

# SECURITIES NOTE

DATED 4 MARCH 2019

This document is a Securities Note issued in accordance with the provisions of Chapter 4 of the Listing Rules published by the Listing Authority and in accordance with the provisions of Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements, as amended. This Securities Note is issued pursuant to the requirements of Listing Rule 4.14 of the Listing Rules and contains information about the Secured Bonds being issued by Gap Group p.l.c. The Listing Authority has approved the admission to listing and trading of the Secured 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 up to €40,000,000 3.65% Secured Bonds 2022

of a nominal value of €100 per Bond issued at par  
(the "Secured Bonds")

through the combination of the following two fungible tranches

**A maximum of €40,000,000 3.65% Secured Bonds 2022 available only to Eligible Applicants during the Offer Period (the "First Tranche Bonds")**

**A maximum of €20,000,000 3.65% Secured Bonds 2022 available to Eligible Applicants and the public in Malta during the Offer Period (the "Second Tranche Bonds")**

by



**GAP GROUP P.L.C.**

A PUBLIC LIMITED LIABILITY COMPANY REGISTERED IN MALTA  
WITH COMPANY REGISTRATION NUMBER C 75875

with the joint and several Guarantee\* of  
**GAP LUQA LIMITED AND GAP MELLIEHA (I) LIMITED**

ISIN: MT0001231217

\*Prospective investors are to refer to the Guarantee contained in Annex II of the Securities Note and section 4.5 of the Registration Document for a description of the Guarantee and the Collateral. Reference should also be made to the sections entitled "Risk Factors" contained in the Registration Document and this Securities Note for a discussion of certain risk factors which should be considered by prospective investors in connection with the Secured Bonds and the Guarantee provided by the Guarantors.

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to the Sponsor, Manager & Registrar

**CAMILLERI PREZIOSI**  
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**Dr Chris Cilia**

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**EQUINOX INTERNATIONAL**  
LIMITED

Sponsor, Manager  
& Registrar

**CHARTS**  
A division of MeDirect Bank (Malta) plc

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

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

Handwritten signature of George Muscat in black ink.  
George Muscat

Handwritten signature of Paul Attard in black ink.  
Paul Attard

Handwritten signature of Adrian Muscat in black ink.  
Adrian Muscat

APPROVED BY THE DIRECTORS

Handwritten signature of Francis X. Gouder in black ink.  
Francis X. Gouder

Handwritten signature of Mark Castillo in black ink.  
Mark Castillo

Handwritten signature of Chris Cilia in black ink.  
Chris Cilia

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## IMPORTANT INFORMATION

THIS SECURITIES NOTE CONTAINS INFORMATION ON AN ISSUE BY GAP GROUP PLC (THE “ISSUER”) OF UP TO €40,000,000 SECURED BONDS 2022 OF A NOMINAL VALUE OF €100 PER BOND ISSUED AT PAR AND BEARING INTEREST AT THE RATE OF 3.65% PER ANNUM PAYABLE ANNUALLY ON 5 APRIL OF EACH YEAR, DIVIDED INTO TWO FUNGIBLE TRANCHES OF SECURED BONDS AS FOLLOWS: (I) UP TO €40,000,000 OF FIRST TRANCHE BONDS AVAILABLE ONLY TO ELIGIBLE APPLICANTS AGAINST THE SURRENDER OF ORIGINAL BONDS; AND (II) UP TO AN ADDITIONAL €20,000,000 SECOND TRANCHE BONDS. THE BONDS WILL BE REDEEMED AT PAR ON THE REDEMPTION DATE UNLESS OTHERWISE PREVIOUSLY REPURCHASED FOR CANCELLATION (THE “BONDS” OR “SECURED BONDS”).

THIS SECURITIES NOTE:

- A. CONTAINS INFORMATION ABOUT THE ISSUER, THE GUARANTORS AND THE SECURED BONDS IN ACCORDANCE WITH THE REQUIREMENTS OF THE LISTING RULES, THE ACT AND THE REGULATION, AND SHOULD BE READ IN CONJUNCTION WITH THE REGISTRATION DOCUMENT ISSUED BY THE ISSUER; AND
- B. SETS OUT THE CONTRACTUAL TERMS UNDER WHICH THE SECURED BONDS ARE ISSUED BY THE COMPANY AND ACQUIRED BY A BONDHOLDER WHICH TERMS SHALL REMAIN BINDING UNTIL THE REDEMPTION DATE OF THE SECURED BONDS UNLESS THEY ARE OTHERWISE CHANGED IN ACCORDANCE WITH THE TERMS OF THIS SECURITIES NOTE.

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

**THE LISTING AUTHORITY ACCEPTS NO RESPONSIBILITY FOR THE CONTENTS OF THIS 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 THIS PROSPECTUS.**

THE PROSPECTUS DOES NOT CONSTITUTE, AND MAY NOT BE USED FOR PURPOSES OF, AN OFFER OR INVITATION TO SUBSCRIBE FOR SECURED BONDS BY ANY PERSON IN ANY JURISDICTION (I) IN WHICH SUCH OFFER OR INVITATION IS NOT AUTHORISED OR (II) IN WHICH THE PERSON MAKING SUCH OFFER OR INVITATION IS NOT QUALIFIED TO DO SO OR (III) TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR INVITATION.

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

SAVE FOR THE ISSUE IN THE REPUBLIC OF MALTA, NO ACTION HAS BEEN OR WILL BE TAKEN BY THE ISSUER THAT WOULD PERMIT A PUBLIC OFFERING OF THE SECURED BONDS OR THE DISTRIBUTION OF THE PROSPECTUS (OR ANY PART THEREOF) OR ANY OFFERING MATERIAL IN ANY COUNTRY OR JURISDICTION WHERE ACTION FOR THAT PURPOSE IS REQUIRED.

IN RELATION TO EACH MEMBER STATE OF THE EUROPEAN ECONOMIC AREA (OTHER THAN MALTA) WHICH HAS IMPLEMENTED DIRECTIVE 2003/71/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 4 NOVEMBER 2003 ON THE PROSPECTUS TO BE PUBLISHED WHEN SECURITIES ARE OFFERED TO THE PUBLIC OR ADMITTED TO TRADING OR WHICH, PENDING SUCH IMPLEMENTATION, APPLIES ARTICLE 3.2 OF SAID DIRECTIVE, THE SECURED BONDS CAN ONLY BE OFFERED TO “QUALIFIED INVESTORS” (AS DEFINED IN SAID DIRECTIVE) AS WELL AS IN ANY OTHER CIRCUMSTANCES WHICH DO NOT REQUIRE THE PUBLICATION BY THE ISSUER OF A PROSPECTUS PURSUANT TO ARTICLE 3 OF SAID DIRECTIVE.

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

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

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

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

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

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

## 1. DEFINITIONS

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

<b>Act</b>	the Companies Act (Cap. 386 of the Laws of Malta);
<b>Applicant/s</b>	a person or persons whose name or names (in the case of joint applicants) appear in the registration details of an Application Form;
<b>Application/s</b>	the application to subscribe for Secured Bonds made by an Applicant/s by completing an Application Form/s and delivering same to any of the Authorised Financial Intermediaries;
<b>Application Form/s</b>	the forms of application of subscription for Secured Bonds, specimens of which are contained in Annex I of this Securities Note;
<b>Authorised Financial Intermediaries</b>	the licensed stockbrokers and financial intermediaries listed in Annex II of this Securities Note;
<b>Bond Issue or Offer</b>	the issue of the Secured Bonds;
<b>Bond Issue Price</b>	At par (€100 per Bond);
<b>Bondholder</b>	a holder of Secured Bonds;
<b>Business Day</b>	any day between Monday and Friday (both days included) on which commercial banks in Malta settle payments and are open for normal banking business;
<b>Collateral or Security Interests</b>	<p>(a) in the event of the issue of up to €20 million in nominal value of Secured Bonds:</p> <ul style="list-style-type: none"><li>(i) the second ranking general hypothec for the full nominal value of the Secured Bonds and interest thereon over all the present and future property of the Issuer<sup>1</sup>;</li><li>(ii) the first ranking general hypothec for the full nominal value of the Secured Bonds and interest thereon over all the present and future property of GLL;</li><li>(iii) the first ranking special hypothec granted by GLL for the full nominal value of the Secured Bonds and interest thereon over the land on which the Luqa Development is to be developed together with all and any constructions and other erections to be developed thereon;</li></ul> <p>(b) in the event of the issue of any amount over and above €20 million in nominal value of Secured Bonds up to a maximum amount of €40 million in nominal value of Secured Bonds:</p> <ul style="list-style-type: none"><li>(i) the security mentioned in paragraph (a) above; and</li><li>(ii) the first ranking special hypothec granted by GML equal to the amount of Secured Bonds issued over and above €20 million, which is not otherwise covered by the Collateral mentioned in paragraph (a) above, and interest thereon over the site owned by GML and forming part of the Mellieħa Development on which Block A to Block E and underlying garages are presently being constructed and developed, as better described in section 4.3.2 of the Registration Document<sup>2</sup>;</li></ul> <p>(c) in any event:</p> <ul style="list-style-type: none"><li>(i) the pledge over the proceeds from any insurance policy required under clause 6(1)(k) of the Trust Deed; and</li><li>(ii) the Guarantee.</li></ul>
<b>CSD</b>	the Central Securities Depository of the Malta Stock Exchange having its address at Garrison Chapel, Castille Place, Valletta, VLT 1063;
<b>Deed of Hypothec</b>	a deed to be entered into by and between the Trustee and the Issuer in the acts of Dr Notary Andre Farrugia whereby the Issuer constitutes in favour of the Trustee that part of the Collateral which according to law requires the execution of a notarial deed;

<sup>1</sup> The Issuer has constituted a first ranking general hypothec over all its assets, present and future, as security for all its obligations under the Original Bonds enrolled in the Public Registry of Malta with inscription number I 8717/2016. In the event that sufficient Original Bondholders surrender their Original Bonds in favour of the Issuer in exchange for Secured Bonds, so that the remaining outstanding Original Bonds can be secured by cash standing to the credit of the Original Reserve Account, the first ranking general hypothec will be cancelled by the Original Security Trustee. Should the said general hypothec be cancelled by the Original Security Trustee, the Bondholders will benefit from a first ranking general hypothec over all the assets of the Issuer, both present and future, as security for the Issuer's obligations under the Bond Issue.

<sup>2</sup> The Original Security Trustee has already undertaken to release from the general hypothec registered against GML, Block A to Block E of the Mellieħa Development, which property will be subject to the special hypothec in favour of the Security Trustee. However, in the event that, following the close of the Offer Period, there remain outstanding in nominal value Original Bonds in excess of the amount standing to the credit of the Reserve Account, the Original Security Trustee shall retain additional security over immovable property over such parts of Blocks A to E of the Mellieħa Development, as would on the basis of independent valuations obtained by the Original Security Trustee, together with the cash collateral in the Original Reserve Account, provide sufficient collateral to cover the outstanding nominal value of the Original Bond still in issue. In such case, the value of the special hypothec which will be registered over this immovable property will be reduced to the value of the immovable property actually secured by virtue of the special hypothec in favour of the Security Trustee.

