Bond Issue proceeds; (ii) the pledge on proceeds from the Insurance Policy is duly and properly executed; and (iii) confirmation that the Bonds will be admitted to the Official List by no later than 6 April 2022 is communicated to the Security Trustee.

With reference to item (i) above:

- i. G3 Hospitality Limited or a duly delegated G3 Group company shall appear on a notarial deed to repay the facilities referred to in sub-section 5.1 above due to Bank of Valletta plc, which as at the date of the Prospectus amounted to *circa* €5.4 million, as also indicated in sub-section 6.5 below. The Security Trustee shall appear on the notarial deed to effect payment and to obtain, if possible, subrogation into the rights of the bank which provided the original finance. Pursuant to this deed, the Security Trustee would be in a position to obtain the Collateral over the Security Property which, as at the date hereof, secures the existing bank funding; and
- ii. G3 Properties Limited and the Security Trustee will simultaneously enter into another notarial deed (the Deed of Hypothec) pursuant to which G3 Properties Limited shall constitute a first ranking special hypothec over the Security Property in favour of the Security Trustee for the benefit of Bondholders.

Following registration of the notarial deeds described in (I) and (II) above and the presentation to the Security Trustee of the appropriate notes of hypothec, and upon the Bonds being admitted to the Official List, the Registrar or the Security Trustee, as applicable, shall release the remaining balance of the net Bond Issue proceeds to be applied for the purposes specified in sub-section 5.1 above.

5.6 Covenant with Respect to Interest Payment Cover

In view of the relative uncertainty associated with post-covid-19 economic recovery plans over the short-to-medium term on a local and international level in so far as the hospitality industry is concerned, the Issuer hereby covenants and undertakes that for the first three (3) years of the term of the Bonds, with effect from the Issue Date, it shall set aside an amount equivalent to a full year's interest due on the Bonds in terms of this Securities Note (the '**Interest Fund**'). This commitment on the part of the Issuer shall be assessed on an annual basis on the first and second Interest Payment Dates falling due on 6 April 2023 and 8 April 2024, respectively, by the independent, non-executive Directors for a determination by said independent, non-executive Directors as to whether the financial and trading position of the Group on said dates requires the extension of said commitment for the second and third years of the term of the Bonds, as applicable, or whether said commitment may be revoked earlier than the end of the third year of the term of the Bonds.

The Issuer shall use the said funds comprising the Interest Fund to pay the interest due on the Bonds to Bondholders on each of the first, second and third Interest Payment Dates, as applicable, in accordance with this Securities Note.

The Interest Fund shall be managed by the Issuer and administered by its Board of Directors in line with the Issuer's treasury management policy. The funds constituting the Interest Fund shall be transferred to a separate bank account held in the name of a Group entity. The Directors shall undertake to ensure that the assets comprising the Interest Fund are segregated from the other assets of the Issuer.

The Directors reserve the right to invest the funds allocated to the Interest Fund, provided that the investment of these proceeds will only be made in Malta Government Stocks or in local SICAVs (that is, investment companies with variable capital) that principally invest in Malta Government Stocks, or in debt instruments denominated in the same currency as the Bonds and quoted on an investment exchange, issued by local or international entities which are unrelated to the Issuer and which are rated as 'A' or better by a reputable credit rating agency.

The Board of Directors shall be authorised to release part or all of the funds comprising the Interest Fund in the event that the Issuer requires the use of such assets due to temporary liquidity problems.

In the event of the Issuer taking any action in furtherance of the covenants set out in this sub-section 5.6, the Issuer shall make available to the market the necessary information in connection with such action through a company announcement which will also be made available on the Issuer's website: www.g3.com.mt

5.7 Expected Timetable of Principal Events

1	Placement date	28 March 2022
2	Commencement of interest	6 April 2022
3	Expected date of constitution of Collateral	6 April 2022
4	Expected date of admission of the Bonds to listing	6 April 2022
5	Expected date of commencement of trading in the Bonds	7 April 2022

6. Information Concerning the Bonds

Each Bond shall be issued on the terms and conditions set out in this Securities Note and, by subscribing to or otherwise acquiring the Bonds, the Bondholders are deemed to have knowledge of all the Terms and Conditions of the Bonds hereafter described and to accept and be bound by the said Terms and Conditions.

6.1 General

Each Bond forms part of a duly authorised issue of 4.5% secured bonds 2032 of a nominal value of €100 per Bond issued by the Issuer at par up to the principal amount of €12.5 million (except as otherwise provided under sub-section 6.15, “Further Issues” below). The Issue Date of the Bonds is expected to be 6 April 2022. The Bonds are secured by the granting of the Collateral in favour of the Security Trustee for the benefit of Bondholders, as primary beneficiaries, in terms of the Security Trust Deed. The Bond Issue is guaranteed by G3 Holdings Limited.

The currency of the Bonds is Euro (€).

The Bonds shall bear interest at the rate of 4.5% *per annum* payable annually in arrears on 6 April of each year, the first interest payment falling on 6 April 2023 (covering the period 6 April 2022 up to and including 5 April 2023). Any Interest Payment Date which falls on a day other than a Business Day will be carried over to the next following day that is a Business Day.

Subject to admission to listing of the Bonds to the Official List, the Bonds are expected to be assigned ISIN: MT0002641208.

The Bonds are expected to be listed on the Official List on 6 April 2022 and dealing is expected to commence on 7 April 2022. Dealing may commence prior to notification of the amount allotted being issued to Applicants.

All outstanding Bonds not previously purchased and cancelled shall be redeemed by the Issuer at par (together with accrued interest up to, but excluding, the date fixed for redemption) on the Redemption Date.

In the event that an Applicant fails to submit full information and/or documentation required with respect to an Application, the Applicant shall receive a full refund without interest. Neither the Issuer nor the Registrar will be responsible for any charges, loss or delays in transmission of the refunds. In this regard, any monies returnable to Applicants may be retained pending clearance of the remittance and any verification of identity as required by the Prevention of Money Laundering Act, 1994 (Chapter 373 of the laws of Malta) and regulations made thereunder. Such monies will not bear interest while retained as aforesaid.

There are no special rights attached to the Bonds other than the right of the Bondholders to payment of interest and capital (as detailed in sub-section 6.6 below), the benefit of the Collateral through the Security Trustee (as detailed in sub-section 5.5 above), seeking recourse from the Guarantor pursuant to the Guarantee, and in accordance with the ranking specified in sub-section 6.5 of this Securities Note.

The minimum subscription amount of Bonds that can be subscribed for by Applicants is €2,000, and in multiples of €100 thereafter.

The issue of the Bonds is made in accordance with the requirements of the Capital Markets Rules, the Act and the Prospectus Regulation.

The Bond Issue is not underwritten. In the event that the Bond Issue is not fully subscribed the Issuer will proceed with the listing of the amount of Bonds subscribed for.

6.2 Placement Agreements

The Issuer has entered into Placement Agreements with a number of Authorised Intermediaries whereby the Issuer bound itself to allocate the entire amount of €12.5 million in nominal value of Bonds to such Authorised Intermediaries, which, in turn, bound themselves to subscribe to, for their own account or for the account of their underlying clients, in aggregate the entire amount of €12.5 million in nominal value of Bonds, subject to (i) the Prospectus being approved by the Malta Financial Services Authority, (ii) the Guarantee being granted in terms of Annex II to this Securities Note; (iii) the Collateral being constituted in favour of the Security Trustee in accordance with the provisions of the Security Trust Deed, and (iv) the Bonds being admitted to trading on the Official List.

In terms of the Placement Agreements, the Authorised Intermediaries may subscribe for the Bonds either for their own account or for the account of underlying customers, including retail customers, and shall in addition be entitled to either:

- distribute to the underlying customers any portion of the Bonds subscribed for upon commencement of trading; or
- complete a data file representing the amount they have been allocated in terms of the respective Placement Agreement as provided by the Registrar by latest 12:00 hours CET on 28 March 2022, being the Placement Date.

Authorised Intermediaries must effect payment to the Issuer for the Bonds subscribed to by not later than the Placement Date.

6.3 Plan of Distribution and Allotment

The Bonds are open for subscription to all categories of investors. The entire €12.5 million in nominal value of Bonds being issued has been reserved for subscription by a number of Authorised Intermediaries which have entered into Placement Agreements with the Issuer in advance of the Bond Issue.

All Applications shall be subject to the Terms and Conditions of the Bond Issue.

The registration advice and other documents and any monies returnable to Applicants via Authorised Intermediaries may be retained pending clearance of the remittance and any verification of identity as required by the Prevention of Money Laundering Act (Chapter 373 of the laws of Malta) and regulations made thereunder. Such monies will not bear interest while retained as aforesaid.

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

6.4 Allocation Policy

The Issuer shall allocate the Bonds to the Authorised Intermediaries in accordance with the Placement Agreements, details of which can be found in sub-section 6.2 of this Securities Note.

6.5 Status and ranking of the Bonds

The Bonds, as and when issued and allotted, shall constitute the general, direct, unconditional and secured obligations of the Issuer, guaranteed jointly and severally by the Guarantor, and shall at all times rank *pari passu*, without any priority or preference among themselves but shall rank with priority and preference as regards the Security Property, save for such exceptions as may be provided by applicable law, with first ranking and priority over the Collateral. As at the date of this Securities Note, the Issuer does not have any subordinated indebtedness.

Pursuant to the terms of the Security Trust Deed, G3 Properties Limited has agreed to constitute in favour of the Security Trustee for the benefit of Bondholders, as primary beneficiaries, security over the Collateral and to appoint the Security Trustee to hold and administer the Collateral under trust. The Collateral will secure the claim of the Security Trustee, for the benefit and in the interest of Bondholders, for the repayment of the principal and interest under the Bonds by a preferred claim over the Security Property.

The Collateral shall be held by the Security Trustee for the benefit of the Bondholders, and accordingly, the Bonds shall rank with priority and preference as regards the Security Property. Notwithstanding the aforesaid, privileges or similar charges accorded by law in specific situations may arise during the course of the business of the Issuer and, or G3 Properties Limited and/or G3 Hospitality Limited, as applicable, which may rank with priority or preference to the Bonds and/or the Collateral, as applicable. It is further noted that in terms of the Security Trust Deed, the Security Trustee may pay itself out of the trust fund all sums owing to it in respect of the remuneration costs, charges, expenses or interest or by virtue of any indemnity from the Issuer to which it is entitled under the Security Trust Deed or by law or by virtue of any release or indemnity granted to it, and all such sums as aforesaid shall be so retained and paid in priority to the claims of the Bondholders and shall constitute an additional charge upon the property charged with the Collateral.

The following sets out a summary of the G3 Group's indebtedness which, as at the date of this Prospectus, amounted in aggregate to circa €7.4 million and includes bank loans and overdraft facilities. The bank borrowings in question are secured by privileges and hypothecs, which will be cancelled/postponed once all of the bank borrowings indicated in the below table will be refinanced through the application of part of the Bond Issue proceeds; provided, however, that in respect of the amount of €2 million Group bank facilities which will not be re-financed from Bond Issue proceeds and which will, therefore, remain outstanding following the issue of the Bonds, the first general hypothec over the present and future assets of G3 Hospitality Limited in favour of Bank of Valletta plc shall be postponed in favour of the Bondholders up to the amount of €15 million in so far as the Security Property is concerned, to allow for the constitution of the Collateral, as explained in sub-section 5.5 above:

G3 Group borrowings at 25 March 2022

Bank borrowings, hypothecs and hypothecary guarantees to be repaid from Bond Issue net proceeds	€5.4 million
Bank borrowings, hypothecs and hypothecary guarantees to remain in effect following the issue of the Bonds	€2.0 million
Total	€7.4 million

6.6 Rights Attaching to the Bonds

This Securities Note incorporates the Terms and Conditions of issue of the Bonds and, in its entirety, creates the contract between the Issuer and a Bondholder.

A Bondholder shall have such rights as are, pursuant to this Securities Note, attached to the Bonds, including:

- i. the payment of interest;
- ii. the repayment of capital;
- iii. the benefit of the Collateral through the Security Trustee, in accordance with the provisions of sub-section 5.5 of this Securities Note;
- iv. ranking with respect to other indebtedness of the Issuer in accordance with the provisions of sub-section 6.5 above;
- v. seeking recourse from the Guarantor pursuant to the Guarantee, in case of failure by the Issuer to pay any sum payable by it to Bondholders pursuant to the Terms and Conditions of the Bonds Issue;
- vi. attending, participating in and voting at meetings of Bondholders in accordance with the Terms and Conditions of the Bond Issue; and
- vii. enjoying all such other rights attached to the Bonds emanating from the Prospectus.