<b>Eligible Applicants</b>	the holders of the Original Bonds as at 4 March 2019 (the “Cut-Off Date”);
<b>Euro or €</b>	the lawful currency of the Republic of Malta;
<b>Exchange, Malta Stock Exchange or MSE</b>	Malta Stock Exchange p.l.c., as originally constituted in terms of the Financial Markets Act (Cap. 345 of the Laws of Malta), having its registered office at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta, and bearing company registration number C 42525;
<b>Exchangeable Bond Transfer</b>	the surrender by an Eligible Applicant of all or part of the Original Bonds, in favour of the Issuer in consideration for the allocation of First Tranche Bonds in proportion to the amount of Original Bonds so surrendered, and a cash top-up if applicable, which Exchangeable Bond Transfer shall be made through the submission of Application Form ‘A’ to any of the Authorised Financial Intermediaries;
<b>First Tranche Bonds</b>	a maximum of €40,000,000 3.65% Secured Bonds of a nominal value of €100 redeemable at the Redemption Value on the Redemption Date, bearing interest at the rate of 3.65% per annum on the nominal value of the Bond, as detailed in this Securities Note, available only to Eligible Applicants during the Offer Period through Exchangeable Bond Transfers;
<b>GDL</b>	Geom Developments Limited (C 50805);
<b>GDPR</b>	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;
<b>GGCL</b>	Gap Group Contracting Limited (C 75879);
<b>GGL</b>	Gap Gharghur Limited (C 72015);
<b>GLL</b>	Gap Luqa Limited (formerly Qawra Investments Limited) (C 32225);
<b>GML</b>	Gap Mellieha (I) Limited (C 72013);
<b>GPL</b>	Gap Properties Limited (C 47928);
<b>Group or Gap Group</b>	the Issuer and its direct or indirect Subsidiaries;
<b>Guarantee</b>	the joint and several guarantee dated 4 March 2019 as appended to the Securities Note as Annex III thereto;
<b>Guarantor</b>	each of GLL and GML, and the term “Guarantors” shall collectively refer to the said companies;
<b>Hypothecated Property</b>	the immovable property described hereunder, namely: <ul style="list-style-type: none"> <li>(a) the site under construction (and all constructions to be developed thereon) forming part of the Mellieha Development, measuring approximately 5,100m<sup>2</sup> which site overlies garages within the Mellieha Development and when finished will consist of 72 residential units forming part of Block A to Block E which are presently being constructed and developed, as better described in section 4.3.2 of the Registration Document, which site is owned by GML;</li> <li>(b) the building site which includes its sub-terrain and airspace, in the area known as Ta’ Blejkiet in Luqa, with developable land measuring approximately 8,500m<sup>2</sup> and which is accessible from eight streets, namely Triq Ġorġ Zahra, Triq Tumas Galea, Triq I-Iskola, Triq Ġeraldu Spiteri, Triq W. Briffa, Triq Indri Micallef, Triq I-Ahwa Vassallo and Triq Ġuzeppi Callus, over which there shall be developed five zones of residential apartments, namely (Zone A to Zone E) which will comprise 21 blocks with a total of 237 apartments and 219 garages, as better described in section 4.3.1 of the Registration Document, which site is owned by GLL;</li> </ul>
<b>Interest Payment Date</b>	5 April of each year between and including each of the years 2020 and the year 2022, 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;
<b>Issue Date</b>	expected on 15 April 2019;
<b>Issuer or Company</b>	Gap Group p.l.c, a public limited liability company duly registered and validly existing under the laws of Malta with company registration number C 75875 and with its registered office at Gap Holdings Head Office, Ċensu Scerri Street, Sliema SLM 3060, Malta;
<b>Listing Authority</b>	the Board of Governors of the MFSA, appointed as Listing Authority for the purposes of the Malta Financial Services Authority Act (Cap. 330 of the Laws of Malta);
<b>Listing Rules</b>	the listing rules of the Listing Authority;
<b>Luqa Development</b>	the construction, development and finishing of a total of 237 apartments and 219 garages spread over 5 zones with a mix of one, two and three bedroom units over the site having a developable area of approximately 8,500m <sup>2</sup> , known as Ta’ Blejkiet in Luqa, as better described in section 4.3.1 of the Registration Document;

<b>MeDirect Facility</b>	the facility granted by MeDirect Bank Malta plc (C 34125) to GLL on 25 January 2017 which was granted for the purpose of financing the acquisition of the site over which the Luqa Development shall be constructed and the development and completion of a mix of maisonettes, apartments, penthouses and garages over the said site and of which the amount of <i>circa</i> €5.2 million (comprising €5.1 million in principal and €0.1 million in interest) is outstanding as at the date of this Securities Note;
<b>Mellieħa Development</b>	the construction, development and finishing of a total of 152 residential units and 174 lock-up garages, spread over 10 blocks with a variety of one, two and three bedroom units over the site known as Ta' Masrija in Mellieħa measuring approximately 5,100m <sup>2</sup> , as better described in section 4.3.2 of the Registration Document;
<b>MFSA</b>	the Malta Financial Services Authority, established in terms of the Malta Financial Services Authority Act (Cap. 330 of the Laws of Malta);
<b>Offer Period</b>	the period between 6 March 2019 to 26 March 2019 during which the Secured Bonds are on offer;
<b>Official List</b>	the list prepared and published by the Malta Stock Exchange as its official list in accordance with the Malta Stock Exchange Bye-Laws;
<b>Original Bonds</b>	the €40,000,000 4.25% Secured Bonds 2023 issued by the Issuer pursuant to a prospectus dated 16 September 2016 and carrying ISIN MT MT0001231209;
<b>Original Bondholders</b>	the holders of Original Bonds;
<b>Original Guarantee</b>	the joint and several guarantee dated 9 September 2016 granted by the Original Guarantors as security for the punctual performance of the Issuer's payment obligations under the Original Bonds, subject to the terms and conditions contained in the Original Trust Deed and as the same is held on trust for the benefit of the Original Bondholders by the Original Security Trustee;
<b>Original Guarantors</b>	each of GDL, GGL, GML and GPL;
<b>Original Reserve Account</b>	the reserve account maintained by the Original Security Trustee for the benefit of Original Bondholders in accordance with the Original Trust Deed;
<b>Original Security Interests</b>	<ol style="list-style-type: none"> <li>i. the first ranking general hypothec for the full nominal value of the Secured Bonds and interests thereon over all the present and future property of the Issuer and each of GML, GPL and GDL;</li> <li>ii. the first ranking special hypothec for the full nominal value of the Secured Bonds and interests thereon over the land on which each of the Mellieħa Development and Blocks A, B and C forming part of the Qawra Development is to be developed together with all and any constructions and other erections to be developed thereon;</li> <li>iii. the first ranking special hypothec for the full nominal value of the Secured Bonds and interests thereon over the remaining 27 residential units and 74 garage spaces forming part of the Żebbuġ Development;</li> <li>iv. the special privilege for the amount of <i>circa</i> €9.8 million (or such other amount according to law) over the site in Mellieħa over which the Mellieħa Development shall be constructed in accordance with the provisions of article 2010 (c) of Chapter 16 of the Laws of Malta;</li> <li>v. the pledge over the proceeds from any insurance policy required under clause 6(1)(k) of the Trust Deed; and</li> <li>vi. the Original Guarantee;</li> </ol>
<b>Original Security Trustee</b>	Equinox International Limited, a private limited liability company duly registered and validly existing under the laws of Malta, with company registration number C 29674 and having its registered office at 9, Level 3, Valletta Buildings, South Street, Valletta VLT 1103, Malta, duly authorised to act as a trustee or co-trustee in terms of Article 43(3) of the Trusts and Trustees Act (Cap. 331 of the Laws of Malta), acting in its capacity as security trustee for the benefit of the Original Bondholders under the Original Bonds;
<b>Original Trust Deed</b>	the trust deed dated 9 September 2016 entered into by and between, <i>inter alia</i> , the Original Guarantors, the Original Security Trustee and the Issuer;
<b>Projects</b>	the ongoing construction and development of the Luqa Development and the the Mellieħa Development;
<b>Prospectus</b>	collectively the Registration Document, Summary Note and this Securities Note (each as defined in this Securities Note);

<b>Qawra Development</b>	the 151 residential units and 181 garages/car spaces, spread over 7 blocks, identified as Blocks A to G (both included) with a variety of one, two and three bedroom units, all in a completely finished state, forming part of the development of the the site in Triq il-Portzjunkola, Qawra, Malta measuring approximately 3,508m <sup>2</sup> ;
<b>Registration Document</b>	the registration document issued by the Issuer dated 4 March 2019, forming part of the Prospectus;
<b>Regulation</b>	Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements, as amended;
<b>Redemption Date</b>	5 April 2022;
<b>Redemption Value</b>	the nominal value of each Bond (€100 per Secured Bond);
<b>Reserve Account</b>	the reserve account maintained and held by the Security Trustee for the benefit of the Original Bondholders in terms of the trust deed dated 9 September 2016;
<b>Second Tranche Bonds</b>	a maximum of €20,000,000 3.65% Secured Bonds of a nominal value of €100 redeemable at the Redemption Value on the Redemption Date, bearing interest at the rate of 3.65% per annum on the nominal value of the Bond, as detailed in this Securities Note, available to Eligible Applicants and the public in Malta during the Offer Period;
<b>Second Tranche Bond Option</b>	The option of the Issuer issue up to an additional €20,000,000 in Second Tranche Bonds having a nominal value of €100 per Bond in the event that the conversion by Eligible Applicants from Original Bonds to the First Tranche Bonds does not result in the release of the full amount of €18 million in the Original Reserve Account;
<b>Secured Bond(s) or Bond(s)</b>	collectively, the First Tranche Bonds and the Second Tranche Bonds;
<b>Securities Note</b>	this document in its entirety;
<b>Security Trustee</b>	Equinox International Limited, a private limited liability company duly registered and validly existing under the laws of Malta, with company registration number C 29674 and having its registered office at 9, Level 3, Valletta Buildings, South Street, Valletta VLT 1103, Malta, duly authorised to act as a trustee or co-trustee in terms of Article 43(3) of the Trusts and Trustees Act (Cap. 331 of the Laws of Malta);
<b>Sponsor, Manager and Registrar</b>	MeDirect Bank (Malta) plc having company registration number C 34125 and registered office at The Centre, Tigné Point, Sliema TPO 0001, Malta, licensed by the MFSA and a member of the MSE. The role of sponsor, manager and registrar is conducted by the corporate finance division of MeDirect Bank (Malta) plc, which operates under the brand name 'Charts'. The use of the logo 'Charts' in the Prospectus shall be construed accordingly;
<b>Subsidiary</b>	means an entity over which the parent has control. In terms of the International Report Standards adopted by the European Union, a group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. The term "Subsidiary" shall be construed accordingly. The term 'Subsidiaries' shall collectively refer to the said entities;
<b>Summary Note</b>	the summary note issued by the Issuer dated 4 March 2019, forming part of the Prospectus;
<b>Terms and Conditions</b>	the terms and conditions of the Secured Bonds set out in sections 4.3, 5 and 7;
<b>Trust Deed</b>	the trust deed signed between the Issuer and the Security Trustee dated 4 March 2019;
<b>Trust Property</b>	the rights attaching to and emanating from the Trust Deed and the benefit of the security created by virtue of the Security Interests for the benefit of Bondholders;
<b>Żebbuġ Development</b>	the 193 apartments, 2 retail outlets and 144 underlying garage spaces all in a completely finished state, including all common areas and internal streets, forming part of the development on the site in Żebbuġ measuring approximately 6,878m <sup>2</sup> .



## 2 RISK FACTORS

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

THE REDEMPTION VALUE OF THE SECURED BONDS WILL BE REPAYABLE IN FULL UPON MATURITY ON THE REDEMPTION DATE UNLESS THE SECURED BONDS ARE PREVIOUSLY RE-PURCHASED AND CANCELLED. THE ISSUER SHALL REDEEM THE SECURED BONDS ON THE REDEMPTION DATE BY PAYING OUT THE NOMINAL VALUE TO INVESTORS. INTEREST SHALL ACCRUE ONLY ON THE NOMINAL VALUE OF THE BONDS.

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

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

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 forward looking statements are subject to a number of risks, uncertainties and assumptions and important factors that could cause actual risks to differ materially from the expectations of the Issuer’s Directors. No assurance is given that the future results or expectations will be achieved.

### 2.2 GENERAL

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

- a) has sufficient knowledge and experience to make a meaningful evaluation of the Secured Bonds, the merits and risks of investing in the Secured Bonds and the information contained or incorporated by reference in the Prospectus or any applicable supplement;
- b) has sufficient financial resources and liquidity to bear all the risks of an investment in the Secured Bonds, including where the currency for principal or interest payments is different from the prospective investor’s currency;
- c) understands thoroughly the terms of the Secured Bonds and be familiar with the behaviour of any relevant indices and financial markets; and
- d) be able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

### 2.3 RISKS RELATING TO THE SECURED BONDS

- **Orderly and Liquid Market**  
The existence of an orderly and liquid market for the Secured Bonds depends on a number of factors, including but not limited to the presence of willing buyers and sellers of the Issuer’s Secured Bonds at any given time and the general economic conditions in the market in which the Secured Bonds are traded. Such factors are dependent upon the individual decisions of investors and the general economic conditions of the market, over which the Issuer has no control. There can be no assurance that an active secondary market for the Secured Bonds will develop, or, if it develops, that it will continue. Accordingly, there can be no assurance that an investor will be able to sell or otherwise trade in the Secured Bonds at or above the Bond Issue Price or at all.
- **Interest Rate Risk**  
The risk that investment prices will fall as interest rates rise. Investment in the Secured Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Secured Bonds.

By buying the Secured Bond, the bondholder is committing to receiving a fixed rate of return for the term of the Secured Bond. Should the market interest rate rise from the date of the bond's purchase, the bond's price is likely to fall accordingly and the Secured Bond may trade at a discount to reflect the lower return that an investor will make on the Secured Bond. Market interest rates are a function of several factors such as the demand for, and supply of, money in the economy, the inflation rate, the stage that the business cycle is in as well as general monetary and fiscal policies.

- **Inflation Risk**  
The risk that the rate of price increases in the economy deteriorates the returns associated with the Secured Bond. This would have a significant effect on the Secured Bond given that the interest rate of the Secured Bond is fixed from inception to maturity. If the rate of inflation rises to above the interest rate on the Secured Bond in any one year the Bondholder will lose money on the investment because the purchasing power of the proceeds will be diminished.
- **Currency Risk**  
Any investor whose currency of reference is not the Euro shall bear the risk of any fluctuations in exchange rates between the currency of denomination of the Secured Bonds (€) and the Bondholder's currency of reference.
- **Changes in Circumstances**  
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 Secured Bonds prevailing from time to time. If such changes take place they could have an adverse effect on the market price for the Secured Bonds.
- **Credit and Default Risk**  
Credit risk is the risk of loss caused by the Issuer or Guarantors failing to fulfil their obligations or the risk of such parties' credit quality deteriorating. A party's credit quality may be subject to fluctuations. This includes that the Issuer will be unable to pay the contractual interest or Redemption Value on the bond in a timely manner, or at all, for example in the event of the issuer's insolvency.
- **Security Interests and the Guarantee**  
The Secured 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 Redemption Value under the Secured Bonds by the Guarantors. The Secured Bonds shall at all times rank *pari passu* without any priority or preference among themselves but, in respect of the Issuer and the Guarantors, they shall rank with priority or preference over all their respective unsecured indebtedness, if any. In view of the fact that the Secured Bonds are being guaranteed by the Guarantors on a joint and several basis, the Security Trustee, for the benefit of itself and the Bondholders, shall be entitled to request any or all of the Guarantors to pay both the interest due and the principal amount under said Secured Bonds (subject to the terms of the Guarantee) if the Issuer fails to meet any amount, when due in terms of the Prospectus.

The Guarantee given by GML is a limited guarantee and is restricted only to the value of the special hypothec over Block A to Block E forming part of the Mellieha Development, presently being constructed and developed or such parts thereof as may be required depending on the rate of conversions of Original Bonds to First Tranche Bonds. Accordingly, no recourse to GML can be made by the Security Trustee in excess of the value of that special hypothec and no other enforcement action shall be available to the Trustee except for the enforcement over those Blocks of the Mellieha Development subject to the special hypothec. The value of the said real estate, according to independent valuations is of *circa* €20.5 million, and the special hypothec shall be registered for that amount and interest thereon. In the event that, following the close of the Offer Period, there remains outstanding in nominal value of Original Bonds in excess of the amount standing to the credit of the Original Reserve Account, the Original Security Trustee shall retain additional security over immovable property over such parts of Blocks A to E of the Mellieha Development as would on the basis of independent valuations obtained by the Original Security Trustee, together with the cash collateral in the Original Reserve Account, provide sufficient collateral to cover the outstanding nominal value of the Original Bond still in issue. In such case, the Bondholders will not be secured by all of Block A to Block E of the Mellieha Development and the value of the special hypothec which will be registered over this immovable property will be reduced to the value of the immovable property actually secured by virtue of the special hypothec in favour of the Security Trustee.

The joint and several Guarantee also entitles the Security Trustee to take action against the Guarantors without having to first take action against the Issuer. The strength of this undertaking on the part of the Guarantors and therefore, the level of recoverability by the Security Trustee from the Guarantors of any amounts due under any of the Secured Bonds, is dependent upon and directly linked to the financial position and solvency of the Guarantors. The Guarantee is further supported by the Collateral over the Hypothecated Property.

Whilst this grants the Security Trustee a right of preference and priority for repayment over the Hypothecated Property, there can be no guarantee that the value of the Hypothecated Property over the term of the Secured Bond 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 Hypothecated Property. If such circumstances were to arise or subsist at the time that the Security Interests are to be enforced by the Trustee, it could have a material adverse effect on the recoverability of all the amounts that may be outstanding under the Secured Bonds.

- **Risks Relating to Ranking of the Collateral**

Notwithstanding that the Guarantors have constituted first ranking security interests in favour of the Security Trustee, in terms of the Civil Code (Cap. 16 of the Laws of Malta), the debts of certain creditors are considered privileged creditors. The claims of privileged creditors will rank with priority over the general hypothecs and the special hypothecs constituted in favour of the Security Trustee for the benefit of Bondholders should a note of inscription of a special privilege be registered with the Public Registry securing the claim of the privileged creditor. Privileged creditors include, but are not limited to, architects, contractors, masons and other workmen, over an immovable constructed, reconstructed or repair for the debts due to them in respect of the expenses and the price of their work. Although the contractors responsible for the development of the Group's development projects have waived their right to the registration of a special privilege with the Public Registry in Malta, in the course of their business, GML and GLL may contract debts with other privileged creditors. In such case, privileged creditors will rank with preference to the Security Trustee in whose favour the general hypothecs and special hypothecs are registered.

The Issuer has constituted a second ranking general hypothec over all its assets, present and future, in favour of the Security Trustee. In terms of Civil Code (Cap. 16 of the Laws of Malta), hypothecary debts are paid according to the order of registration in the Public Registry. The Issuer has constituted a first ranking general hypothec over all its assets, present and future, in favour of the Original Security Trustee as security for its obligations under the Original Bonds. Until such first-ranking general hypothec is released and cancelled by the Original Security Trustee, Bondholders will be paid after Original Bondholders and privileged creditors have been paid, in the case of a competition of creditors.

- **Conditions Precedent**

The attention of prospective investors in the Secured Bonds is drawn to the concluding paragraph of section 4.1 of this Securities Note, which provides that the issue and allotment of the Secured Bonds is conditional upon the Secured Bonds being admitted to the Official List and on the Security Interests being constituted in favour of the Security Trustee in accordance with the ranking set out in this Prospectus, and that in the event that either of the aforesaid conditions is not satisfied, the Security Trustee shall return Bond Issue proceeds to Bondholders.

- **Changes to Terms and Conditions and the Trust Deed**

The Terms and Conditions of the Secured Bonds contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. In the event that the Issuer wishes to amend any of the Terms and Conditions of this Bond Issue, it shall call a meeting of Bondholders in accordance with the provisions of section 5.12 of this Securities Note. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

- **Exercise of power of Trustee**

In terms of the Trust Deed, the Security Trustee may, at any time prior to exercising any of the powers or discretions under the Trust Deed, call a meeting of Bondholders requesting their directions. The provisions on bondholder meetings under the Trust Deed permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

- **Changes in Law**

The Terms and Conditions of this Bond Issue are based on the requirements of the Listing Rules of the Listing Authority, the Companies Act and the Commission Regulation EC No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council 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 Maltese law or administrative practice after the date of this Prospectus.

- **Property Valuations**

The valuations referred to in the Prospectus are prepared by an independent qualified architect in accordance with the valuation standards published by the Royal Institution of Chartered Surveyors (RICS). In providing a market value of the respective properties, the independent architect has made certain assumptions which ultimately may cause the actual values to be materially different from any future values that may be expressed or implied by such forward-looking statements or anticipated on the basis of historical trends as reality may not match the assumptions. There can be no assurance that such property valuations and property-related assets will reflect actual market values. Accordingly, should the Security Trustee enforce the Collateral upon an event of default, the value of the Hypothecated Property at the time of enforcement of the Collateral may be lower than the value provided for in the valuations prepared by the independent architects.

### 3 PERSONS RESPONSIBLE

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

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

#### 3.1 CONSENT FOR USE OF PROSPECTUS

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

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

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

None of the Issuer, the Sponsor, Manager and Registrar, the Security Trustee or any of their respective advisors take any responsibility for any of the actions of any Authorised Financial Intermediary, including their compliance with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to a resale or placement of Secured Bonds.