6.7 Interest

The Bonds shall bear interest from and including 6 April 2022 at the rate of 4.5% *per annum* on the nominal value thereof, payable annually in arrears on each Interest Payment Date. The first interest payment will be effected on 6 April 2023 (covering

the period 6 April 2022 up to and including 5 April 2023). Any Interest Payment Date which falls on a day other than a Business Day will be carried over to the next following day that is a Business Day. Each Bond will cease to bear interest from and including its due date for redemption, unless payment of the principal in respect of the Bond is improperly withheld or refused or unless default is otherwise made in respect of payment, in any of which events interest shall continue to accrue at the rate specified above plus 1%, but in any event not in excess of the maximum rate of interest allowed by Maltese law. In terms of article 2156 of the Civil Code (Chapter 16 of the laws of Malta), the right of Bondholders to bring claims for payment of interest and repayment of the principal on the Bonds is barred by the lapse of five years.

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

6.8 Yield

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

6.9 Registration, Form, Denomination and Title

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

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

Bondholders who opt to subscribe for the online e-portfolio account with the CSD are advised that the Bondholder's statement of holdings evidencing entitlement to Bonds held in the register kept at the CSD and registration advices evidencing movements in such register will be available through the said e-portfolio facility on <https://eportfolio.borzamalta.com.mt/>. Further detail on the e-portfolio is found on <https://eportfolio.borzamalta.com.mt/Help>.

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

Any person in whose name a Bond is registered may (to the fullest extent permitted by applicable law) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute owner of such Bond. Title to the Bonds may be transferred as provided below under the heading "*Transferability of the Bonds*" in sub-section 6.14 of this Securities Note.

6.10 Pricing

The Bonds are being issued at par, that is, at €100 per Bond, with the full amount payable upon subscription.

6.11 Payments

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

be redeemed and the appropriate entry made in the electronic register of the Bonds at the CSD.

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

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

All payments with respect to the Bonds are subject in all cases to any pledge (duly constituted) and to any applicable fiscal or other laws and regulations prevailing in Malta. In particular, but without limitation, all payments of principal and interest by or on behalf of the Issuer in respect of the Bonds shall be made net of any amount which the Issuer is or may become compelled by law to deduct or withhold for or on account of any present or future taxes, duties, assessments or other government charges of whatsoever nature imposed, levied, collected, withheld or assessed by or within the Republic of Malta or any authority thereof or therein having power to tax.

No commissions or expenses shall be charged by the Issuer to the Bondholders in respect of payments made in accordance with this sub-section 6.11. The Issuer shall not be liable for charges, expenses and commissions levied by parties other than the Issuer.

6.12 Redemption and Purchase

Unless previously purchased and cancelled, the Issuer hereby irrevocably covenants in favour of each Bondholder that the Bonds will be redeemed at their nominal value (together with accrued interest up to, but excluding, the date fixed for redemption) on 6 April 2032. In such a case the Issuer shall be discharged of any and all payment obligations under the Bonds upon payment made net of any withholding or other taxes due or which may be due under Maltese law and which are payable by the Bondholders.

Subject to the provisions of this sub-section 6.12, the Issuer may at any time purchase Bonds in the open market or otherwise at any price. Any purchase by tender shall be made available to all Bondholders alike.

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

6.13 Events of Default

Pursuant to the Security Trust Deed, the Security Trustee may in its absolute and unfettered discretion, and shall upon the request in writing of not less than 65% in value of the Bondholders, by notice in writing to the Issuer declare the Bonds to have become immediately due and repayable at their principal amount, together with any accrued interest, upon the happening of any of the following events ("**Events of Default**"):

- i. if the Issuer shall fail to pay any interest on any Bond when due and such failure shall continue for 60 days after written notice thereof shall have been given to the Issuer by any Bondholder and/or by the Security Trustee, unless remedied by the Guarantor before the expiry of such 60 days; and/or
- ii. if the Issuer shall fail to pay the principal amount of a Bond on the date fixed for its redemption and such failure shall continue for 60 days after written notice thereof shall have been given to the Issuer by any Bondholder and/or by the Security Trustee, unless remedied by the Guarantor before the expiry of such 60 days; and/or
- iii. if the Issuer shall fail to perform or shall otherwise be in breach of any other material obligation contained in the Terms and Conditions of the Bonds and such failure shall continue for 60 days after written notice thereof shall have been given to the Issuer by any Bondholder and/or by the Security Trustee, unless remedied by the Guarantor before the expiry of such 60 days, where possible; and/or

- iv. if the Issuer commits a breach of any of the covenants or provisions contained in the Security Trust Deed, to be observed and performed on its part and the said breach still subsists for 30 days after having been notified in writing by the Security Trustee; and/or
- v. if any representation or warranty made or deemed to be made or repeated by or in respect of the Issuer or the Guarantor is or proves to have been incorrect in any material respect in the sole opinion of the Security Trustee; and/or
- vi. if an order is made or resolution passed or other action taken for the dissolution, termination of existence, liquidation, winding-up or bankruptcy of the Issuer; and/or
- vii. if the Issuer stops or suspends payments (whether of principal or interest) with respect to all or any class of its debts or announces an intention to do so or ceases or threatens to cease to carry on its business or a substantial part of its business; and/or
- viii. if the Issuer is unable, or admits in writing its inability, to pay its debts as they fall due or otherwise becomes insolvent; and/or
- ix. if in terms of section 214(5) of the Act, a Court order or other judicial process is levied or enforced upon or sued out against any part of the property of the Issuer and/or the Guarantor and is not paid out, withdrawn or discharged within one month; and/or
- x. if a judicial or provisional administrator is appointed upon the whole or any part of the property of the Issuer or Guarantor, and such appointment is certified by the Security Trustee to be prejudicial, in its opinion, to the Bondholders; and/or
- xi. if the security constituted by any hypothec, pledge or charge upon the whole or any part of the undertaking or assets of the Issuer, G3 Properties Limited or G3 Hospitality Limited, as applicable, shall become enforceable and steps are taken to enforce the same and the taking of such steps shall be certified in writing by the Security Trustee to be, in its opinion, prejudicial to the Bondholders; and/or
- xii. if all, or in the sole opinion of the Security Trustee, a material part of the undertakings, assets, rights, or revenues of or shares or other ownership interests in the Issuer or Guarantor are seized, nationalised, expropriated or compulsorily acquired by or under the authority of any government; and/or
- xiii. if there shall have been entered against the Issuer and/or the Guarantor a final judgment by a court of competent jurisdiction from which no appeal may be or is made for the payment of money in excess of €3.0 million or its equivalent and 90 days shall have passed since the date of entry of such judgment without its having been satisfied or stayed.

Upon any such declaration being made as aforesaid and not being remedied within the relevant cure period, as applicable, the said principal monies and interest accrued under the Bonds shall be deemed to have become immediately payable at the time of the event which shall have happened as aforesaid.

In the event that the Security Trustee becomes aware of the fact that an Event of Default has occurred or is likely to occur it shall notify the MFSA, the Sponsor and the Bondholders of such fact without delay in writing.

Provided that in the event of any breach by the Issuer or the Guarantor of any of the covenants, obligations or provisions herein contained due to any fortuitous event of a calamitous nature beyond the control of the Issuer or Guarantor, as the case may be, then the Security Trustee may, but shall be under no obligation so to do, give the Issuer or Guarantor, as the case may be, such period of time to remedy the breach as in its sole opinion may be justified in the circumstances and if in its sole opinion the breach is remediable within the short term and without any adverse impact on the Bondholders. Provided further that in the circumstances contemplated by this proviso, the Security Trustee shall at all times act on and in accordance with any directions it may receive in a meeting of Bondholders satisfying the conditions set out in the Security Trust Deed.

The Security Trustee shall not be bound to take any steps to ascertain whether any Event of Default or other similar condition, event or circumstance has occurred or may occur, and, until it shall have actual knowledge or express notice to the contrary, the Security Trustee shall be entitled to assume that no such Event of Default or condition, event or other circumstance has happened and that each of the Issuer and the Guarantor is observing and performing all the obligations, conditions and provisions on its part contained under the Prospectus and/or the Security Trust Deed and, or the Loan Agreement, as applicable.

6.14 Transferability of the Bonds

The Bonds are freely transferable and, once admitted to the Official List, shall be transferable only in whole (in multiples of €100) in accordance with the rules and regulations of the MSE applicable from time to time.

Any person becoming entitled to a Bond in consequence of the death or bankruptcy of a Bondholder may, upon such evidence being produced as may, from time to time, properly be required by the Issuer or the CSD, elect either to be registered himself/herself/itself as holder of the Bond or to have some person nominated by him/her/it registered as the transferee thereof. If the person so becoming entitled shall elect to be registered himself/herself/itself, he/she/it shall deliver or send to the CSD a notice in writing signed by him/her/it stating that he/she/it so elects. If he/she/it shall elect to have another person registered he/she/it shall testify his/her/its election by transferring the Bond, or procuring the transfer of the Bond, in favour of that person. Provided always that if a Bond is transmitted in furtherance of this paragraph 6.14.2, a person will not be registered as a Bondholder unless such transmission is made in multiples of €100.

All transfers and transmissions are subject in all cases to any pledge (duly constituted) of the Bonds and to any applicable laws and regulations.

The costs and expenses of affecting any registration of transfer or transmission, except for the expenses of delivery by any means other than regular mail (if any) and except, if the Issuer shall so require, the payment of a sum sufficient to cover any tax, duty or other governmental charge or insurance charges that may be imposed in relation thereto, will be borne by the person to whom the transfer / transmission has been made.

The Issuer will not register the transfer or transmission of Bonds for a period of 15 days preceding the due date for any payment of interest on the Bonds or the due date for redemption.

The minimum subscription amount of €2,000 shall only apply upon original subscription of the Bonds. No minimum holding requirement shall be applicable once the Bonds are admitted to listing on the Official List of the MSE and commence trading thereafter, subject to trading in multiples of €100.

6.15 Further issues

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

6.16 Meetings of Bondholders

6.16.1 The Issuer may, through the Security Trustee, from time to time, call meetings of Bondholders for the purpose of consultation with Bondholders or for the purpose of obtaining the consent of Bondholders on matters which in terms of the Prospectus require the approval of a Bondholders' meeting and to affect any change to the applicable Terms and Conditions of the Bonds. No change or amendment to, or waiver of, any of the applicable Terms and Conditions of the Bonds may be made unless such decision is made at a meeting of Bondholders duly convened and held.

6.16.2 A meeting of Bondholders shall be called by the Directors of the Issuer by giving the Security Trustee and all Bondholders listed on the register of Bondholders as at a date being not more than 30 days preceding the date scheduled for the meeting, not less than 14 days' notice in writing. Such notice shall set out the time, place and date set for the meeting and the matters to be discussed or decided thereat, including, if applicable, sufficient information on any amendment of the Prospectus that is proposed to be voted upon at the meeting and seeking the approval of the Bondholders. Following a meeting of Bondholders held in accordance with the provisions contained hereunder, the Issuer shall, acting in accordance with the resolution(s) taken at the meeting, communicate to the Bondholders whether the necessary consent to the proposal made by the Issuer has been granted or withheld. Subject to having obtained the necessary approval by the Bondholders in accordance with the provisions of this subsection 6.16 at a meeting called for that purpose as aforesaid, any such decision shall subsequently be given effect to by the Issuer.

6.16.3 The amendment or waiver of any of the Terms and Conditions of the Bonds may only be made with the approval of Bondholders at a meeting called and held for that purpose in accordance with the terms hereof.

6.16.4 A meeting of Bondholders shall only validly and properly proceed to business if there is a quorum present at the commencement of the meeting. For this purpose at least two Bondholders present, in person or by proxy, representing not less than 50% in nominal value of the Bonds then outstanding shall constitute a quorum. If a quorum is not present within 30 minutes from the time scheduled for the commencement of the meeting as indicated on the notice convening same, the meeting shall stand adjourned to a place, date and time as shall be communicated by the Directors to the Security Trustee and to Bondholders present at that meeting. The Issuer shall within two days from the date of the original meeting publish by way of a company announcement the date, time and place where the adjourned meeting is to be held. An adjourned meeting shall be held not earlier than seven days, and not later than 15 days, following the original meeting. At an adjourned meeting the number of Bondholders present at the commencement of the meeting, in person or by proxy, shall constitute a quorum; and only the matters specified in the notice calling the original meeting shall be placed on the agenda of, and shall be discussed at and decided upon during, the adjourned meeting.

6.16.5 Any person who in accordance with the Memorandum and Articles of Association of the Issuer is to chair the annual general meetings of shareholders shall also chair meetings of Bondholders.

6.16.6 Once a quorum is declared present by the chairperson of the meeting, the meeting may then proceed to business and address the matters set out in the notice convening the meeting. In the event of decisions being required at the meeting the Directors or their representative shall present to the Bondholders the reasons why it is deemed necessary or desirable and appropriate that a particular decision is taken. The meeting shall allow reasonable and adequate time to Bondholders to present their views to the Issuer and the other Bondholders present at the meeting. The meeting shall then put the matter as proposed by the Issuer to a vote of Bondholders present at the time at which the vote is being taken, and any Bondholders taken into account for the purpose of constituting a quorum who are no longer present for the taking of the vote shall not be taken into account for the purpose of such vote.