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

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

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

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

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

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

Any new information with respect to Authorised Financial Intermediaries unknown at the time of 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.gap.com.mt](http://www.gap.com.mt)

## 4 ESSENTIAL INFORMATION

### 4.1 REASONS FOR THE ISSUE AND USE OF PROCEEDS

The issue of the Secured Bonds is being made (i) in the case of the First Tranche Bonds, to facilitate the conversion of Original Bondholders' investment in the Original Bonds into the First Tranche Bonds; and (ii) depending on the rate of conversion from Original Bonds into First Tranche Bonds, for the purpose of raising of new capital to fund the development and completion of the Luqa Development through the issue of the Second Tranche Bonds and the settlement of all amounts outstanding under the MeDirect Facility.

The First Tranche Bonds will be issued solely against the surrender and conversion of the Original Bonds and will accordingly not raise any new funds to the Issuer but may, subject to the rate of conversion, enable the Original Security Trustee to release funds from the Original Reserve Account of the Original Bond to the Issuer. Any funds so released will be used to settle (whether in part or in full, depending on the rate of conversion) the premium applicable on the Exchangeable Bond Transfers and Bond Issue expenses, and the remaining balance shall be advanced by the Issuer to GLL for the settlement (whether in part or in full depending on the rate of conversion) of the MeDirect Facility and/or the development of the Luqa development.

The Security Trustee shall only release funds from the Original Reserve Account of the Original Bond which are in excess of the nominal value of Original Bonds which remain in issue, but shall otherwise retain amounts standing to the credit of the Original Reserve Account as cash collateral for the redemption of the nominal value of Original Bonds that remain outstanding and not converted into First Tranche Bonds. Provided that the nominal value of any Original Bonds remaining outstanding is covered by cash collateral held in the Original Reserve Account, the Original Security Trustee may release any other Original Security Interests securing the Original Bond. In the event that, following the close of the Offer Period, there remain outstanding in nominal value Original Bonds in excess of the amount standing to the credit of the Original Reserve Account, the Original Security Trustee shall retain additional security over such parts of Blocks A to E of the Mellieħa Development, as would on the basis of independent valuations obtained by the Original Security Trustee, together with the cash collateral in the Original Reserve Account, provide sufficient collateral to cover the outstanding nominal value of the Original Bond still in issue.

Currently, there are €40 million in nominal value of outstanding Original Bonds. In the event that all of the Original Bonds are converted into First Tranche Bonds, all the funds in the Original Reserve Account, expected to be in the region of €18 million, will be released to the Issuer and no Second Tranche Bonds will be issued.

Accordingly, Second Tranche Bonds will only be issued (subject to a maximum of €20 million in nominal value), if and to the extent that the full amount standing to the credit of the Original Reserve Account under the Original Bond is not released to the Issuer but retained by the Original Security Trustee as cash collateral for the outstanding nominal value of the Original Bonds. In the event that the Issuer exercises the Second Tranche Bond Option and, accordingly, issues a maximum amount of €20 million in nominal value of Second Tranche Bonds, the proceeds which, net of Bond Issue expenses are expected to amount to approximately €19.4 million, will be used by the Issuer for the following purposes, in the amounts and priority set out below:

- i. A maximum amount of €5.2 million shall be on-lent by the Issuer to GLL to be utilised by GLL to settle all amounts outstanding under the MeDirect Facility; and
- ii. A maximum amount of €14.2 million shall be on-lent by the Issuer to GLL for the development and completion of the Luqa Development.

#### **Funding the Luqa Development**

The remaining cost of development and completion of the Luqa Development is *circa* €17.5 million. It is expected that the funds required for the financing of the Luqa Development will be funded, partly (i) from the release of funds held by the Original Security Trustee in the event that there are sufficient conversions of Original Bonds into First Tranche Bonds; or by the issue of a maximum of €20 million of Second Tranche Bonds; or a combination of the two; and partly (ii) from sales proceeds from the sale of apartments forming part of the Luqa and/or Mellieħa Developments. A breakdown of the costs required to develop and complete the Luqa Development are set out in the Valuation Report relative to the Luqa Development, a copy of which is set out in the Registration Document.

The property in Luqa over which the Luqa Development is being constructed has been acquired by the Issuer for €17.9 million, which comprises the acquisition of all the issued ordinary shares of GLL for the amount of €12.8 million and the outstanding bank debt held by GLL as at the date of acquisition amounting to €5.1 million. GLL shall apply, from the Second Tranche Bond proceeds or amounts released from the Reserve Account, the amount of €5.2 million to repay the loan facility and accrued interest under the MeDirect Facility secured by hypothecs over the Luqa Development, thus enabling the Security Trustee to benefit from a first ranking special hypothec over the same property. The price for the acquisition of the shares in GLL has been postponed by the vendors and shall be settled from the proceeds of sales of apartments in the Mellieħa Development and Luqa Development. The acquisition price for the shares in GLL remains unsecured.

The remaining amount from bond proceeds and/or funds released from the Original Reserve Account will be applied by the Issuer in an advance to GLL for the purpose of funding the development of the Luqa Development. The outstanding amount required to complete the Luqa Development, following the application of Bond proceeds and/or funds released from the Original Reserve Account, will be funded from sales proceeds of units in the Mellieħa Development and/or the Luqa Development itself.

On the Security position see section 4.6 below.

## 4.2 EXPENSES

Professional fees, and costs related to publicity, advertising, printing, listing, registration, sponsor, management, registrar fees, selling commission, and other miscellaneous expenses in connection with this Bond Issue are estimated not to exceed €600,000. There is no particular order of priority with respect to such expenses.

## 4.3 ISSUE STATISTICS

**Amount:** Up to €40 million in First Tranche Bonds and up to €20 million in Second Tranche Bonds, provided that the resultant combination of First Tranche Bonds and Second Tranche Bonds shall not exceed the aggregate amount of €40 million;

**Second Tranche Bond Option:** The Issuer may issue up to an additional €20 million in Second Tranche Bonds having a nominal value of €100 per Bond in the event that the conversion by Eligible Applicants from Original Bonds to the First Tranche Bonds does not result in the release of the full amount of €18 million in the Original Reserve Account; and, accordingly, the partial funding of the development and construction of the Luqa Development will not be financed from the conversions of Original Bonds to First Tranche Bonds;

**Form:** The Secured 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. The First Tranche Bonds are fully fungible with the Second Tranche Bonds;

**Denomination:** Euro (€);

**ISIN:** MT0001231217;

**Minimum amount per subscription:** Minimum of €2,000 and multiples of €100 thereafter;

**Redemption Date:** 5 April 2022;

**Allocations of First Tranche Bonds and Second Tranche Bonds:** The First Tranche Bonds are open for subscription during the Offer Period exclusively by Eligible Applicants applying for First Tranche Bonds by Exchangeable Bond Transfer, by submitting Application Form 'A' to an Authorised Financial Intermediary, up to the number of Original Bonds held by them as at the Cut-Off Date. The number of First Tranche Bonds to be issued will be equal to the number of Eligible Applicants applying for them by way of an Exchangeable Bond Transfer.

The Second Tranche Bonds are open for subscription during the Offer Period by (i) Eligible Applicants; and (ii) Authorised Financial Intermediaries either for their own account or on behalf of clients.

Eligible Applicants applying for First Tranche Bonds are to settle all or part of the amount due on the First Tranche Bonds applied for by the transfer to the Issuer of Original Bonds held by them as at the Cut-Off Date, subject to a minimum holding of €2,000 in First Tranche Bonds. Any Eligible Applicant whose holding in Original Bonds is less than €2,000 shall be required to pay the difference together with the submission of Application Form 'A' ("Cash Top-Up").

Eligible Applicants electing to subscribe for First Tranche Bonds through the transfer to the Issuer of all or part of the Original Bonds held by them as at the Cut-Off Date shall be allocated such number of First Tranche Bonds representing the nominal value of Original Bonds transferred to the Issuer (including **Cash Top-Up**, where applicable).

**The transfer of Original Bonds to the Issuer in consideration for the subscription of First Tranche Bonds shall cause the obligations of the Issuer with respect to such Original Bonds to be extinguished, and shall give rise to obligations on the part of the Issuer under the First Tranche Bonds;**

**Application for Second Tranche Bonds by Eligible Applicants:** Eligible Applicants who transfer all or part of their holdings by way of Exchangeable Bond Transfer and who wish to apply for a number of Second Tranche Bonds may do so by completing an Application Form 'B';

<b>Intermediaries' Offer:</b>	The Second Tranche Bonds shall form part of an Intermediaries' Offer subject to the allocation policy referred to in this Prospectus ("Allocation of First Tranche Bonds and Second Tranche Bonds");
<b>Premium applicable to Eligible Applicants:</b>	Where First Tranche Bonds are allocated to an Eligible Applicant as consideration for an Exchangeable Bond Transfer, such Eligible Applicant shall benefit from a premium of 5% on the nominal value of the First Tranche Bonds applied for. Such premium shall become payable following the unconditional allocation of the First Tranche Bonds and shall be settled either through the allocation of an equivalent amount of Second Tranche Bonds, subject to availability and rounded down to the nearest €100 or paid by the Issuer through a direct bank transfer within 30 working days from such allocation. Such preference must be indicated by Eligible Applicants on submission of Application Form 'A' to Authorised Financial Intermediaries;
<b>Bond Issue Price:</b>	At par (€100 per Bond);
<b>Status of the Bonds:</b>	The Secured Bonds, as and when issued and allotted, shall constitute the general, direct, unconditional and secured obligations of the Issuer and the Guarantors, and shall at all times rank <i>pari passu</i> , without any priority or preference among themselves and, save for such exceptions as may be provided by applicable law, with priority or preference to all other present and future unsecured obligations of the Issuer, GLL and GML (up to the amount of GML's limited guarantee) except with respect to the rights of Original Bondholders under the first ranking general hypothec constituted in favour of the Original Security Trustee for the benefit of Original Bondholders <sup>1</sup> . The Bonds shall also rank with first priority and preference over the Hypothecated Property, pursuant to the special hypothecs to be registered by GLL and GML over the Hypothecated Property. The Secured Bonds shall also be guaranteed, in respect of both the interest and the principal amount due, by the Guarantors in terms of the Guarantee;
<b>Listing:</b>	The Listing Authority has approved the Secured Bonds for admissibility listing and subsequent trading on the Official List of the Malta Stock Exchange. Application has been made to the Malta Stock Exchange for the Secured Bonds to be listed and traded on its Official List;
<b>Offer Period:</b>	The period between 6 March 2019 and 26 March 2019, both days included, during which the Secured Bonds are on offer to Applicants;
<b>Intermediaries' Offer:</b>	29 March 2019;
<b>Interest:</b>	3.65% per annum on nominal value;
<b>Interest Payment Date(s):</b>	Annually on 5 April as from 5 April 2020 (the first interest payment date);
<b>Governing Law of Bonds:</b>	The Bonds are governed by and shall be construed in accordance with Maltese law;
<b>Jurisdiction:</b>	The Maltese Courts shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Bonds.