6.16.7 The voting process shall be managed by the Issuer's company secretary under the supervision and scrutiny of the auditors of the Issuer and the Security Trustee.

6.16.8 The proposal placed before a meeting of Bondholders shall only be considered approved if at least 65% in nominal value of the Bondholders present at the meeting, or at any adjourned meeting, as the case may be, at the time when the vote is being taken, in person or by proxy, shall have voted in favour of the proposal.

6.16.9 In terms of the Guarantee the Guarantor has the power to veto a decision by the Bondholders, taken at a Bondholders' meeting duly convened and held, to amend or waive the Terms and Conditions of the Bonds which are issued with the benefit of its Guarantee, in cases in which such amendment or waiver may give rise to changes in: (i) the amount payable by the Guarantor under the Guarantee; (ii) the term and/or frequency of such payments; (iii) the Events of Default listed in sub-section 6.13 of this Securities Note; and/or (iv) any other term which may otherwise increase the exposure of the Guarantor to the enforcement of the Guarantee. In the event that the Guarantor were to exercise such right of veto, the proposed amendment to, or waiver of, the Terms and Conditions would not be put into effect.

6.16.10 Save for the above, the rules generally applicable to proceedings at general meetings of shareholders of the Issuer shall *mutatis mutandis* apply to meetings of Bondholders.

6.17 Authorisations and approvals

The Directors authorised the Bond Issue and the publication of the Prospectus pursuant to a Board of Directors' resolution passed on 15 March 2022. The Guarantee being given by the Guarantor in respect of the Bonds has been authorised by a resolution of the Board of directors of the Guarantor dated 15 March 2022.

6.18 Admission to trading

6.18.1 The MFSA has authorised the Bonds as admissible to Listing pursuant to the Capital Markets Rules by virtue of a letter dated 25 March 2022.

6.18.2 Application has been made to the Malta Stock Exchange for the Bonds being issued pursuant to the Prospectus to be listed and traded on its Official List.

6.18.3 The Bonds are expected to be admitted to the Malta Stock Exchange with effect from 6 April 2022 and trading is expected to commence on 6 April 2022. Dealing may commence prior to notification of the amount allotted being issued to Applicants.

6.18.4 The Bonds are being issued at par, that is, at €100 per Bond, with the full amount payable upon subscription.

6.19 Representations and warranties

6.19.1 The Issuer represents and warrants to Bondholders and to the Security Trustee for the benefit of Bondholders, that shall be entitled to rely on such representations and warranties, that:

- i. it is duly incorporated and validly existing under the laws of Malta and has the power to carry on its business as it is now being conducted and to hold its property and other assets under legal title; and
- ii. it has the power to execute, deliver and perform its obligations under the Prospectus and that all necessary corporate, shareholder and other actions have been duly taken to authorise the execution, delivery and performance of the same, and further that no limitation on its power to borrow or guarantee shall be exceeded as a result of the Terms and Conditions of the Prospectus.

6.19.2 To the best of the Directors' knowledge, the Prospectus contains all relevant material information with respect to the Issuer, the Guarantor and the Bonds and all information contained in the Prospectus is in every material respect true and accurate and not misleading, and there are no other facts in relation to the Issuer and/or the Guarantor, their respective businesses and financial position, the omission of which would, in the context of issue of the Bonds, make any statement in the Prospectus misleading or inaccurate in any material respect.

6.20 Bonds held jointly

In respect of any Bonds held jointly by several persons (including spouses), the joint holders shall nominate one of them as their representative and his/her name will be entered in the register with such designation. The person whose name shall be the first in the register of Bondholders shall, for all intents and purposes, be deemed to be such nominated person by all those joint holders. Such person shall, for all intents and purposes, be deemed to be the registered holder of the Bonds so held.

6.21 Bonds held subject to usufruct

In respect of a Bond held subject to usufruct, the name of the bare owner and the usufructuary shall be entered in the register. The usufructuary shall, for all intents and purposes, be deemed vis-a-vis the Issuer to be the holder of the Bonds so held and shall have the right to receive interest on the Bonds and to vote at meetings of the Bondholders but shall not, during the existence of the Bonds, have the right to dispose of the Bonds so held without the consent of the bare owner, and shall not be entitled to the repayment of principal on the Bonds (which shall be due to the bare owner).

6.22 Governing law and jurisdiction

6.22.1 The Bonds are governed by and shall be construed in accordance with Maltese law.

6.22.2 Any legal action, suit or proceedings against the Issuer and/or the Guarantor arising out of or in connection with the Bonds and/or the Prospectus shall be brought exclusively before the Maltese courts.

6.23 Notices

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

7. Taxation

7.1 General

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

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

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

7.2 Malta Tax on Interest

Since interest is payable in respect of a Bond which is the subject of a public issue, unless the Issuer is otherwise instructed by a Bondholder that he/she/it is entitled to receive the interest gross from any withholding tax or if the Bondholder does not fall within the definition of “recipient” in terms of article 41(c) of the Income Tax Act (Chapter 123 of the laws of Malta), interest shall be paid to such person net of a final withholding tax, currently at the rate of 15% (10% in the case of certain types of collective investment schemes) of the gross amount of the interest, pursuant to article 33 of the Income Tax Act. Bondholders who do not fall within the definition of a “recipient” do not qualify for the said rate and should seek advice on the taxation of such income.

This withholding tax is considered as a final tax and a Maltese resident individual Bondholder need not declare the interest so received in his income tax return (to the extent that the interest is paid net of tax). No person shall be charged to further tax in respect of such income and the tax deducted shall not be available as a credit against the recipient’s tax liability or available as a refund.

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

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

7.3 Exchange of Information

In terms of applicable Maltese legislation, the Issuer and/or its agent are required to collect and forward certain information (including, but not limited to, information regarding payments made to certain Bondholders) to the Maltese Commissioner for Revenue. The Maltese Commissioner for Revenue will or may, in turn, automatically or on request, forward the information to other relevant tax authorities subject to certain conditions. Please note that this does not constitute tax advice and Applicants are to consult their own independent tax advisers in case of doubt.

7.4 Maltese taxation on Capital Gains on Transfer of the Bonds

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

7.5 Duty on Documents and Transfers

In terms of the Duty on Documents and Transfers Act (Chapter 364 of the laws of Malta), duty is chargeable *inter alia* on the transfer or transmission *causa mortis* of marketable securities. A marketable security is defined in the said legislation as “*a holding of share capital in any company and any document representing the same*”.

Accordingly, the Bonds should not be treated as constituting marketable securities within the meaning of the aforementioned legislation and, therefore, the transfer/transmission thereof should not be chargeable to duty.

Furthermore, even if the Bonds are considered marketable securities for the purposes of the Duty on Documents and Transfers Act, in terms of article 50 of the Financial Markets Act (Chapter 345 of the laws of Malta), in view of the fact that the Bonds constitute financial instruments of a company quoted on a regulated market exchange, as is the MSE, redemptions and transfers of the Bonds should, in any case, be exempt from Maltese duty.

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

8. Terms and conditions of the bond issue

The following Terms and Conditions shall be read in conjunction with all the other Terms and Conditions relative to and regulating the contractual relationship created between the Issuer, on the one hand, and the Bondholders, on the other.

8.1 The issue and allotment of the Bonds is conditional upon the Guarantee and the Collateral being duly perfected and the Bonds being admitted to trading on the Official List. In the event that the Bonds are not admitted to the Official List any application monies received by the Issuer will be returned without interest by direct credit into the Applicant’s bank account indicated by the Applicant.

8.2 Pursuant to the Placement Agreements as described in more detail in sub-section 6.2 above, Authorised Intermediaries (either in their own name or in the name of underlying clients) must provide details of Applicants representing the amount they have been allocated in terms of the respective Placement Agreement by completing a data file as provided by the Registrar by latest 12:00 hours CET on 28 March 2022, accompanied by full payment.

- 8.3** It is the responsibility of investors wishing to apply for the Bonds to inform themselves as to the legal requirements of so applying, including any requirements relating to external transaction requirements in Malta and any exchange control in the countries of their nationality, residence or domicile.
- 8.4** The contract created by the Issuer's acceptance of an Application shall be subject to all the terms and conditions set out in this Securities Note and the Memorandum and Articles of Association of the Issuer.
- 8.5** If an Application is signed on behalf of another party or on behalf of a corporation or corporate entity or association of persons, the person signing will be deemed to have duly bound his principal, or the relative corporation, corporate entity or association of persons, and will be deemed also to have given the confirmations, warranties and undertakings contained in these terms and conditions on their behalf. Such representative may be requested to submit the relative power of attorney/resolution or a copy thereof duly certified by a lawyer or notary public if so required by the Issuer acting through the Registrar, but it shall not be the duty or responsibility of the Registrar or the Issuer to ascertain that such representative is duly authorised to appear and bind the Applicant.
- 8.6** Applications in the name of a corporation or corporate entity or association of persons need to include a valid LEI (which needs to be unexpired). Failure to include a valid LEI code will result in the Application being cancelled by the Issuer acting through the Registrar and subscription monies will be returned to the Applicant.
- 8.7** In the event that an Applicant fails to submit full information and/or documentation required with respect to an Application, the Applicant shall receive a full refund, without interest at any time before the Bonds are admitted to listing on the Official List of the MSE. Neither the Issuer nor the Registrar shall be responsible for any charges, loss or delay arising in connection with such refund.
- 8.8** In the case of joint Applications, reference to the Applicant in these Terms and Conditions is a reference to each of the joint Applicants, and liability therefor is joint and several.
- 8.9** Applications in the name and for the benefit of minors shall be allowed provided that the Applicant already holds an account with the MSE. Any Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest and redemption monies payable to the parents / legal guardian/s signing the Application until such time as the minor attains the age of 18 years, following which all interest and redemption monies shall be paid directly to the registered holder, provided that the Issuer has been duly notified in writing of the fact that the minor has attained the age of 18 years.
- 8.10** The Bonds have not been and will not be registered under the Securities Act of 1933 of the United States of America and, accordingly, may not be offered or sold within the United States or to or for the account or benefit of a U.S. person.
- 8.11** No person receiving a copy of the Prospectus in any territory other than Malta may treat the same as constituting an invitation or offer to such person, unless, in the relevant territory, such an invitation or offer could lawfully be made to such person without contravention of any regulation or other legal requirements.
- 8.12** It is the responsibility of any person outside Malta wishing to make any Application to satisfy himself/herself/itself as to full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.
- 8.13** Subject to all other terms and conditions set out in the Prospectus, the Issuer reserves the right to reject, in whole or in part, or to scale down, any Application, and to present any cheques and/or drafts for payment upon receipt. The right is also reserved to refuse any Application which in the opinion of the Issuer, acting through the Registrar, is not properly completed in all respects in accordance with the instructions or is not accompanied by the required documents.
- 8.14** Save where the context requires otherwise or where otherwise defined therein, terms defined in the Prospectus bear the same meaning when used in these Terms and Conditions, in any of the annexes and in any other document issued pursuant to the Prospectus.

8.15 The Issuer has not sought assessment of the Bonds by any independent credit rating agency.

8.16 The Bonds will be issued in multiples of €100. The minimum subscription amount of Bonds that can be subscribed for by all Applicants is €2,000.

8.17 For the purposes of the Prevention of Money Laundering and Funding of Terrorism Regulations (Subsidiary Legislation 373.01), as may be amended from time to time, all appointed Authorised Intermediaries are under a duty to communicate, upon request, all information about clients as is mentioned in Articles 1.2(d) and 2.4 of the “Members’ Code of Conduct” appended as Appendix 3.6 to Chapter 3 of the MSE Bye-Laws, irrespective of whether the said appointed Authorised Intermediaries are Malta Stock Exchange members or not. Such information shall be held and controlled by the Malta Stock Exchange in terms of the General Data Protection Regulation (EU) 2016/679 (GDPR) and the Data Protection Act (Chapter 586 of the laws of Malta) for the purposes and within the terms of the Malta Stock Exchange Data Protection Policy as published from time to time.

8.18 It shall be incumbent on the respective Authorised Intermediaries to ascertain that all other applicable regulatory requirements relating to subscription of Bonds by an Applicant are complied with, including without limitation the obligation to comply with all applicable MiFIR requirements as well as applicable MFSA Rules for investment services providers, all applicable Anti-Money Laundering and Counter Terrorist Financing rules and regulations, as well as the applicable MFSA Conduct of Business Rules.