<sup>1</sup> The Issuer has constituted a first ranking general hypothec over all its assets, present and future, as security for all its obligations under the Original Bonds enrolled in the Public Registry of Malta with inscription number I 8717/2016. In the event that sufficient Original Bondholders surrender their Original Bonds in favour of the Issuer in exchange for Secured Bonds, so that the remaining outstanding Original Bonds can be secured by cash standing to the credit of the Original Reserve Account, the first ranking general hypothec will be cancelled by the Original Security Trustee. Should the said general hypothec be cancelled by the Original Security Trustee, the Bondholders will benefit from a first ranking general hypothec over all the assets of the Issuer, both present and future, as security for the Issuer's obligations under the Bond Issue.

#### 4.4 INTEREST OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Save for the subscription for Secured Bonds by Authorised Financial Intermediaries, and any fees payable in connection with the Bond Issue to Charts (a division of MeDirect Bank (Malta) plc) as Sponsor, Manager and Registrar, so far as the Issuer is aware no person involved in the Bond Issue has an interest material to the Bond Issue.

#### 4.5 ALLOCATION OF FIRST TRANCHE BONDS AND SECOND TRANCHE BONDS

##### 4.5.1 *First Tranche Bonds*

The First Tranche Bonds shall be available for subscription by Eligible Applicants during the Offer Period.

Eligible Applicants wishing to subscribe for the First Tranche Bonds during the Offer Period shall be required to surrender their Original Bonds to the Issuer in consideration of the subscription for First Tranche Bonds. The surrender of the Original Bonds to the Issuer shall operate so as to reduce the liability for the payment of principal and interest of the Issuer and the guarantors under the Original Bond and create new obligations of the Issuer and Guarantors under the First Tranche Bonds. Accordingly, since the principal liability of the Issuer and the guarantors under the Original Bonds will be reduced, the Original Security Trustee shall retain in the Original Reserve Account as collateral sufficient funds to cover the payment of principal and interest due to maturity under any Original Bonds remaining outstanding and shall release all other collateral, including all hypothecs granted to the Security Trustee by the Issuer and the guarantors to secure the repayment of the Original Bond. Should all Eligible Applicants exchange all of their respective Original Bonds in consideration for First Tranche Bonds by way of Exchangeable Bond Transfer, the Original Security Trustee shall release all the funds it holds in the Original Reserve Account to the Issuer.

##### 4.5.2 *Second Tranche Bonds and Second Tranche Bonds Option*

The Issuer may issue up to an additional €20 million in Second Tranche Bonds having a nominal value of €100 per Bond in the event that the conversions by Eligible Applicants from Original Bonds to the First Tranche Bonds does not result in the release of the full amount of €18 million in the Original Reserve Account, and, accordingly, the partial funding of the development and construction of the Luqa Development and the repayment of the MeDirect Facility will not be financed from the conversions of Original Bonds to First Tranche Bonds.

The Second Tranche Bonds shall first be available for subscription by Eligible Applicants who have surrendered ALL their Original Bonds in favour of the Issuer in consideration for First Tranche Bonds by virtue of the Exchangeable Bonds Transfer, secondly to Eligible Applicants who have surrendered PART of their Original Bonds in favour of the Issuer in consideration for First Tranche Bonds by virtue of the Exchangeable Bonds Transfer and thirdly to Applicants who have subscribed for Second Tranche Bonds, subject of the Intermediaries' Offer. The Issuer may, at its own discretion, issue a maximum of €20 million in nominal value of Second Tranche Bonds.

#### 4.6 SECURITY

The Issuer shall at no point have in issue more than €60 million in bonds outstanding, whether in terms of outstanding Original Bonds or Secured Bonds or a combination of the two. Depending on the rate of conversion of Original Bonds into First Tranche Bonds and the extent of Second Tranche Bonds that may be issued, holders of Original Bonds or Secured Bonds shall at all times remain secured for the nominal value of Bonds held by either cash collateral held in the reserve account by the Original Security Trustee or hypothecary rights over immovable property or a combination of the two.

It is expected that the Original Reserve account shall have *circa* €18 million standing to its credit, with the Luqa Development having a valuation of approximately €22 million and Block A to Block E of the Mellieħa Development having an extendable value of approximately €20.5 million in aggregate.

The Secured Bonds shall therefore be secured and Bondholders shall have the benefit of the Collateral. The extent and nature of the Collateral shall depend on a number of variables, principally the rate of conversion of Original Bonds into First Tranche Bonds and the consequent issue of Second Tranche Bonds.

In any event, where all of the First Tranche Bonds are issued, the liability of the Issuer under the Original Bond shall have been discharged and a new liability under the First Tranche Bonds created. In this case, it is expected that all the funds available in the Original Reserve Account shall be released to the Issuer and the Second Tranche Bond Option would not be exercised. The First Tranche Bonds shall in this case be secured by:

- (a) a first ranking general hypothec over all the assets of the Issuer for the full nominal value of the Secured Bonds and interest thereon over all the present and future property of the Issuer;
- (b) a first ranking general hypothec over all present and future assets of GLL for the full nominal value of the Secured Bonds and interest thereon over all the present and future property of the Issuer;
- (c) a first ranking special hypothec over the Luqa Development for the full nominal value of the Secured Bonds and interest thereon over all the present and future property of the Issuer;



- (d) a first ranking special hypothec over Block A to Block E of the Mellieħa Development for the amount of €20.5 million and interest thereon;
- (e) a pledge on insurance proceeds; and
- (f) the Guarantee.

In the event that not all of the Original Bonds are converted into First Tranche Bonds, and there accordingly remains outstanding Original Bonds in issue, those Original Bonds remaining outstanding shall be secured firstly by cash collateral standing to the credit of the Original Reserve Account. In the event that the nominal value of the Original Bonds remaining outstanding is higher than the amount standing to the credit of the Original Reserve Account, then the Original Bonds shall remain secured by a combination of the Original Reserve Account value and such parts of Block A to Block E of the Mellieħa Development that would cover the full nominal value of Original Bonds remaining outstanding. In these events the Secured Bonds will be secured by:

- (a) a second ranking general hypothec over all the assets of the Issuer for the full nominal value of the Secured Bonds and interest thereon over all the present and future property of the Issuer<sup>1</sup>;
- (b) a first ranking general hypothec over all present and future assets of GLL for the full nominal value of the Secured Bonds and interest thereon over all the present and future property of the Issuer;
- (c) a first ranking special hypothec over the Luqa Development for the full nominal value of the Secured Bonds and interest thereon over all the present and future property of the Issuer;
- (d) a first ranking special hypothec over those parts of Block A to Block E of the Mellieħa Development which are not retained to cover the Original Bonds that remain outstanding;
- (e) a pledge on insurance proceeds; and
- (f) the Guarantee.

The Issuer has constituted a first ranking general hypothec over all its assets, present and future, as security for all its obligations under the Original Bonds enrolled in the Public Registry of Malta with inscription number I 8717/2016. In the event that sufficient Original Bondholders surrender their Original Bonds in favour of the Issuer in exchange for First Tranche Bonds, the first ranking general hypothec will be cancelled by the Original Security Trustee. Should the said general hypothec be cancelled by the Original Security Trustee, the Bondholders will benefit from a first ranking general hypothec over all the assets of the Issuer, both present and future, as security for the Issuer's obligations under the Bond Issue.

With respect to the special hypothec over Block A to Block E of the Mellieħa Development, depending on the amount of conversions of Eligible Applicant to convert their Original Bonds to First Tranche Bonds, the Original Security Trustee may be required to retain sufficient security over immovables, consisting of some of the Block A to Block E of the Mellieħa Development. In such case, the special hypothec to be constituted in favour of the Security Trustee will not be taken over all of Block A to Block E of the Mellieħa Development and the value of the special hypothec to be registered in favour of the Security Trustee will be registered for the value of the immovable property it actually secures. By way of illustration, if the special hypothec to be granted in favour of the Security Trustee will only secure Block D and Block E, the special hypothec will be registered for a value of €10 million and interest thereon.

The following are some illustrative examples which are used hereunder for the purpose of illustrating one or more possible scenarios:

The following examples assume in Scenario A, a conversion of €35 million in nominal value of Original Bonds into First Tranche Bonds; in Scenario B, a conversion of €22 million; and in Scenario C, a conversion of €10 million:

#### Scenario A

The conversion of €35 million in nominal value of Original Bonds to First Tranche Bonds would mean that an amount of €5 million will remain outstanding under the Original Bonds, €35 million will be created under the First Tranche Bonds and €5 million will be created under the Second Tranche Bonds. Applying the above principles, this would mean the retention by the Original Security Trustee of €5 million in the Original Reserve Account as cash collateral for the Original Bondholders, and the release of *circa* €13 million from the Original Reserve Account to the Issuer and the release of all other security over immovable.

In terms of the First Tranche Bonds this would create €35 million in First Tranche Bonds and the creation of an additional €5 million Second Tranche Bonds. The total liability of the Issuer would at this stage have increased to €45 million under the Original Bond and the Secured Bond. The respective bond holders would benefit from the following security:

- i. Original Bondholders would benefit from **€5 million in cash collateral** in the Original Reserve Account;
- ii. Bondholders will benefit from **€40 million** (€35 million in First Tranche Bonds and €5 million in Second Tranche Bonds) in **hypothecary rights** over the Luqa development and each of Blocks A to E of the Mellieħa Development, for an aggregate valuation amount of Euro 42.5 million.

<sup>1</sup> The first general hypothec will be retained by the Original Security Trustee for the benefit of the Original Bonds.

## Scenario B

The conversion of €22 million in nominal value of Original Bonds to First Tranche Bonds would mean that €18 million will remain outstanding under the Original Bonds, €22 million will be created under the First Tranche Bonds and €18 million will be created under the Second Tranche Bonds. Applying the above principles, this would mean the retention by the Original Security Trustee of €18 million in the Original Reserve Account as cash collateral for the Original Bondholders, with no release of cash from the Reserve Account to the Issuer, but the release of all the Original Security Interests over immovables.

In terms of the Secured Bonds this would create € 22 million in First Tranche Bonds and the creation of an additional €18 million in Second Tranche Bonds. The total liability of the Issuer would at this stage have increased to €58 million. The respective bondholders would benefit of the following security:

- (i) Original Bondholders would benefit from **€18 million in cash collateral** in the Original Reserve Account;
- (ii) Bondholders will benefit from €40 million (€22 First Tranche Bonds and €18 million Second Tranche Bonds)– from the **hypothecary rights** over the Luqa development and each of Blocks A to E of the Mellieħa Development, for an aggregate valuation amount of €42.5 Million.