8.19 By submitting an Application, the Applicant:

- a. agrees and acknowledges to have had the opportunity to read the Prospectus and to be deemed to have had notice of all information and representations concerning the Issuer and the Guarantor and the issue of the Bonds contained therein;
- b. warrants that the information submitted by the Applicant is true and correct in all respects. All Applications need to include a valid MSE account number in the name of the Applicant/s. Failure to include an MSE account number will result in the Application being cancelled by the Issuer (acting through the Registrar) and subscription monies will be returned to the Applicant. In the event of a discrepancy between the personal details (including name and surname and the Applicant’s address) appearing on the Application and those held by the MSE in relation to the MSE account number indicated on the Application, the details held by the MSE shall be deemed to be the correct details of the Applicant;
- c. authorises the Registrar and the MSE to include his/her/its name or, in the case of joint Applications the first named Applicant, in the register of debentures of the Issuer in respect of the Bonds allocated to such Applicant and further authorises the Issuer, the Registrar, the respective Authorised Intermediary and the MSE to process the personal data that the Applicant provides in the Application, for all purposes necessary and subsequent to the Bond Issue applied for, in accordance with the General Data Protection Regulation (EU) 2016/679 (GDPR) and the Data Protection Act (Chapter 586 of the laws of Malta). The Applicant has the right to request access to and rectification of the personal data relating to him/her/it as processed by the Issuer and/or the MSE. Any such requests must be made in writing and sent to the CSD. The requests must further be signed by the Applicant to whom the personal data relates;
- d. confirms that in making such Application no reliance was placed on any information or representation in relation to the Issuer, the Guarantor or the issue of the Bonds other than what is contained in the Prospectus and, accordingly, agree/s that no person responsible solely or jointly for the Prospectus or any part thereof will have any liability for any such other information or representation;
- e. agrees that the registration advice and other documents and any monies returnable to the Applicant may be retained pending clearance of his/her/its remittance and any verification of identity as required by the Prevention of Money Laundering Act (Chapter 373 of the laws of Malta) and regulations made thereunder, and that such monies will not bear interest;
- f. agrees to provide the Issuer, acting through the Registrar, with any information which it/they may request in connection with the Application;
- g. warrants, in connection with the Application, to have observed all applicable laws, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with his/her/its Application in any territory, and that the Applicant has not taken any action which will or may result in the Issuer or the Registrar acting in breach of the regulatory or legal requirements of any territory in connection with the issue of the Bonds or his/her/its Application;
- h. warrants that all applicable exchange control or other such regulations (including those relating to external transactions) have been duly and fully complied with;

- i. represents that the Applicant is not a U.S. person (as such term is defined in Regulation S under the Securities Act of 1933 of the United States of America, as amended) and that he/she/it is not accepting the invitation set out in the Prospectus from within the United States of America, its territories or its possessions, or any area subject to its jurisdiction (the “**United States**”) or on behalf or for the account of anyone within the United States or anyone who is a U.S. person;
- j. agrees that unless such Application is made with Rizzo, Farrugia & Co. (Stockbrokers) Ltd as an Authorised Intermediary, Rizzo, Farrugia & Co. (Stockbrokers) Ltd will not, in its capacity of Sponsor, Manager & Registrar, treat the Applicant as its customer by virtue of such Applicant making an Application for the Bonds, and that Rizzo, Farrugia & Co. (Stockbrokers) Ltd will owe the Applicant no duties or responsibilities concerning the price of the Bonds or their appropriateness and suitability for the Applicant;
- k. agrees that all documents in connection with the issue of the Bonds and any returned monies, including refunds of all unapplied Application monies, if any, will be sent at the Applicant’s own risk and may be sent, in the case of documents, by post at the address (or, in the case of joint Applications, the address of the first named Applicant) as set out in the Application and in the case of monies by direct credit into the Applicant’s bank account as indicated by the Applicant;
- l. renounces to any rights the Applicant may have to set off any amounts the Applicant may at any time owe the Issuer against any amount due under the terms of these Bonds;
- m. irrevocably offers to purchase the number of Bonds specified in his/her/its Application (or any smaller number for which the Application is accepted) at the Bond Issue Price subject to the Prospectus, the Terms and Conditions thereof and the Memorandum and Articles of Association of the Issuer;
- n. warrants that his/her/its remittance will be honoured on first presentation and agrees that if such remittance is not so honoured on its first presentation, the Issuer acting through the Registrar reserves the right to invalidate the relative Application. Furthermore, the Applicant will not be entitled to receive a registration advice or to be registered in the register of Bondholders or to enjoy or receive any rights in respect of such Bonds, unless the Applicant makes payment in cleared funds and such consideration is accepted by the respective Authorised Intermediary (which acceptance shall be made in the Authorised Intermediary’s sole and absolute discretion and may be on the basis that the Applicant indemnifies the Authorised Intermediary against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of the Applicant’s remittance to be honoured on first presentation, and that, at any time prior to unconditional acceptance by the Authorised Intermediary of such late payment in respect of such Bonds, the Authorised Intermediary may (without prejudice to other rights) treat the agreement to allocate such Bonds as void and may allocate such Bonds to some other person, in which case the Applicant will not be entitled to any refund or payment in respect of such Bonds (other than return of such late payment));
- o. agrees that all Applications, acceptances of applications and contracts resulting therefrom will be governed by, and construed in accordance with, Maltese law and that he/she/it submits to the exclusive jurisdiction of the Maltese Courts and agrees that nothing shall limit the right of the Issuer to bring any action, suit or proceeding arising out of or in connection with any such Applications, acceptances of applications and contracts in any other manner permitted by law in any court of competent jurisdiction;
- p. warrants that if he/she signs the Application on behalf of another party or on behalf of a corporation or corporate entity or association of persons, he/she has due authority to do so and such person, corporation, corporate entity or association of persons will also be bound accordingly, and will be deemed also to have given the confirmations, warranties and undertakings contained in these Terms and Conditions;
- q. warrants that he/she is not under the age of 18 years or if he/she is lodging an Application in the name and for the benefit of a minor, warrants that he/she is the parent or legal guardian of the minor;
- r. confirms that, in the case of a joint Application entered into in joint names, the first named Applicant shall be deemed the holder of the Bonds; and
- s. agrees that, in all cases, any refund of unallocated Application monies, if any, will be sent to the Applicant by direct credit into the Applicant’s bank account. No interest shall be due on refunds. The Issuer shall not be responsible for any loss or delay in transmission or any charges in connection therewith.

9. Additional information

Save for the architect's property valuation report set out in Annex I to the Registration Document and the Financial Analysis Summary set out in Annex III to this Securities Note, the Prospectus does not contain any statement or report attributed to any person as an expert.

The architect's property valuation report dated 9 February 2022 has been included in Annex I of the Registration Document in the form and context in which it appears with the authorisation of Perit Denis H. Camilleri of No. 56, 2nd Floor, Europa Centre, St. Anne Street, Floriana FRN 9011, Malta, who has given and has not withdrawn his consent to the inclusion of said report herein.

The Financial Analysis Summary dated 25 March 2022 has been included in Annex III of this Securities Note in the form and context in which it appears with the authorisation of Rizzo, Farrugia & Co. (Stockbrokers) Ltd of Airways House, Fourth Floor, High Street, Sliema SLM 1551, Malta, which has given and has not withdrawn its consent to the inclusion of said report herein.

Neither of the foregoing experts have any beneficial interest in the Issuer or the Guarantor. The Issuer confirms that the architect's property valuation report and the Financial Analysis Summary have been accurately reproduced in the Prospectus and that there are no facts of which the Issuer is aware that have been omitted and which would render the reproduced information inaccurate or misleading.

ANNEX I - Authorised Intermediaries

Name	Address	Telephone
APS Bank p.l.c	APS Centre, Tower Street, Birkirkara BKR 4012	21226644
Bank of Valletta p.l.c.	Premium Banking Centre, 475, Triq il-Kbira San Guzepp, St Venera SVR 1011	22751732
Calamatta Cuschieri Investment Services Ltd	Ewropa Business Centre, Triq Dun Karm, Birkirkara BKR 9034	25688688
Rizzo, Farrugia & Co (Stockbrokers) Ltd	Airways House, Fourth Floor, High Street, Sliema SLM 1551	22583000

ANNEX II - The Guarantee

G3 HOLDINGS LIMITED
(C 94828)

THE GUARANTEE

To All Bondholders:

Reference is made to the issue of up to €12.5 million 4.5% secured bonds 2032 by G3 Finance p.l.c., a company registered in Malta bearing company registration number C 94829 (the “**Issuer**”), pursuant to and subject to the terms and conditions contained in the Securities Note forming part of the Prospectus dated 25 March 2022 (the “**Bonds**”).

Now, therefore, by virtue hereof we, G3 Holdings Limited (C 94828), hereby stand surety jointly and severally with the Issuer and irrevocably and unconditionally guarantee the due and punctual performance of all the obligations undertaken by the Issuer under the Bonds and, without prejudice to the generality of the foregoing, undertake to pay all amounts of principal and interest which have become due and payable by the Issuer to Bondholders under the Bonds, within sixty (60) days from the date such amount falls due and remains unpaid by the Issuer.

This guarantee shall be governed by the laws of Malta.

Signed and executed on this the 25th day of March 2022.

Interpretation:

In this Guarantee, unless the context otherwise requires:

- a. terms and expressions defined in or construed for the purposes of the Prospectus shall have the same meanings or be construed in the same manner when used in this Guarantee, unless defined otherwise in this Guarantee;
- b. “**Indebtedness**” means any and all monies, obligations and liabilities now or hereafter due, owing or incurred by the Issuer under the Bonds to the Bondholders (whether alone and/or with others) in terms of the Prospectus and in any and all cases whether for principal, interest, capitalised interest, charges, disbursements or otherwise and whether for actual or contingent liability; and
- c. “**writing**” or “**in writing**” shall mean any method of visual representation and shall include e-mails and other such electronic methods.

Nature, scope and terms of the Guarantee:

1. Nature of the Guarantee

The offering of Bonds that will be made by the Issuer pursuant to the Prospectus will be made with the benefit of the joint and several corporate Guarantee of the Guarantor, the full terms of which are set out in clause 3 below.

2. Information about the Guarantor

The information about the Guarantor required pursuant to the Capital Markets Rules and the Prospectus Regulation may be found in the Registration Document forming part of the Prospectus.

3. Terms of the Guarantee

3.1 Covenant to pay

For the purposes of the Guarantee, the Guarantor, as primary obligor, hereby jointly and severally with the Issuer irrevocably and unconditionally guarantees to each Bondholder that if for any reason the Issuer fails to pay any sum payable by it to such Bondholder pursuant to the terms and conditions of the Bonds detailed in the Securities Note as and when the same shall become due under any of the foregoing, the Guarantor will pay to such Bondholder on written demand the amount payable by the Issuer to such Bondholder. All demands shall be sent to the address stated below in clause 3.11 as the same may be changed by company announcement issued by the Issuer from time to time.

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

All payments shall be made to Bondholders without any withholding for taxes (and in so far as this obligation exists under any law, the payment shall be grossed up by the amount of withholding) and without set-off for any amounts which may be then owing to the Guarantor by the Issuer.

This Guarantee shall apply to all Bonds issued on or after 6 April 2022 in accordance with the terms of the Securities Note.

3.2 Guarantor as joint and several surety

The Guarantor will be liable under this Guarantee as joint and several surety with the Issuer.

3.3 Maximum liability

This is a continuing Guarantee for the whole amount due or owing under the Bonds or which may hereafter at any time become due or owing under the Bonds by the Issuer, but the amount due by the Guarantor to the Bondholders under this Guarantee shall be up to and shall not be in excess of €12.5 million (twelve million, five hundred thousand Euro), apart from interest due up to the date of payment and costs and expenses relating to the protection, preservation, collection or enforcement of the Bondholders' rights against the Issuer and/or the Guarantor, which shall be additional to the maximum sum herein stated.

3.4 Continuing and unconditional liability

The liability of the Guarantor under this Guarantee shall be continuing until such time as the Indebtedness is fully repaid and shall in no way be prejudiced or affected, nor shall it in any way be discharged or reduced, by reason of:

- a. the bankruptcy, insolvency or winding up of the Issuer; or
- b. the incapacity or disability of the Issuer; or
- c. any change in the name, style, constitution, any amalgamation or reconstruction of either the Issuer or the Guarantor; or
- d. a Bondholder conceding any time or indulgence, or compounding with, discharging, releasing or varying the liability of the Issuer or renewing, determining, reducing, varying or increasing any accommodation or transaction or otherwise dealing with the same in any manner whatsoever or concurring in, accepting or in any way varying any compromise, composition, arrangement or settlement or omitting to claim or enforce or extract payment from the Issuer; or
- e. any event, act or omission that might operate to exonerate the Guarantor without settlement in full of the Indebtedness towards the relevant Bondholder.

3.5 Indemnity

As a separate and alternative stipulation, the Guarantor unconditionally and irrevocably agrees that any Indebtedness to be payable by the Issuer but which is for any reason (whether or not now known or becoming known to the Issuer, the Guarantor or any Bondholder) not recoverable from the Guarantor, will nevertheless be recoverable from it as if it were the sole principal debtor and will be paid by it to the Bondholder on demand. This indemnity constitutes a separate and independent obligation from the other obligations in this Guarantee, gives rise to a separate and independent obligation from the other obligations in this Guarantee, and gives rise to a separate and independent cause of action.

3.6 Representations and warranties

3.6.1 The Guarantor represents and warrants:

- i. that it is duly incorporated and validly existing under the laws of Malta and has the power to carry on its business;
- ii. that it has power to grant this Guarantee and that this Guarantee is duly authorised and all corporate action has been taken by said Guarantor in accordance with its deeds of constitution and the laws of its incorporation and regulation;
- iii. that this Guarantee constitutes and contains valid and legally binding obligations of the Guarantor enforceable in accordance with its terms;
- iv. that this Guarantee does not and will not constitute default with respect to or run counter to any law, by-law, articles of incorporation, statute, rule, regulation, judgement, decree or permit to which said Guarantor is or may be subject, or any agreement or other instrument to which said Guarantor is a party or is subject or by which it or any of its property is bound;
- v. that this Guarantee shall not result in or cause the creation or imposition of, or oblige the Guarantor to create, any encumbrance on the Guarantor's undertakings, assets, rights or revenues;
- vi. that it is in no way engaged in any litigation, arbitration or administrative proceeding of a material nature (which for the purposes of this Guarantee shall mean proceedings relative to a claim amounting to at least €1.0 million) and nor is it threatened with any such procedures;
- vii. that the obligations of the Guarantor under this Guarantee constitute general, direct and unsecured obligations of the Guarantor and rank equally with all its other existing and future unsecured obligations, except for any debts for the time being preferred by law;
- viii. that it is not in breach of or in default under any agreement relating to indebtedness to which it is a party or by which it may be bound, nor has any default occurred in its regard; and
- ix. that all the information, verbal or otherwise, tendered in connection with the negotiation and preparation of this Guarantee is accurate and true and there has been no omission of any material facts.

3.6.2 As from the date of this Guarantee, until such time as the Indebtedness is paid in full to the Bondholders, and for as long as this Guarantee shall remain in force, the Guarantor shall hold true, good and valid all the representations and warranties given under this clause.

3.7 Deposit and production of the Guarantee

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

3.8 Subrogation

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

3.9 Benefit of the Guarantee and no assignment

This Guarantee is to be immediately binding upon the Guarantor for the benefit of the Bondholders. The Guarantor shall not be entitled to assign or transfer any of its obligations under this same Guarantee.

3.10 Amendments

The Guarantor has the power to veto any changes to the Terms and Conditions of the Bonds which are issued with the benefit of this Guarantee, limitedly in cases in which such amendment or waiver may give rise to changes in: (i) the amount payable by the Guarantor under this Guarantee; (ii) the term and/or frequency of such payments; (iii) the Events of Default listed in subsection 6.13 of the Securities Note; and/or (iv) any other term which may otherwise increase the exposure of the Guarantor to the enforcement of this Guarantee.

3.11 Notices

For notification purposes in connection with this Guarantee, the proper address and telephone number of the Guarantor is:

Address: G3 Holdings Limited - 'The Pergola', Adenau Street, Mellieha MLH 2014, Malta
Telephone number: +356 2152 3912
Contact person: Daniel Grima - Director

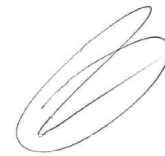
3.12 Governing law and jurisdiction

This Guarantee is governed by and shall be construed in accordance with Maltese law.

Any dispute, controversy or claim arising out of or relating to this Guarantee or as to the interpretation, validity, performance or breach thereof shall be brought exclusively before the Maltese courts.



John Grima
Director - G3 Holdings Limited



Daniel Grima
Director - G3 Holdings Limited



Jonathan Grima
Director - G3 Holdings Limited



Alexander Grima
Director - G3 Holdings Limited

ANNEX III - Financial Analysis Summary



G3 FINANCE PLC

Prepared by Rizzo, Farrugia & Co (Stockbrokers) Ltd, in compliance with the Listing Policies issued by the Malta Financial Services Authority, dated 5 March 2013, as revised on 13 August 2021.

25 March 2022



The Board of Directors

G3 Finance p.l.c.

'The Pergola',
Adenau Street,
Mellieha MLH 2014,

25 March 2022

Dear Sirs,

G3 Finance p.l.c. – Financial Analysis Summary (the “Analysis”)

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

The purpose of the Analysis is that of summarising key financial data appertaining to G3 Finance p.l.c. (a public limited liability company registered under the laws of Malta bearing company registration number C94829) (the “**Company**” or “**Issuer**”). The data is derived from various sources or is based on our own computations and analysis of the following:

- a) Historic financial data for the three years ended 31 December 2018 to 2020 has been extracted from the Issuer’s audited statutory financial statements for the three years in question, as and when appropriate.
- b) The data for the financial year ending 31 December 2021 refer to management accounts for the period, while the projections for the financial year ending 31 December 2022 have been prepared and provided by management of the Issuer.
- c) Our commentary on the results of the Issuer and on the respective financial position is based on the explanations provided by the Issuer.
- d) The ratios quoted in the Financial Analysis Summary have been computed by us applying the definitions as set out and defined within the Analysis.
- e) Relevant financial data in respect of competitors as analysed in Part D has been extracted from public sources such as the web sites of the companies concerned or financial statements filed with the Registrar of Companies.

The Analysis is provided to assist potential investors by summarising the more important financial data of the Issuer. The Analysis does not contain all data that is relevant to potential investors and is intended to complement, and not replace, the contents of the full prospectus. The Analysis does not constitute an endorsement by our firm of the securities of the Issuer and should not be interpreted as a recommendation to invest. We shall not accept any liability for any loss or damage arising out of the use of the Analysis and no representation or warranty is provided in respect of the reliability of the information contained in the Prospectus. As with all investments, potential investors are encouraged to seek professional advice before investing.

Yours sincerely,



Vincent E. Rizzo
Director



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Important information

Purpose of the document

G3 Finance p.l.c. (the “**Company**”, “**G3 Finance**” or the “**Issuer**”) issued €12.5 million 4.5% Secured and Guaranteed Bonds 2032 pursuant to a prospectus dated 25 March 2022 (the “**Bond Issue**”). This Financial Analysis Summary (“**FAS**”) has been prepared in line with the requirements of the Listing Policies as last updated by the MFSA on 13 August 2021. The purpose of this report is to provide a summary on the financial performance and position of the Company and G3 Holdings Limited, as guarantor to the Bond Issue (the “**Guarantor**”).

Sources of information

The information that is presented has been collated from a number of sources, including the audited financial statements for the years ended 31 December 2018, 2019 and 2020, management accounts for the year ended 31 December 2021 of the combined / consolidated G3 Group, and forecasts for financial year ending 31 December 2022 for both the Company and the Guarantor. Forecasts that are included in this document have been prepared and approved for publication by the directors of the Company and Guarantor, who undertake full responsibility for the assumptions on which these forecasts are based.

Wherever used, FYXXXX refers to financial year covering the period 1 January to 31 December. The financial information is being presented in thousands of Euro, unless otherwise stated, and has been rounded to the nearest thousand.

Part A Business and market overview

1. Introduction

G3 Finance p.l.c. (the “**Company**”, “**G3 Finance**” or the “**Issuer**”) is a public limited liability company incorporated in Malta on 11 February 2020, bearing company registration number C 94829, to act as the financing vehicle of G3 Holdings Limited (the “**Guarantor**”), bearing company registration number C 94828 and its subsidiaries, namely the Issuer’s sister companies, G3 Hospitality Limited (C 26935) and G3 Properties Limited (C 9518), collectively hereinafter, the “**G3 Group**” or the “**Group**”.

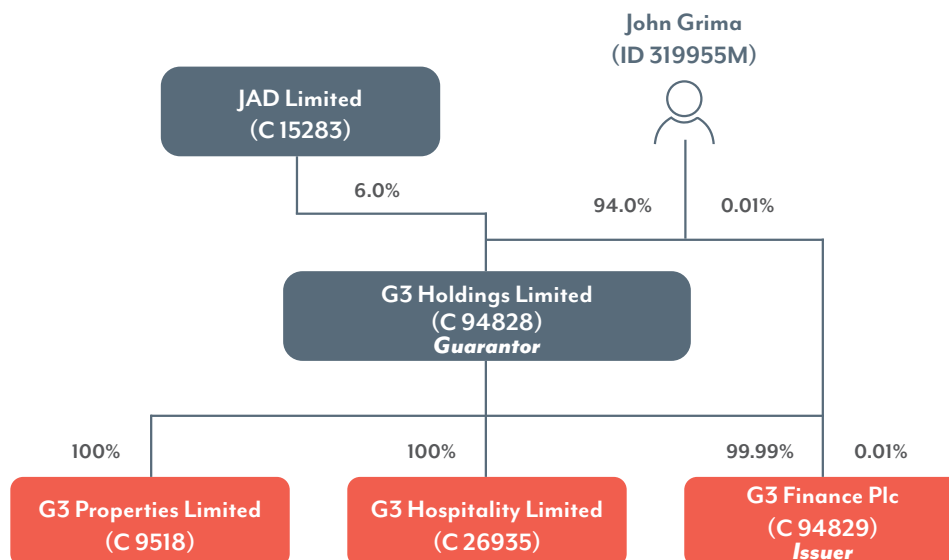
The Guarantor was set up as the holding company of the G3 Group on 11 February 2020 and is ultimately owned by Mr John Grima as well as other members of his immediate family.

Business activities of the G3 group

The G3 Group operates exclusively in the hospitality industry. It owns and operates two 4-star hotels in Mellieha – the Solana Hotel & Spa (the “**Solana**”) and the Pergola Hotel & Spa (the “**Pergola**”) as well as ancillary facilities such as bars, restaurants and wellness centres in the North of Malta.

The site which was later developed into the Pergola was acquired in the 1970s. Along the years, the G3 Group continued to invest in the expansion and improvement of the overall hotel service offering, through acquisitions of additional tracts of land adjacent to the Pergola and subsequently, the acquisition and development of the Solana. Operations have been ongoing for more than forty years and along the years, the G3 Group extended its service offering as it acquired further tracts of land and buildings adjacent to the Pergola and the Solana. The Pergola hotel currently comprises of 105 rooms, including a number of self-catering apartments.

In 2001, the Group commenced operations of the Solana Hotel & Spa, which has also undergone several expansions and refurbishment exercises, the latest of such investments was completed in June 2018 and which resulted in the addition of 83 rooms for a total room stock of 183 rooms.



2. Group Structure

The G3 Group has recently undergone a corporate restructuring in order to streamline the operations of the family's hotel business into a consolidated group. In this respect, the G3 Group consists of four companies, G3 Finance p.l.c., G3 Holdings Ltd, G3 Hospitality Ltd and G3 Properties Ltd.

G3 Finance p.l.c.

The Issuer is a financing vehicle, raising finance for the use and benefit of the other G3 Group companies. The Company is issuing a €12.5 million 4.5% secured and guaranteed bond with a 10-year term (the “**Bond Issue**”).

G3 Holdings Ltd

The Guarantor was incorporated on 11 February 2020 as the holding company of the Group as well as acting as guarantor for the Bond Issue. The Guarantor principally acts the parent holding company of the Group.

G3 Hospitality Limited ('G3 Hospitality')

G3 Hospitality is a wholly owned subsidiary of the Guarantor and was formerly known as Sunsites Limited. G3 Hospitality is the principal operating company of the G3 Group and is responsible for the operations of both the Solana and the Pergola hotels. G3 Hospitality also owns the Pergola and has made significant capital investments in the Solana.

G3 Properties Limited ('G3 Properties')

G3 Properties is also a wholly owned subsidiary of the Guarantor. G3 Properties, formerly known as Jays Limited, owns the Solana which is leased out to G3 Hospitality. Following the Bond Issue, the G3 Group intends to merge G3 Properties into G3 Hospitality such that the Solana (including the land component and improvements thereof), the Pergola and the G3 Group's entire operations are held within the same company.

JAD Limited ('JAD')

JAD is ultimately owned by the Grima family, i.e. Mr John Grima, his spouse and their children, Jonathan, Daniel and Alexander Grima (who are also directors of the Issuer – see section 3 below). JAD serves as the holding company for various investments held by the Grima family.

3. Corporate Governance and Management

Board of Directors of the Issuer

The Issuer's board of directors as at the date of this document comprises the following:

John Grima	Executive Director and Chairman
Daniel Grima	Executive Director
Jonathan Grima	Executive Director
Alexander Grima	Non-executive Director
Albert Grech	Non-executive Director
Juanita Bencini	Independent and non-executive Director
Michael Lewis Macelli	Independent and non-executive Director

The Company Secretary of the Issuer is Dr Luca Vella.