## Scenario C

The conversion of €10 million in nominal value of Original Bonds to First Tranche Bonds would mean that there will remain outstanding under the Original Bonds an amount of €30 million, €10 million will be created under the First Tranche Bonds and €20 million will be created under the Second Tranche Bonds. Applying the above principles, this would mean the retention by the Original Security Trustee of €18 million in the Original Reserve Account as cash collateral for the Original Bondholders, with no release of cash from the Original Reserve Account to the Issuer and the retention of sufficient security over immovables, consisting of all of A, B & C of the Mellieħa Development.

In terms of the Secured Bonds this would create €10 million in First Tranche Bonds and the creation of an additional € 20 million in Second Tranche Bonds. The total liability of the Issuer would at this stage have increased to €60 million. The respective bond holders would benefit of the following security

- i. Original Bondholders would benefit from **€18 million in cash collateral** in the Original Reserve Account and an additional **€12 million** in hypothecary rights over immovables Blocks B, C and D of the Mellieħa Development;
- ii. New Bondholders would benefit from **€30 million** (€10 million First Tranche Bonds and €20 million Second Tranche Bonds) from **hypothecary rights** over the Luqa Development and each of Blocks A and E of the Mellieħa Development, for an aggregate valuation amount of €30.5 Million.

All proceeds from the Bond Issue shall be held by the Security Trustee pending perfection of the Collateral to secure the Secured Bonds. The Security Trustee shall only release the bond proceeds once it is satisfied that the Security Interests have been duly perfected in its favour in accordance with the ranking set out in this Prospectus. The Security Trustee shall also release funds contained in the Reserve Account provided that the Security Trustee shall maintain sufficient funds in the Reserve Account to satisfy amounts outstanding under the Original Bond in addition to one year's interest. 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 Issuer and the Guarantors have entered into a Trust Deed with the Security Trustee which consists of the covenants of the Issuer and the Guarantors to pay the redemption amount under the Secured Bonds on the Redemption Date and interest thereon, the hypothecary rights under the deed of hypothec, the rights under the pledge agreement and all the rights and benefits under the Security Trust Deed. In the case of GML, the obligation to pay the redemption amount under the Secured Bonds is limited to the amount of €20.5 million and interest thereon. Depending on the amount of conversions of Eligible Applicants to convert their Original Bonds to First Tranche Bonds, the Original Security Trustee may be required to retain sufficient security over immovables, consisting of some of the Block A to Block E of the Mellieħa Development. In such case, the special hypothec to be constituted in favour of the Security Trustee will not be taken over all of Block A to Block E of the Mellieħa Development and the value of the special hypothec to be registered in favour of the Security Trustee will be registered for the value of the immovable property it actually secures. The value of the guarantee to be granted by GML would also be reduced to reflect the value of the special hypothec so registered.

The Security Interests will be vested in the Security Trustee for the benefit of the Bondholders in proportion to their respective holding of Secured Bonds. Pursuant to the provisions of the Trust Deed, the Security Trustee shall retain all proceeds from the Secured Bonds until such time as the Security Interests shall have been duly constituted in favour of the Security Trustee. No Bonds shall be issued and allotted until the Security Interests have been duly constituted in accordance with the ranking set out in this Prospectus and the Malta Stock Exchange admits the Bonds to trading as listed instruments.

The Security Trustee's role includes holding of the Security Interests for the benefit of the Bondholders and the enforcement of those Security Interests upon the happening of certain events. The Security Trustee shall have no payment obligations to Bondholders under the Secured Bonds which remain exclusively the obligations of the Issuer (or, in the case of default by the Issuer, of the Guarantors), save to the extent that the Security Trustee shall apply any amounts held to the credit of the Reserve Account, held by it towards the redemption of the Secured Bonds on the Redemption Date.

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

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

### 5.1 GENERAL

Each Bond forms part of a duly authorised issue of 3.65% Secured Bonds 2022 of a nominal value of €100 per Bond issued by the Issuer at par up to a maximum principal amount of €40 million in First Tranche Bonds and a maximum amount of €20 million in Second Tranche Bonds (except as otherwise provided under section 5.11 “Further Issues”) and redeemable at maturity at the Redemption Value. The Issue Date of the Bonds is 15 April 2019.

- a. The currency of the Bonds is Euro (€).
- b. Subject to admission to listing of the Bonds to the Official List of the MSE, the Bonds are expected to be assigned ISIN MT0001231217.
- c. Unless previously purchased and cancelled, the Bonds shall be redeemable at the Redemption Value on the Redemption Date.
- d. The issue of the Bonds is made in accordance with the requirements of the Listing Rules, the Act, and the Regulation.
- e. The Bond Issue is not underwritten.
- f. There are no special rights attached to the Secured Bonds other than the right of the Bondholders to the payment of the Redemption Value and in accordance with the ranking specified in section 5.3 hereunder.

### 5.2 RANKING OF THE SECURED BONDS

The Bonds shall constitute the secured, general, direct, and unconditional secured obligations of the Issuer and the Guarantors, and shall rank with first priority and preference over all unsecured indebtedness of the Issuer and the Guarantors, if any. The Bonds shall also rank with first priority and preference over the Hypothecated Property, pursuant to the special hypothecs to be registered by GLL over the Luqa Development and GML over the Mellieħa Development or parts thereof. The Issuer has also constituted a general hypothec as security for its obligations under the Bonds.

Unless and until the first ranking general hypothec enrolled in the Public Registry with inscription number I 8717/2016, registered in favour of the Original Security Trustee is released, the Original Security Trustee as creditor of the Issuer and pursuant to the first ranking general hypothec will be paid in preference to the Security Trustee acting for the benefit of Bondholders, in the case of a competition of creditors over the assets of the Issuer. The first ranking general hypothec of the Original Security Trustee shall be cancelled in the event that there are sufficient Original Bonds that are converted into First Tranche Bonds and where the amount standing to the credit of the Original Reserve Account is sufficient to provide collateral for the nominal value of original Bonds remaining outstanding. The Security Trustee shall however at all times rank first over the assets of GLL pursuant to the general hypothec against GLL and the special hypothec over the Luqa Development. Depending on the rate of conversion of Original Bonds in First Tranche Bonds, the Security Trustee may also rank first over all or parts of Block A to Block E forming part of the Mellieħa Development.

The payment of interest on the nominal value of the Secured Bonds and of the Redemption Value on the Redemption Date shall be secured by a second-ranking general hypothec over all the assets of the Issuer and GLL; and a first-ranking special hypothec over the Hypothecated Property which each of GLL and GML has agreed to constitute in favour of the Security Trustee for the benefit of Bondholders. The Secured Bonds shall also be guaranteed, in respect of both the interest and the Redemption Value that shall fall due on the Redemption Date, by the Guarantors in terms of the Guarantee. The Guarantee given by GML is a limited guarantee and is restricted only to the value of the special hypothec over Block A to Block E of the Mellieħa Development, and accordingly no recourse to GML can be made by the Security Trustee in excess of the value of that Special Hypothec. The value on completion of the said real estate, according to an independent valuation report (a copy of which is included in the Registration Document) is of *circa* €20.5 million, and the special hypothec shall be registered for that amount.

During the course of construction of the Luqa Development, situations may arise whereby the contractors or suppliers may become entitled by law to register a special privilege over the Hypothecated Property, thereby obtaining a priority in ranking over the Security Trustee. In this respect, GLL and GML have entered into an agreement with GGCL, the principal contractor, whereby GGCL has, *inter alia* waived its right to register any special privilege over the Luqa Development and the Mellieħa Development until such time that the indebtedness under the Secured Bonds has been settled and repaid in full and the Security Interests granted in favour of the Security Trustee and referred to in the Prospectus have been discharged. Whilst this is intended to minimise the possibility that any real rights are created over the afore-mentioned development that would have the effect of diminishing the value of the Security Interests registered in favour of the Security Trustee, there can be no guarantee that a sub-contractor conducting works on one or more of the afore-mentioned development does not constitute a special privilege according to law.

### 5.3 RIGHTS ATTACHING TO THE SECURED BONDS

This Securities Note in its entirety contains the terms and conditions of issue of the Bonds and creates the contract between the Issuer and a Bondholder. Any and all references to the terms and conditions of the Bond shall be construed as a reference to all and each section of this Securities Note. A Bondholder shall have such rights as are, pursuant to this Securities Note, attached to the Secured Bonds, including:

- i. the repayment of capital and the Premium applicable to Eligible Applicants on the Redemption Date;
- ii. the payment of interest;
- iii. the benefit of the Security Interests through the Security Trustee;
- iv. the right to attend, participate in and vote at meetings of Bondholders in accordance with the Terms and Conditions of the Bond Issue; and
- v. enjoy all such other rights attached to the Secured Bonds emanating from the Prospectus.

### 5.4 INTEREST

The Secured Bonds shall bear interest from and including 5 April 2019 at the rate of 3.65% per annum on the nominal value thereof, payable annually in arrears on each Interest Payment Date. The first interest payment will be effected on 5 April 2020 (covering the period 5 April 2019 to 4 April 2020). Any Interest Payment Date which falls on a day other than a Business Day will be carried over to the next following day that is a Business Day. In terms of article 2156 of the Civil Code (Cap. 16 of the Laws of Malta), the right of Bondholders to bring claims for payment of interest and repayment of the Redemption Value on the Secured 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 three hundred and sixty (360) day year consisting of twelve (12) months of thirty (30) days each, and in the case of an incomplete month, the number of days elapsed.

### 5.5 YIELD

The gross yield calculated on the basis of the Interest, the Bond Issue Price and the Redemption Value of the Secured Bonds is 3.65% per annum.

### 5.6 REGISTRATION, FORM, DENOMINATION AND TITLE

Certificates will not be delivered to Bondholders in respect of the Secured Bonds. The entitlement to Secured Bonds will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer by the CSD. There will be entered in such electronic register the names, addresses, identity card numbers (in the case of natural persons), registration numbers (in the case of companies) and MSE account numbers of the Bondholders and particulars of the Secured 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 Secured Bonds held in the register kept by the CSD.

The Secured Bonds will be issued in fully registered form, without interest coupons, in denominations of any integral multiple of €100 provided that on subscription the Secured Bonds will be issued for a minimum of €2,000 per individual Bondholder. Authorised Financial Intermediaries subscribing to the Secured 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 Secured Bonds may be transferred as provided below under the heading "Transferability of the Bonds" in section 5.10 of this Securities Note.

### 5.7 PAYMENTS

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

In the case of Secured 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 Secured 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 fifteen (15) days prior to the Interest Payment Date, by means of a direct credit transfer into such bank account as the Bondholder may designate, from time to time, which is denominated in Euro and held with any licensed bank in Malta. Such payment shall be effected within seven (7) days of the Interest Payment Date. The Issuer shall not be responsible for any loss or delay in transmission.

All payments with respect to the Secured Bonds are subject in all cases to any applicable fiscal or other laws and regulations prevailing in Malta. In particular, but without limitation, all payments of principal and interest by or on behalf of the Issuer in respect of the Secured 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 Bondholders in respect of such payments.