Board of Directors of the Guarantor

The Guarantor's board of directors as at the date of this document comprises the following:

John Grima	Executive Director and Chairman
Daniel Grima	Executive Director
Jonathan Grima	Executive Director
Alexander Grima	Non-executive Director

Group Senior Management

The following are the respective key members of the Group's senior management team:

Matthew Fenech	Financial Controller
Malcolm Grima	Sales and Marketing Manager
Pierre Agius	Rooms Division Manager
Jean Paul Cauchi	Head Chef
Bruno Cassar	Human Resource Manager
Egon Johannes M. Basharat	Front Office Manager

4. Major Assets

The Group's major assets comprise its two hotels.

Solana Hotel & Spa

The Solana Hotel & Spa is located in Mellieha's main thoroughfare leading to Ghadira Bay. Following extensive development and refurbishment works in 2018, the hotel now comprises of 183 hotel rooms (previously 100 rooms), spanning over a total footprint of 1,747 sqm. As part of its facilities, the Solana has its own spa and wellness centre (Nataraya Day Spa), outdoor pool and sundeck on the hotel's terrace, heated indoor pool and fitness centre. Additionally, the hotel has four food and beverage ("F&B")

outlets including, The Prickly Pear, Tosca Restaurant and Bellini Restaurant. Furthermore, during the summer months, Solana's rooftop bar, TopDeck, is also opened to serve poolside guests.

As at February 2022, the Solana Hotel & Spa had a valuation prepared by an independent architect of €18.25 million.

Pergola Hotel & Spa

The Pergola Hotel & Spa is a corner site having a total land area of 3,197 sqm, located in Mellieha and in close proximity to the Solana. The hotel consists of 105 guest rooms / apartments and is equipped with its own spa and wellness centre (Da Vinci Spa), two outdoor pools, as well as a heated indoor pool and fitness centre. The hotel has four F&B outlets comprising: Cave Bar (also serving as the hotel's pool bar), Da Ciccio Cucina, Bonaventura Restaurant and Haus of P. On 16 November 2019, the hotel was temporarily closed off for refurbishment until June 2020, however, in view of the COVID-19 restrictions, the hotel could only resume its operations as from July 2020.

As at February 2022, the Pergola Hotel & Spa had a valuation prepared by an independent architect of €13.7 million.

5. Recent and Upcoming Developments

Refurbishment Works at the Hotels

Recent works at the Solana hotel were completed in June 2018 while those of the Pergola hotel were completed in June 2020.

Promise of Sale for Land Adjacent to the Solana Hotel & Spa

On 5 March 2020, the Group, through G3 Hospitality Limited, entered into a promise of sale agreement ("**PoSA**") for the acquisition of a site (*circa* 550sqm) in close proximity to the Solana. This transaction, subject to attaining the necessary development permits, would serve as the basis for a further extension of the Solana. The total consideration for the site is expected to be in the region of €1.9 million.

The development works are planned to take place during 2023 and 2024, which is expected to result in an additional 55 rooms, a further pool which will be connected to the present pool deck, an extension to the present Bellini Restaurant and crucially, an extension to the hotel's parking which will now be able to take a further 35 vehicles. Such extension works and additional services are expected to become operational as from 2024. The expansion will also allow the Group to achieve further economies of scale in its operations.

Promise of Sale Agreement for Land Adjacent to the Pergola Hotel & Spa

On 16 July 2019, G3 Hospitality Limited entered into a PoSA for the acquisition of a site (*circa* 262sqm) adjacent to the Pergola Hotel & Spa. The total consideration for the site is €1.45 million. The PoSA is not currently subject to the issue of demolishing and/or development permits by the Planning Authority.

Square Gastro Bar

During 2021, the G3 Group entered into an agreement to rent a bar in the centre of Mellieha (in proximity of the two hotels) known as the Square Gastro Bar, along with ancillary properties forming part of the same block where the bar is situated. The agreement also allows the Group the option to acquire the bar by the end of 2024. The agreement is subject to annual rental amounts payable which would be reduced from the value of the acquisition should the Group decide to exercise its option to acquire the properties.

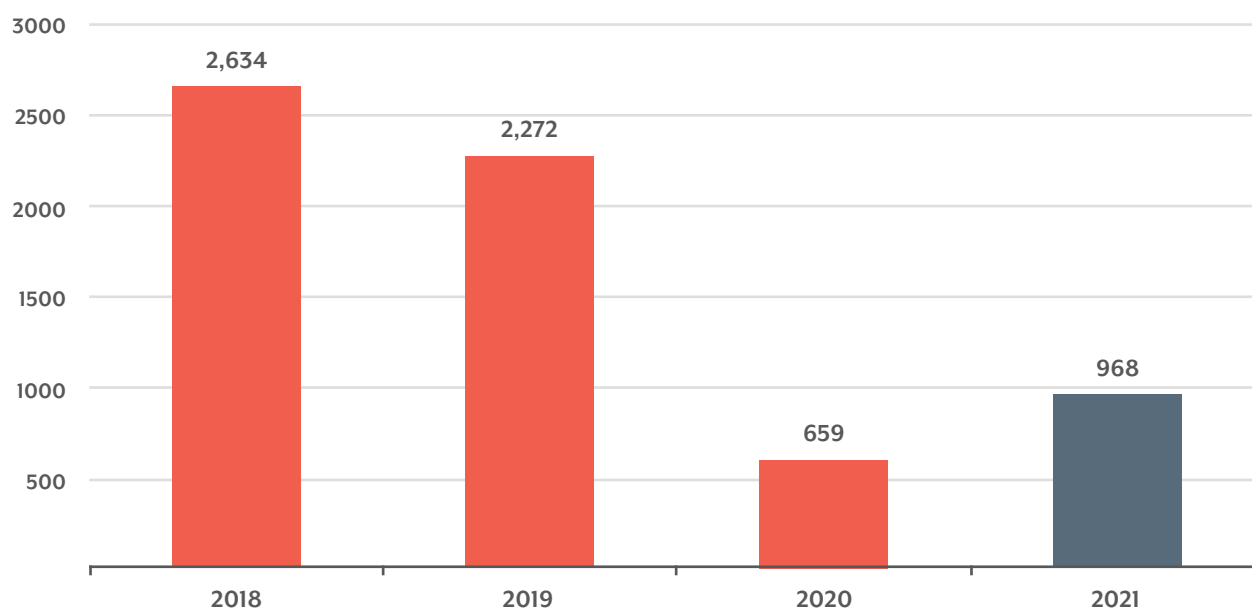
6. Tourism Industry

Tourism has inherently been one of the major pillars of the Maltese economy and its importance over recent years has intensified as tourism numbers grew significantly year after year, until the outbreak of the COVID-19 pandemic.

Over the years, various tourist operators (including those in the areas of accommodation, dining, transportation and entertainment) expanded their business to cater for the growing influx of tourists that Malta was experiencing until 2019.

The COVID-19 pandemic, however, had a significant negative impact on Malta's economy, both in the tourism sector, as well as in general as the unprecedented sharp decline in tourism dented the contribution to the country's gross domestic product for the year. The tourism industry was predominantly hit as a result of travel restrictions (primarily in 2020 but also during 2021) as well as reduction in the demand for travelling. The number of inbound tourists started to recover in 2021 (approx. 968k vs 659K in 2020), although it fell short of those recorded for 2019 (2.3 million).

INBOUND TOURISTS



Source: National Statistics Office, Malta

The statistics for the first quarter of 2022 were not yet available at the date of publication of this report. However, the monthly traffic statistics published by Malta International Airport seem to indicate that there was a pick-up in each of January and February in airport traffic¹. Notwithstanding this, passenger numbers were still much lower than pre-pandemic levels and the expectation is that the first quarter of 2022 will remain a challenging quarter. The outlook for the rest of the year is also uncertain and largely depends on how matters regarding the COVID-19 pandemic develops and the unfolding turbulence in respect of the Ukraine-Russia war.

¹The traffic statistics published by Malta International Airport comprise all passengers passing through Malta's only terminal and therefore do not account for passengers which reach Malta by other means including sea. Moreover, the statistics do not differentiate between tourists and local passengers.

Part B Financial Analysis

Financial Information Presented in the Analysis

The Issuer was incorporated in February 2020 and converted to a public limited liability company on 11 March 2022. Prior to the Bond Issue, the Issuer did not engage in any trading activity and as such does not have any historical financial track record of its own.

The Guarantor, acting as the holding company of the subsidiaries forming part of the G3 Group, including the Issuer, was also formed in February 2020. As such, the Guarantor, in its own rights, did not undertake any trading activity, however, the other subsidiaries that form part of the G3 Group, namely G3 Hospitality Limited (previously Sunsites Limited) and G3 Properties Limited (previously Jays Limited), have a trading history of their own spanning a long number of years. The historic financial information for these two companies has been combined to effectively portray the financial performance and financial position of the Group for the financial years ended 31 December 2018 to 2021. Going forward, the financial information of these two companies and the Issuer will be consolidated within the Guarantor.

The financial information that is presented in this section, as such, includes the following:

- Group combined financial statements for the financial years ending 31 December 2018, 2019, 2020 and 2021;
- projected financial information for the Issuer for the financial year ending 31 December 2022; and
- projected financial information for the Guarantor for the financial year ending 31 December 2022.

7 Group Combined Historic Financial Information

7.1. The Income Statement

for the year ended 31 December	2018 (A)	2019 (A)	2020 (A)	2021 (M)	2022 (F)
Revenue	6,256	9,198	3,952	5,023	7,391
Direct operational costs	(4,649)	(6,413)	(4,122)	(4,061)	(5,329)
Normalised EBITDA	1,607	2,785	(170)	962	2,062
Depreciation	(790)	(1,041)	(1,076)	(1,036)	(1,082)
Interest Expenses	(254)	(398)	(352)	(429)	(554)
Normalised Profit / Loss before Tax	563	1,346	(1,598)	(503)	426
COVID Wage supplement	-	-	918	900	-
Provision for Impairment Losses	(196)	(19)	4	-	-
Profit / Loss before Taxation	367	1,327	(676)	397	426
Taxation	(204)	(134)	-	-	(123)
Net Profit after tax	163	1,193	(676)	397	303

Source: Combined Historic Financial Information and Management Information

The Group's main revenue contributors are:

- the Solana Hotel & Spa (the "Solana");
- the Pergola Hotel & Spa (the "Pergola"); and
- F&B outlets.

Solana Hotel & Spa

The below are key figures related to the performance of the Solana during the four-year period ending 31 December 2021:

SOLANA				
	FY2018	FY2019	FY2020	FY2021
Accommodation Revenue	1,998	3,793	1,721	1,951
Contribution (incl. other income)	1,540	2,995	995	1,371
Average Occupancy	79.0%	92.7%	55.9%	70.2%
RevPAR	54.90	60.80	28.47	29.21
Contribution Margin (incl. other income)	74.1%	73.7%	52.2%	61.7%

Source: Management Information

The strong growth in the hotel's revenue during 2019 was primarily derived from the extension and refurbishment of the Solana which increased its capacity to 183 rooms from 100 rooms in June 2018. The growth in the number of rooms was coupled with the fact that the hotel was able to retain the excellent occupancy levels (92.7% in 2019) it was achieving prior to the extension (93.6% in 2017) coupled with an improvement in Revenue Per Available Room (RevPAR).

Total contribution (revenue less direct expenses related to the hotel operations) from the Solana grew significantly from €1.5 million in 2018 to just below €3 million in 2019. As indicated above, the hotel did not operate for a full year in 2018 as it was closed for the refurbishment and extension. As such, 2019 represents the only full year of operation for the Solana during this period under review, as the hotel operations were once again disrupted in 2020 and 2021 as a result of COVID-19 including extended periods of closure as mandated by the country's health authorities.

In fact, both average occupancy and RevPAR significantly contracted in FY2020 and FY2021 reflecting the lower demand as well as the Group's strategy of targeting high occupancy levels through lower room rates.

The contribution margin was relatively unchanged in FY2019 as the enlarged hotel led to a corresponding increase in direct expenses. However, following the outbreak of COVID-19, the contribution margin weakened materially reflecting the high element of fixed costs in the hotel's cost base.

Pergola Hotel & Spa

The below are key figures related to the performance of the Pergola during the four-year period ending 31 December 2021:

PERGOLA				
	FY2018	FY2019	FY2020	FY2021
Accommodation Revenue	2,039	2,030	584	1,582
Contribution (incl. other income)	1,376	1,376	308	763
Average Occupancy	92.2%	85.4%	25.9%	45.2%
RevPAR	64.27	65.82	17.62	27.54
Contribution Margin (incl. other income)	63.1%	64.3%	51.1%	65.7%

Source: Management Information

Despite being closed for refurbishment during the latter part of 2019, the Pergola managed to achieve the same level of accommodation revenue and contribution as that of 2018 during which the hotel was in operation for a full year. Nonetheless, similar to the situation at the Solana, the Pergola enjoyed higher levels of occupancy throughout the year, well above the occupancy rates experienced at similar hotels across Malta. Moreover, the Pergola generates a higher RevPAR when compared to the Solana as it includes a number of self-catering apartments which accommodates a larger number of people which therefore commands a higher room rate.