## 5.8 REDEMPTION AND PURCHASE

Unless previously re-purchased and cancelled, the Secured Bonds will be redeemed at their Redemption Value (together with interest accrued to the date fixed for redemption) on 5 April 2022.

Subject to the provisions of this section 5.8, the Issuer may at any time purchase Secured Bonds in the open market or otherwise at any price. Any purchase by tender shall be made available to all Bondholders alike.

All Secured Bonds re-purchased by the Issuer shall be cancelled forthwith and may not be re-issued or re-sold.

## 5.9 EVENTS OF DEFAULT

Pursuant to the Trust Deed, the Security Trustee may in its absolute and uncontrolled discretion, and shall upon the request in writing of not less than seventy five per cent (75%) in value of the Registered Beneficiaries, by notice in writing to the Issuer and each Guarantor declare the Secured Bonds to have become immediately due and repayable at their principal amount together with accrued interest, upon the happening of any of the following events ("**Events of Default**"):

- (a) the Issuer fails to effect the payment of interest under the Bonds on an Interest Payment Date and such failure continues for a period of sixty (60) days after written notice thereof by the Security Trustee to the Issuer;
- (b) the Issuer fails to pay the Redemption Value of a Bond on the date fixed for its redemption; and such failure continues for a period of sixty (60) days after written notice thereof by the Security Trustee to the Issuer;
- (c) the Issuer fails duly to perform or shall otherwise be in breach of any other material obligation contained in the Prospectus and such failure shall continue for sixty (60) days after written notice thereof shall have been given to the Issuer by a Bondholder;
- (d) 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 is not paid out, withdrawn or discharged within one month;
- (e) the Issuer stops payment of its debts or ceases or threatens to cease to carry on its business;
- (f) the Issuer or a Guarantor is unable to pay its debts within the meaning of section 214(5) of the Act, or any statutory modification or re-enactment thereof;
- (g) a judicial or provisional administrator is appointed upon the whole or any part of the property of the Issuer or a Guarantor; and such appointment is certified by the Security Trustee to be prejudicial, in its opinion, to the Bondholders;
- (h) an order is made or an effective resolution is passed for winding up of the Issuer or a Guarantor, except for the purpose of a reconstruction, amalgamation or division, the terms of which have been approved in writing by the Security Trustee;
- (i) the Issuer or a Guarantor substantially changes the object or nature of business as currently carried on;
- (j) the Issuer or a Guarantor commits a breach of any of the covenants or provisions contained in the trust deed and on its part to be observed and performed and the said breach still subsists for thirty (30) days after having been notified by the Security Trustee (other than any covenant for the payment of interests or principal monies owing in respect of the Bonds);

- (k) the security constituted by any hypothec, pledge or charge upon the whole or any part of the undertaking or assets of the Issuer or a Guarantor shall become enforceable and steps are taken to enforce the same and the taking of such steps shall be certified in writing by the Security Trustee to be in its opinion prejudicial to the Bondholders;
- (l) any representation or warranty made or deemed to be made or repeated by or in respect of the Issuer or a Guarantor is or proves to have been incorrect in any material respect in the sole opinion of the Security Trustee;
- (m) any material indebtedness of the Issuer or a Guarantor is not paid when properly due or becomes properly due and payable or any creditor of the Issuer or a Guarantor (as the case may be) becomes entitled to declare any such material indebtedness properly due and payable prior to the date when it would otherwise have become properly due or any guarantee or indemnity of the Issuer or a Guarantor in respect of indebtedness is not honoured when properly due and called upon; PROVIDED THAT for the purposes of this provision, material indebtedness shall mean an amount exceeding €1,000,000 (one million Euro);
- (n) any consent, permit, authorisation, licence or approval of, or registration with, or declaration to governmental, statutory or public bodies, or authorities or courts, required by the Issuer or a Guarantor in connection with the Projects and their development and construction; or pursuant to the execution, delivery, validity, enforceability or admissibility in evidence hereof, or the performance by the Issuer of its obligations hereunder, is substantially modified in the sole opinion of the Security Trustee, or is not granted, or is revoked, or terminated, or expires and is not renewed, or otherwise ceases to be in full force and effect;
- (o) it becomes unlawful at any time for the Issuer or any Guarantor to perform all or any of its obligations hereunder or to develop the Projects or to continue with the development of the Projects;
- (p) the Issuer or a Guarantor repudiates, or does or causes or permits to be done any act or thing evidencing an intention to repudiate the Bonds and/or the Trust Deed; or
- (q) 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 a Guarantor are seized, nationalised, expropriated or compulsorily acquired by or under the authority of any government.

Upon any such declaration being made as aforesaid 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.

Provided that in the event of any breach by the Issuer or a 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 any of the Guarantors, then the Security Trustee may, but shall be under no obligation so to do, give the Issuer such period of time to remedy the breach as in its sole opinion may be justified in the circumstances and if in its sole opinion the breach is remediable within the short term and without any adverse impact on the Bondholders. Provided further that in the circumstances contemplated by this proviso, the Security Trustee shall at all times act on and in accordance with any instructions it may receive in a meeting of Bondholders satisfying the conditions set out in the Trust Deed. The Security Trustee shall not be bound to take any steps to ascertain whether any event of default or other condition, event or circumstance has occurred or may occur, and, until it shall have actual knowledge or express notice to the contrary, the Security Trustee shall be entitled to assume that no such event of default or condition, event or other circumstance has happened and that the Issuer is observing and performing all the obligations, conditions and provisions on their respective parts contained in the Secured Bonds and the Trust Deed.

## 5.10 TRANSFERABILITY OF THE BONDS

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

Any person becoming entitled to a Bond in consequence of the death or bankruptcy of a Bondholder may, upon such evidence being produced as may from time to time properly be required by the Issuer or the CSD, elect either to be registered himself as holder of the Bond or to have some person nominated by him registered as the transferee thereof. If the person so becoming entitled shall elect to be registered himself, he shall deliver or send to the CSD a notice in writing signed by him stating that he so elects. If he shall elect to have another person registered he shall testify his election by transferring the Bond, or procuring the transfer of the Bond, in favour of that person.

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

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

## 5.11 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, provided that no issue may be made that would rank senior to the Bonds in respect of the Collateral.

The Issuer may, with the consent of the Security Trustee, incur further indebtedness on a short to medium term basis that may rank *pari passu* with the Bonds for the purpose of bridging any cash flow shortfalls arising from the proceeds of sales from the Luqa Development.

## 5.12 MEETINGS OF BONDHOLDERS

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, including any change to a material term of issuance of the Bonds or the Prospectus.

A meeting of Bondholders shall be called by the Directors by giving the Security Trustee not less than twenty one (21) days' notice in writing. Upon receiving due notice from the Directors, the Security Trustee shall call such meeting by giving all Bondholders listed on the register of Bondholders as at a date being not more than thirty (30) days preceding the date scheduled for the meeting, not less than fourteen (14) days' notice in writing. Such notice shall set out the time, place and date set for the meeting and the matters to be discussed or decided thereat, including, if applicable, sufficient information on any amendment of the Prospectus that is proposed to be voted upon at the meeting and seeking the approval of the Bondholders. Following a meeting of Bondholders held in accordance with the provisions contained hereunder, the Issuer shall, acting in accordance with the resolution(s) taken at the meeting, communicate to the Bondholders whether the necessary consent to the proposal made by the Issuer has been granted or withheld. Subject to having obtained the necessary approval by the Bondholders in accordance with the provisions of this section 5.12 at a meeting called for that purpose as aforesaid, any such decision shall subsequently be given effect to by the Issuer.

The amendment or waiver of any of the provisions of the Terms and Conditions contained in this Securities Note, or in any other part of the Prospectus, may only be made with the approval of Bondholders at a meeting called and held for that purpose in accordance with the terms hereof.

A meeting of Bondholders shall only validly and properly proceed to business if there is a quorum present at the commencement of the meeting. For this purpose at least two (2) Bondholders present, in person or by proxy, representing not less than 50% in nominal value of the Bonds then outstanding, shall constitute a quorum. If a quorum is not present within thirty (30) minutes from the time scheduled for the commencement of the meeting as indicated on the notice convening same, the meeting shall stand adjourned to a place, date and time as shall be communicated by the Directors to the Bondholders present at that meeting. The Issuer shall within two (2) days from the date of the original meeting publish by way of a company announcement the date, time and place where the adjourned meeting is to be held. An adjourned meeting shall be held not earlier than seven (7) days, and not later than fifteen (15) days, following the original meeting. At an adjourned meeting: the number of Bondholders present, in person or by proxy, shall constitute a quorum; and only the matters specified in the notice calling the original meeting shall be placed on the agenda of, and shall be discussed at, the adjourned meeting.

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.

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

The voting process shall be managed by the Company Secretary of the Issuer under the supervision and scrutiny of the auditors of the Issuer and the Security Trustee.

The proposal placed before a meeting of Bondholders shall only be considered approved if at least 60% in nominal value of the Bondholders present at the meeting at the time when the vote is being taken, in person or by proxy, shall have voted in favour of the proposal.

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

### 5.13 AUTHORISATIONS AND APPROVALS

The Board of Directors of the Issuer authorised the Bond Issue pursuant to a board of directors' resolution passed on 25 February 2019. The Guarantee being given by each of the Guarantors in respect of the Secured Bonds has been authorised by a resolution of the board of directors of each of the Guarantors dated 25 February 2019.

### 5.14 REPRESENTATIONS AND WARRANTIES

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 or the Prospectus.

The Prospectus contains all relevant material information with respect to the Issuer and the Guarantors 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 Guarantors, their respective businesses and financial position, the omission of which would, in the context of issue of the Secured Bonds, make any statement in the Prospectus misleading or inaccurate in any material respect.

### 5.15 NOTICES

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

### 5.16 GOVERNING LAW AND JURISDICTION

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

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

## 6 TAXATION

### 6.1 GENERAL

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

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

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

### 6.2 MALTA TAX ON INTEREST

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



This withholding tax is considered as a final tax and a Maltese resident individual Bondholder is not obliged to 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. Furthermore, such tax should not be available as a credit against the recipient's tax liability or for a refund, as the case may be, for the relevant year of assessment in Malta. The Issuer will render an account to the Maltese Commissioner for Revenue of all amounts so deducted, including the identity of the recipient.

In the case of a valid election made by an eligible Bondholder resident in Malta to receive the interest due without the deduction of final tax, interest will be paid gross and such person will be obliged to declare the interest so received in his Maltese income tax return and be subject to tax on such interest at the standard rates applicable to such Bondholder at that time. Additionally, in this latter case the Issuer will advise the Maltese 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 including but not limited to the condition that the Bondholder is not owned and controlled by, whether directly or indirectly, nor acts on behalf of an individual/s who are ordinarily resident and domiciled in Malta, are not taxable in Malta on the interest received and will receive interest gross, subject to the requisite declaration/evidence being provided to the Issuer in terms of law.

### **6.3 EXCHANGE OF INFORMATION**

In terms of applicable Maltese legislation, the Issuer and/or its agent may be 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 should 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 prospective investors in the Bonds are to consult their own independent tax advisors in case of doubt.