The Pergola was closed for refurbishment from November 2019 and was meant to re-open in April 2020, however, due to COVID-19 restrictions, it opened in July 2020. FY2020 and FY2021 were characterised by the uncertainty and disruptions related to the COVID-19 pandemic. Average occupancy decreased considerably as tourism numbers contracted sharply even when the national airport re-opened for inbound passenger travel. Likewise, RevPAR trended sharply lower on the back of the weakened tourism numbers. Nonetheless, the margin contribution only dropped to 51.1% in FY2020 from 64.30% in FY2019 largely reflecting management's decision to close this hotel and consolidate operations at the Solana in response to the weak demand. In FY2021, the contribution margin reached pre-COVID-19 levels largely reflecting a swift recovery in occupancy particularly in the latter months of the year.

F&B Outlets

Revenue from F&B operations grew significantly between 2018 and 2019, primarily due to the opening of new outlets, improvements made to existing outlets and the increase in the number of rooms within the Solana and the Pergola hotels which thereby increased footfall at the hotels' food and beverage outlets. FY2020 and FY2021 revenue from the F&B operations was adversely affected by the outbreak of COVID-19 as tourist numbers fell sharply and visits by local patrons also trended sharply lower, which was partly offset with the increased demand for food delivery.

Group Revenue Analysis

The Group's total revenue rose to €9.2 million in 2019 from €6.3 million in 2018. The revenues generated in FY2019 include a full year contribution of the Solana, while the 2018 figures included a four-month period of complete closure of this hotel in view of the extensive refurbishment undertaken. Meanwhile, the Pergola hotel was also closed for refurbishment from mid-November 2019 and was due to re-open in April 2020, however, due to the pandemic, there was a further delay in the re-opening of the hotel to July 2020. Overall, hotel operations amounted to 63.5% of total Group revenue during 2019. Meanwhile, revenue from F&B reached €3 million in 2019 from €1.9 million in 2018 representing 32.6% of total revenue (2018: 30.4%).

FY2020 and FY2021 were characterised by the COVID-19 pandemic, which affected the hospitality industry in an unprecedented manner, with hotels and catering establishments being forced to close for extended periods during FY2020, including the hotels of the Group and the catering establishments therein. As a result, performance was subdued, with revenues in FY2020 being less than half of those recorded in FY2019. Although the period during which the hotels were closed due to the pandemic was between March and June 2020, the ensuing months of the said year continued to be characterised by uncertainty and lower level of tourism. Revenues in FY2021 rebounded to €5.1 million, reflecting also the improved occupancy levels achieved at both hotels when compared to FY2020 levels, even though still below pre-pandemic levels.

FY2018 and FY2019

In FY2019, direct costs grew in line with the increased revenue generation recorded by the Group, although the Group also recognised efficiencies on the back of improved economies of scale following the increase in the number of rooms. As a result, normalised EBITDA (excluding the one-off impact of the provision for impairment losses) improved from €1.6 million in 2018 to €2.8 million in 2019, representing an increase of 73% between both years.

Depreciation increased from €0.8 million in 2018 to €1.0 million in 2019 reflecting in the main the additional capital expenditure relating to the expansion and refurbishment of the Solana Hotel & Spa.

Meanwhile, interest expenses, comprising interest on existing bank financing and the finance cost element on the Group's leased assets, jumped higher from €0.25 million in 2018 to €0.40 million in 2019. The rise in interest expense during 2019 reflect primarily the additional financing drawdown to finance the investment made in the Solana Hotel & Spa.

As a result of the above movements, normalised profit before tax rose significantly from €0.6 million in FY2018 to €1.3 million in FY2019. After taking into account a €0.2 million provision for impairment losses (related to non-operating receivables outstanding for a number of years) and another €0.2 million in taxes in 2018, profit after tax came in at €0.16 million. This figure increased to €1.19 million in FY2019.

FY2020 and FY2021

FY2020 and FY2021 necessitate their own separate analysis as these years were characterized by unprecedented operating conditions, not just for the G3 Group but also for Malta and the world in view of the outbreak of the COVID-19 pandemic. As mentioned in earlier parts of this report, tourism was adversely affected in view of the various travelling restrictions, social distancing and other measures aimed at curbing the spread of the virus both on a national level as well as internationally.

In order to manage the financial impact, G3 consolidated its product offering when occupancy levels were low and implemented a number of cost restructuring measures in order to ease the adverse impact from the sharp drop in occupancy levels and in turn the Group's income statement for the year. Total revenue amounted to just under €4 million in FY2020 and just over €5 million in FY2021. Apart from the cost cutting efforts, in FY2020 the Group also benefitted from a payment (of €0.4 million) emanating from an insurance policy covering loss of revenue in the case of a pandemic outbreak. Furthermore, in the same year, the Group also received €1.3 million (FY2021: €0.9 million) in wage supplements from the government under the COVID-19 wage supplement scheme. These allowed the Group to close FY2020 at €0.7 million loss after tax and FY2021 at €0.4 million net profit.

7.2. Statement of Financial Position

for the year ended 31 December	2018 (A)	2019 (A)	2020 (A)	2021 (M)	2022 (F)
Non-current Assets					
Investments	1	1	1	1	1
Property, Plant & Equipment	30,664	31,086	32,665	32,035	36,052
Payment on account of purchase of property	619	773	1,047	1,047	-
Amounts receivable from related parties	1,039	1,389	400	400	400
Trade and other receivables	339	195	-	-	-
Total Non-Current Assets	32,662	33,444	34,113	33,483	36,453
Current Assets					
Inventories	134	170	113	113	113
Trade & Other Receivables	1,504	1,104	773	926	1,299
Amounts receivable on ERDF Grant	244	244	-	-	-
Cash at Bank & in Hand	75	157	70	406	2,302
Total Current Assets	1,956	1,675	956	1,445	3,714
Total Assets	34,618	35,118	35,070	34,928	40,167
Equity					
Share Capital	1,503	1,503	847	847	1
Revaluation and Fair value reserves	13,455	12,074	12,074	12,074	12,821
Retained Earnings	4,203	5,396	4,720	5,117	5,418
Total Equity	19,161	18,973	17,641	18,038	18,240
Non-Current Liabilities					
Bank Borrowings	5,400	5,029	6,102	7,902	2,075
Bond Issue	-	-	-	-	12,129
Trade & Other Payables	1,710	674	665	635	938
Finance Lease Liability	352	281	198	110	35
Deferred Taxation	1,974	3,447	3,447	3,447	3,447
Total Non-Current Liabilities	9,437	9,431	10,412	12,094	18,624
Current Liabilities					
Bank Overdraft	584	762	611	-	-
Accrued Bond Interest	-	-	-	-	482
Trade & Other Payables	4,798	5,283	5,837	4,274	2,246
Amounts payable to related parties	423	483	427	427	527
Deferred ERDF Grant	216	188	143	95	48
Total Current Liabilities	6,021	6,715	7,017	4,796	3,303
Total Equity & Liabilities	34,618	35,119	35,070	34,928	40,167

Source: Combined Historic Financial Information and Management Information

Review of FY2018 – FY2021

The Guarantor's asset base has historically been composed of property, plant and equipment which accounts to approximately 90% of total assets. A breakdown of the group's major assets is presented in a previous section of this FAS. These have remained relatively stable throughout the historical period.

In terms of liabilities, the major components have historically been bank borrowings and trade & other payables, which amounted to between 73% and 81% of total liabilities. Other notable components included deferred tax which is related to the revaluation of the investment property carried out in 2019 and outstanding capital creditors, representing amounts payable to third parties on works carried on at the Solana (2018) and Pergola (2020), respectively. These have remained relatively stable throughout the historical period.

The Group's equity base consisted primarily of revaluation and fair value reserves accumulated over the years on the two hotel properties, retained earnings and share capital. In FY2020, the Guarantor's share capital declined from €1.5 million to €0.8 million after the redemption of preference shares during the period.

Working Capital Deficiency

Over the years under review, the Group engaged in a number of capital projects that required significant amount of funding. The Group has funded these projects through working capital rather than longer-term borrowings, resulting in a build-up of trade payables over the years and in turn a working capital deficiency. The Bond Issue will realign the Group's funding mix and part of the proceeds will bridge the deficiencies that the Group had to date.

7.3. Statement of Cash Flows

Cash Flows Statement for the year ended 31 December	2018(A)	2019(A)	2020(A)	2021(M)	2022(F)
Cash flows from operating activities	3,642	1,740	1,729	(126)	(567)
Cash flows from investing activities	(6,265)	(1,463)	(2,655)	(15)	(3,690)
Free Cash Flows to the Firm	(2,623)	277	(926)	(141)	(4,257)
Cash flows from / (used in) financing activities	2,738	(371)	990	1,088	6,152
Net Cash Flow for the Period	115	(95)	64	947	1,896
Opening cash & cash equivalents	(625)	(510)	(605)	(541)	406
Closing cash & cash equivalents	(510)	(605)	(541)	406	2,302

Source: Combined Historic Financial Information and Management Information

Review FY2018 – FY2021

The Group's statements of cash flows have been characterised by a cash outlay of €10.4 million during the period FY2018 to FY2020, primarily driven by the extension and refurbishment of the Solana (completed in June 2018) and the refurbishment of the Pergola (completed in June 2020 and opened in July 2020). The majority of this capital outlay was funded from operations, as net drawdowns from banks amounted to just €3 million over the same period. As a result, the Group experienced an increase in outstanding creditors as the Group faced liquidity issues during the period. The subdued operations in FY2020 and FY2021 (when compared to earlier years) continued to have a negative impact on the Group's cash generation from its operations.

8 Projections

8.1. The Issuer

The financial statements presented for the Issuer within this section cover the projections for the financial year ending 31 December 2022 and reflect management's expectations.

Income Statement for the year ended 31 December	2022 (F)
Interest on loans to fellow subsidiaries	693
Interest on credit balances	3
Total Income	696
Finance Expenses	(512)
Directors' Fees	(55)
Listing and Related Fees	(20)
Other Costs	(9)
Management Fee	(5)
Profit Before Tax	95
Taxation	(64)
Profit After Tax	31

Income streams are expected to primarily consist of interest income generated from the advancement of the net proceeds of the Bond Issue to G3 Hospitality Limited. The Bond Issue proceeds are subject to a margin over the coupon that the Bond Issue pays to the market. These income streams are intended to cover the Issuer's expenses, which include directors' fees, amortisation of bond listing fees and other administrative expenses. By the end of FY2022, the Issuer is expected to register a profit for the year of approximately €0.03 million.

Statement of Financial Position

Income Statement for the year ended 31 December	2022 (F)
Non-current Assets	
Loans & Receivables	12,100
Receivables from Related Parties	250
Total Non-Current Assets	12,350
Current Assets	
Cash at Bank & in Hand	607
Total Current Assets	607
Total Assets	12,957
Equity	
Share Capital	250
Retained Earnings	32
Total Equity	282
Non-Current Liabilities	
Amortised Bond Issue	12,129
Total Non-Current Liabilities	12,129
Current Liabilities	
Accrued Bond Interest	482
Current Tax	64
Total Current Liabilities	546
Total Equity & Liabilities	12,957

The structure of the Statement of Financial Position of the Issuer will be reflective of its objectives as a financing arm for the Group. By the end of FY2022, the Issuer's total assets are expected to amount to €13 million, comprising of the loan to G3 Hospitality of €12.1 million, an accrual receivable from G3 Hospitality of €0.3 million and cash balances at the end of the year of €0.6 million. Liabilities include the amortised Bond Issue proceeds of €12.1 million and accrued interest on the bond of €0.5 million. Meanwhile, equity consists of €0.3 million in share capital and retained earnings for the year.

Cash Flow Statement

Cash Flows Statement for the year ended 31 December	2022 (P)
Cash flows from operating activities	607
Cash flows from investing activities	12,100
Cash flows from / (used in) financing activities	(12,100)
	607
Opening cash & cash equivalents	-
Closing cash & cash equivalents	607

As explained above, the activities of the Issuer are solely related to acting as the financing arm for the Group. As such, for FY2022, the cash flows generated during the year largely represent the margin from the interest receivable on the loan to G3 Hospitality over the coupon payable on the Bond Issue. In FY2022, the Issuer will be in receipt of the proceeds from the bond which it will on-lend to the Group entities as part of its investing activities.

8.2. The Guarantor

The consolidated financial statements presented for the Guarantor within this section cover the projections for the financial year ending 31 December 2022 (as tabulated in section 7 of this FAS) and reflect management's expectations. Financial information presented hereunder may be subject to rounding differences.

Projections - FY2022

The projections for FY2022 have been prepared by management on the indications that the effects of the pandemic are diminishing given that new COVID-19 variants keep getting weaker, necessitating less restrictive measures. In fact, the Group has already started experiencing increased bookings at its hotels. Sensitivity to cost controls remains a priority for the Group as it continues to centralise its bookings at the Solana, while retaining the Pergola temporarily closed during the months of January up until mid-February 2022. Total revenue for the year is expected to recover to €7.4 million, which is still lower than pre-pandemic levels in FY2019, but representing an uplift of nearly €2.4 million from that of FY2021.

Nevertheless, as a result of an uplift in direct operating costs to €5.3 million (FY2021: €4.1 million), which is in line with the level of costs experienced pre-pandemic, profitability is expected to be at €0.3 million (excluding any COVID-19 wage supplement under Government assistance schemes, which in FY2021 amounted to €0.9 million), which is close to the level reported in FY2021, after also accounting for increased interest expenses and an increase in the depreciation charge.

During FY2022, the Group is expected to conclude the acquisition of the site in close proximity of the Solana (development works intended to be carried out between 2023 and 2024, adding 55 more rooms to the hotel), as well as the site in close proximity of the Pergola (although no development works are currently projected for this site, the long-term intention of the Group is to redevelop the site to offer ancillary amenities to the Pergola hotel guests).

The cash flows for FY2022 include the cash inflow from the Bond Issue which will be used for the purposes of:

- the refinancing of existing banking facilities drawn down by the G3 Group (*circa* €5.2 million);
- the acquisition of a plot of land in close proximity to the Solana hotel (*circa* €2.0 million);
- the acquisition of a plot of land in close proximity to the Pergola hotel (*circa* €1.4 million); and
- general corporate funding purposes of the G3 Group (*circa* €3.3 million).

The Group expects to close FY2022 in a net cash position of €2.3 million.

9 Ratio Analysis

Where the returns are negative, these have been listed as 'n/a'.

Profitability Ratios

The below is a set of ratios prepared to assist in measuring the Group's earnings potential from its operations.

	2018(A)	2019(A)	2020(A)	2021(M)	2022(F)
Net Profit Margin (Net Profit / Revenue)	2.6%	13.0%	n/a	7.9%	4.1%
EBITDA Margin (EBITDA / Revenue)	25.7%	30.3%	n/a	19.2%	27.9%
Return on Assets (Profit before Tax / Average Assets)	1.2%	3.8%	n/a	1.1%	1.1%
Return on Equity (Profit for the Period / Average Equity)	0.9%	6.3%	n/a	2.2%	1.7%
Return on Capital Employed (Profit for the Period / Average Capital Employed)	0.6%	4.8%	n/a	1.5%	0.9%

Source: Calculations based on Historical Financial Information and Management Projections

As explained earlier, pre-pandemic, the Group's performance was characterised by high levels of occupancy across both hotels coupled with economies of scale achieved through the proximity of the two properties. As a result, the Group boasted healthy returns in FY2019 (FY2018 was not a full year due to the closure of the Solana until April 2018). In FY2020 and FY2021, returns were however hampered by the effect of the pandemic and a slow recovery. During FY2022, the Group is expected to continue to build on the recovery achieved in FY2021, whilst also recognizing increases in the Group's asset base further to the acquisitions detailed above.

Liquidity Ratios

The below is a set of ratios prepared to assist in measuring the Group's ability to meet its short-term obligations.

	2018(A)	2019(A)	2020(A)	2021(M)	2022(F)
Net Debt / EBITDA	3.68x	2.02x	n/a	7.79x	5.77x
Gearing Ratio (Total Borrowings / Equity + Borrowings)	24.4%	23.3%	26.8%	30.7%	43.9%
Gearing Ratio (2) (Net Borrowings / Equity + Net Borrowings)	0.24x	0.23x	0.27x	0.29x	0.39x
Interest Cover Ratio (EBITDA / Net Finance Cost)	6.33x	7.00x	n/a	2.24x	3.72x

Source: Calculations based on Historic and Management Financial Information

During the years under review, the Group's liquidity ratios were at an acceptable level, particularly since the Group financed most of its capital expenditure through a mix of working capital and inflows from operations. Despite the additional borrowings in FY2022 through the Bond Issue, the Group's gearing is expected to remain acceptable at 43.9%, while the EBITDA projected to be generated by the Group is expected to sufficiently cover the interest expenses of the Group including also the additional debt servicing requirements from FY2022 onwards. Solvency Ratios

Solvency Ratios

The below is a set of ratios prepared to assist in measuring the Group's ability to meet its debt obligations.

	2018(A)	2019(A)	2020(A)	2021(M)	2022(F)
Current Ratio (Current Assets / Current Liabilities)	0.32x	0.25x	0.14x	0.30x	1.12x
Cash Ratio (Cash & Equivalents / Current Liabilities)	0.01x	0.02x	0.01x	0.08x	0.70x

Source: Calculations based on Historic and Management Financial Information

As explained in earlier parts of this report, the Group had been financing its capital expenditure primarily through working capital and cash from operations. This resulted in weak solvency ratios throughout the years, with the position expected to improve as from FY2022 through the application of the Bond Issue proceeds.

Part C Listed Securities

The Issuer's or its related parties, including the Guarantor, do not have any other securities which have been subject to an application for admissibility to listing on the Official List of the Malta Stock Exchange.

Part D Comparatives

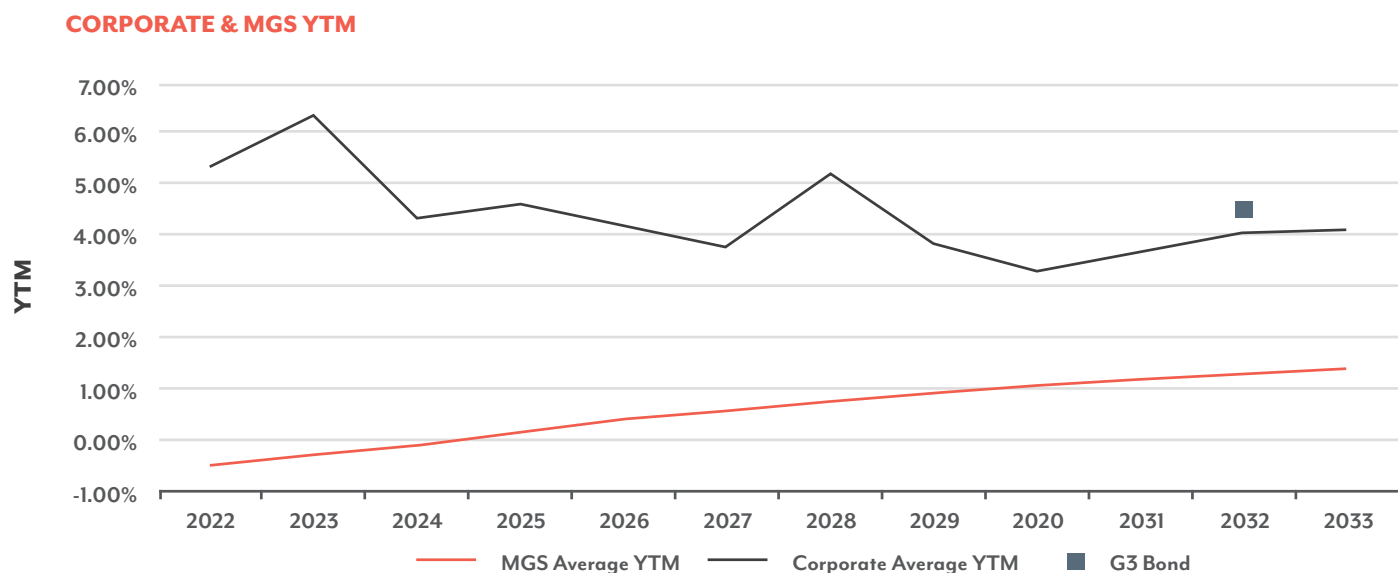
The table below compares the Issuer and its proposed bond issue to other listed debt on the local market having broadly similar maturities. The list excludes issues by financial institutions. The comparative set includes local groups whose assets, strategy and level of operations may vary significantly from those of the Issuer and are therefore not directly comparable. Nevertheless, the table below provides a sample of some comparatives:

Bond Details	Outstanding Amount (€)	Gearing Ratio (%)	Net Debt to EBITDA (times)	Interest Cover (times)	YTM (%)
3.50% GO p.l.c. 25.06.2031	60,000,000	35.3%	1.0	20.6	3.2%
3.65% International Hotel Investments p.l.c. 2031	80,000,000	41.3%	6.3	3.8	3.9%
4.55% St. Anthony Co. p.l.c. 2032 (Secured)	15,500,000	68.5%	329.4	1.6	4.0%
4.50% G3 Finance plc 2032 (Secured)	12,500,000	24.1	5.60	3.43	4.5%
4.00% Central Business Centres p.l.c. 2027/2033	21,000,000	36.3%	10.1	1.8	3.8%

Source: Yield to Maturity from rizzofarrugia.com, based on bond prices of 8 March 2022. Ratio workings and financial information quoted have been based on the respective issuers' unadjusted published financial data (or their guarantors, where and as applicable)

*Gearing - (Net Debt/ Net Debt + Total Equity)

The following shows the average yield to maturity of listed corporate bonds and MGS covering an eleven-year period, and how the Company's bond priced at 4.5% compares to such average yields. All the yields presented hereunder are as at 8 March 2022.



At 4.5%, the Company's bonds are priced 47 basis points above the equivalent average corporate bonds YTM for 2032 maturities and at a 341 basis points premium over the average MGS YTM for 2032 maturities.

Part E Glossary

Where the returns are negative, these have been listed as 'n/a'.

INCOME STATEMENT EXPLANATORY DEFINITIONS

Revenue	Total revenue generated by the company from its business activity during the financial year.
EBITDA	Earnings before interest, tax, depreciation and amortization, reflecting the company's earnings purely from operations.
Normalisation	Normalisation is the process of removing non-recurring expenses or revenue from a financial metric like EBITDA, EBIT or earnings. Once earnings have been normalised, the resulting number represents the future earnings capacity that a buyer would expect from the business.
EBIT	Earnings before interest and tax.
Depreciation and Amortization	An accounting charge to compensate for the reduction in the value of assets and the eventual cost to replace the asset when fully depreciated.
Finance Income	Interest earned on cash bank balances and from the intra-group companies on loans advanced.
Finance Costs	Interest accrued on debt obligations.
Net Profit	The profit generated in one financial year.

CASH FLOW STATEMENT EXPLANATORY DEFINITIONS

Cash Flow from Operating Activities	The cash used or generated from the company's business activities.
Cash Flow from Investing Activities	The cash used or generated from the company's investments in new entities and acquisitions, or from the disposal of fixed assets.
Cash Flow from Financing Activities	The cash used or generated from financing activities including new borrowings, interest payments, repayment of borrowings and dividend payments.

STATEMENT OF FINANCIAL POSITION EXPLANATORY DEFINITIONS

Assets	What the company owns which can be further classified in Current and Non-Current Assets.
Non-Current Assets	Assets, full value of which will not be realised within the forthcoming accounting year
Current Assets	Assets which are realisable within one year from the statement of financial position date.
Liabilities	What the company owes, which can be further classified in Current and Non-Current Liabilities.

Current Liabilities	Obligations which are due within one financial year.
Non-Current Liabilities	Obligations which are due after more than one financial year.
Equity	Equity is calculated as assets less liabilities, representing the capital owned by the shareholders, retained earnings, and any reserves.
EBITDA Margin	EBITDA as a percentage of total revenue.
Operating Profit Margin	Operating profit margin is operating profit achieved during the financial year expressed as a percentage of total revenue.
Net Profit Margin	Net profit margin is profit after tax achieved during the financial year expressed as a percentage of total revenue.
Return on Equity	Return on equity (ROE) measures the rate of return on the shareholders' equity of the owners of issued share capital, computed by dividing profit after tax by shareholders' equity.
Return on Capital Employed	Return on capital employed (ROCE) indicates the efficiency and profitability of a company's capital investments, estimated by dividing operating profit by capital employed.
Return on Assets	Return on assets (ROA) measures the rate of return on the assets of the company. This is computed by dividing profit after tax by total assets.

LIQUIDITY RATIOS

Current Ratio	The current ratio is a financial ratio that measures whether a company has enough resources to pay its debts over the next 12 months. It compares a company's current assets to its current liabilities.
Cash Ratio	Cash ratio is the ratio of cash and cash equivalents of a company to its current liabilities. It measures the ability of a business to repay its current liabilities by only using its cash and cash equivalents and nothing else.

SOLVENCY RATIOS

Interest Coverage Ratio	This is calculated by dividing a company's EBITDA of one period by the company's net finance costs of the same period.
Gearing Ratio	The gearing ratio indicates the relative proportion of shareholders' equity and debt used to finance a company's assets, and is calculated by dividing a company's net debt by net debt plus shareholders' equity.
Net Debt to EBITDA	This is the measurement of leverage calculated by dividing a company's interest-bearing borrowings net of any cash or cash equivalents by its EBITDA.

OTHER DEFINITIONS

Yield to Maturity	YTM is the rate of return expected on a bond which is held till maturity. It is essentially the internal rate of return on a bond and it equates the present value of bond future cash flows to its current market price.
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