### **6.4 MALTESE TAXATION ON CAPITAL GAINS ON TRANSFER OF THE BONDS**

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

### **6.5 DUTY ON DOCUMENTS AND TRANSFERS**

In terms of the Duty on Documents and Transfers Act (Cap. 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".

Consequently, the Bonds should not be treated as constituting marketable securities within the meaning of the 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 (Cap. 345 of the Laws of Malta), as the Bonds constitute financial instruments of a company quoted on a regulated market exchange, as is the MSE, redemptions and transfers of the Bonds 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, WHICH DOES NOT CONSTITUTE LEGAL OR TAX ADVICE, REFERS ONLY TO BONDHOLDERS WHO DO NOT DEAL IN SECURITIES IN THE COURSE OF THEIR NORMAL TRADING ACTIVITY.**

## 7 TERMS AND CONDITIONS OF THE BOND ISSUE

### 7.1 EXPECTED TIMETABLE OF THE BOND ISSUE

1. Application Forms mailed to Eligible Applicants	6 March 2019
2. Closing of Offer Period	26 March 2019
3. Intermediaries' Offer	29 March 2019
4. Commencement of interest on the Secured Bonds	5 April 2019
5. Expected date of announcement of basis of acceptance	5 April 2019
6. Expected date of constitution of Security	12 April 2019
7. Refunds of unallocated monies	12 April 2019
8. Expected date of admission of the securities to listing	15 April 2019
9. Expected dispatch of allotment advices	16 April 2019
10. Expected date of commencement of trading in the securities	16 April 2019

### 7.2 TERMS AND CONDITIONS OF APPLICATION

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 and the Guarantors on the one hand and the Security Trustee and Bondholders on the other.

**7.2.1** The issue and allotment of the Secured Bonds is conditional upon: (i) the Secured Bonds being admitted to the Official List of the MSE; and (ii) the Security Interests being constituted in favour of the Security Trustee in accordance with the ranking set out in this Prospectus. In the event that either of the aforesaid conditions is not satisfied within 15 Business Days of the close of the Offer Period, any Application monies received by the Issuer will be returned without interest by direct credit into the Applicant's bank account indicated by the Applicant on the relative Application Form.

**7.2.2** An Eligible Applicant wishing to subscribe for First Tranche Bonds during the Offer Period shall submit a duly completed Application Form 'A' (received by mail from the Issuer) indicating that the consideration for the First Tranche Bonds applied for shall be settled by way of transfer to the Issuer of all or part of the Original Bonds held by such Eligible Applicant as at the Cut-Off Date in an amount equivalent to the par value of the Secured Bonds applied for, subject to a minimum application of €2,000. Any Eligible Applicant whose holding in Original Bonds is less than €2,000 shall be required to pay the difference together with the submission of an Application Form 'A' ("**Cash Top-Up**").

**7.2.3** In addition to the aforesaid, Eligible Applicants may apply for Second Tranche Bonds by completing a pre-printed Application Form 'B' (received by mail from the Issuer). Eligible Applicants who transfer all of the Original Bonds held by them as at the Cut-Off Date pursuant to section 7.2.2 above shall be given preference in the allocation of Second Tranche Bonds.

**7.2.4** By submitting a signed pre-printed Application Form 'A', an Eligible Applicant shall thereby confirm that:

- (i) all or part (as the case may be) of the Original Bonds held by the Applicant on the Cut-Off Date are being transferred to the Issuer, together with any payment due in respect of any Cash Top-Up, if applicable;
- (ii) the pre-printed Application Form 'A' constitutes the Eligible Applicant's irrevocable mandate to the Issuer to:
  - a. cause the transfer of the said Original Bonds in the Issuer's name in consideration of the issue of First Tranche Bonds; and
  - b. engage, at the Issuer's cost, the services of such brokers or intermediaries as may be necessary to fully and effectively vest title in the said Original Bonds in the Issuer and fully and effectively vest title in the appropriate number of First Tranche Bonds in the Applicant;
- (iii) the obligations of the Issuer and the guarantors with respect to the Original Bonds being transferred to the Issuer are extinguished, replaced by obligations on the part of the Issuer and the Guarantors under the Secured Bonds to be issued upon acceptance by the Issuer of the application in question.

**7.2.5** By submitting a signed pre-printed Application Form 'B' in terms of section 7.2.3 above, the Eligible Applicant is thereby confirming that:

- a. the Eligible Applicant's remittance representing the payment for Second Tranche Bonds will be honoured on first presentation and agrees that, if such remittance is not so honoured on its first presentation, the Issuer, the Registrar or the respective Authorised Financial Intermediary reserve the right to invalidate the relative Application; and
- b. the Eligible Applicant will not be entitled to receive a registration advice or to be registered in the register of Bondholders, unless the Eligible Applicant makes payment in cleared funds and such payment is accepted by

the respective Authorised Financial Intermediary (which acceptance shall be made in the Authorised Financial Intermediary's absolute discretion and may be on the basis that the Eligible Applicant indemnifies the said Authorised Financial Intermediary against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of the Eligible Applicant's remittance to be honoured on first presentation).

Where the Eligible Applicant is the holder of Original Bonds which as at the Cut-Off Date are held subject to usufruct, the signatures of both the bare owner and the usufructuary will be required in the Application Form 'A' and/or Application Form 'B', as the case may be.

- 7.2.6** The completed Application Forms 'A' and/or 'B' are to be lodged with any of the Authorised Financial Intermediaries by not later than 12.00 hours on 26 March 2019, together with payment of the full price of the Second Tranche Bonds applied for and/or Cash Top-Up, as the case may be, in Euro and in clear funds. Payment may be made in cash or cheque payable to the respective Authorised Financial Intermediary.
- 7.2.7** In the event that the conversions by Eligible Applicants from Original Bonds to the First Tranche Bonds does not result in the release of the full amount of €18 million in the Original Reserve Account, and accordingly, the development and construction costs of the Luqa Development will not be financed from the conversions of Original Bonds to First Tranche Bonds, the Issuer shall issue sufficient Second Tranche Bonds, not exceeding the aggregate amount of €20 million in nominal value of Second Tranche Bonds which, together with proceeds from the sale of other immovable property owned by the Group (which may or may not be subject to the partial or full release of the Original Security Interests), shall be utilised to finance the Luqa Development. Second Tranche Bonds may be subscribed for by Eligible Applicants during the Offer Period by completing the Application Form 'B'. Second Tranche Bonds will also form part of an Intermediaries' Offer and may be applied for by Applicants by submitting an Application Form 'C' to an Authorised Financial Intermediary.
- 7.2.8** The subscription lists during the Intermediaries' Offer will open at 08:30 on 29 March 2019 and will close at 12:00 on that same date. Any person, whether natural or legal, shall be eligible to submit an Application Form 'C' to any of the Authorised Financial Intermediaries, together with payment of the full price of the Second Tranche Bonds applied for, in Euro and in clear funds. Payment may be made in cash or cheque payable to the respective Authorised Financial Intermediary.
- 7.2.9** By submitting a signed Application Form, the Applicant is thereby confirming to the respective Authorised Financial Intermediary that: (i) the Applicant's remittance will be honoured on first presentation and agrees that, if such remittance is not so honoured on its first presentation, the respective Authorised Financial Intermediary 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, unless the Applicant makes payment in cleared funds and such consideration is accepted by the respective Authorised Financial Intermediary (which acceptance shall be made in the Authorised Financial Intermediary's absolute discretion and may be on the basis that the Applicant indemnifies the said Authorised Financial 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).
- 7.2.10** The contract created by the Issuer's acceptance of an Application filed by a prospective bondholder shall be subject to all the terms and conditions set out in this Securities Note and the Memorandum and Articles of Association of the Issuer.
- 7.2.11** If an Application Form is signed on behalf of another party or on behalf of a corporation or corporate entity or association of persons, the person signing will be deemed to have duly bound his principal, or the relative corporation, corporate entity, or association of persons, and will be deemed also to have given the confirmations, warranties and undertakings contained in these terms and conditions on their behalf. Such representative may be requested to submit the relative power of attorney/resolution or a copy thereof duly certified by a lawyer or notary public if so required by the Issuer and the Registrar, but it shall not be the duty or responsibility of the Registrar or Issuer to ascertain that such representative is duly authorised to appear on the Application Form.
- 7.2.12** In the case of joint Applications, reference to the Applicant in these Terms and Conditions is a reference to each of the joint Applicants, and liability therefor is joint and several. The person whose name shall be inserted in the field entitled "Applicant" on the Application Form, or first-named in the register of Bondholders shall, for all intents and purposes, be deemed to be such nominated person by all those joint holders whose names appear in the field entitled "Additional Applicants" in the Application Form or joint holders in the register, as the case may be. Such person shall, for all intents and purposes, be deemed to be the registered holder of the Bond/s so held.
- 7.2.13** In respect of a Bond held subject to usufruct, the name of the bare owner and the usufructuary shall be entered in the register. The usufructuary shall, for all intents and purposes, be deemed vis-à-vis the Issuer to be the holder of the Bond/s so held and shall have the right to receive interest on the Bond/s and to vote at meetings of the Bondholders but shall not, during the continuance of the Bond/s, have the right to dispose of the Bond/s so held without the consent of the bare owner, and shall not be entitled to the repayment of principal on the Bond (which shall be due to the bare owner).

- 7.2.14** Applications in the name and for the benefit of minors shall be allowed provided that they are signed by both parents or the legal guardian/s and accompanied by a Public Registry birth certificate of the minor in whose name and for whose benefit the Application Form is submitted. Any Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest and redemption monies payable to the parents / legal guardian/s signing the Application Form until such time as the minor attains the age of eighteen (18) years, following which all interest and redemption monies shall be paid directly to the registered holder, provided that the Issuer has been duly notified in writing of the fact that the minor has attained the age of eighteen (18) years.
- 7.2.15** The Bonds have not been and will not be registered under the Securities Act of 1933 of the United States of America and accordingly may not be offered or sold within the United States or to or for the account or benefit of a U.S. person.
- 7.2.16** No person receiving a copy of the Prospectus or an Application Form in any territory other than Malta may treat the same as constituting an invitation or offer to such person nor should such person in any event use such Application Form, unless, in the relevant territory, such an invitation or offer could lawfully be made to such person or such Application Form could lawfully be used without contravention of any registration or other legal requirements.
- 7.2.17** It is the responsibility of any person outside Malta wishing to make any Application to satisfy himself/herself as to full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.
- 7.2.18** Subject to all other terms and conditions set out in the Prospectus, the Issuer reserves the right to reject, in whole or in part, or to scale down, any Application, including multiple or suspected multiple Applications, other than Application Forms 'A'. The right is also reserved to refuse any Application which in the opinion of the Issuer is not properly completed in all respects in accordance with the instructions or is not accompanied by the required documents. Only original Application Forms will be accepted and photocopies/facsimile copies will not be accepted.
- 7.2.19** By not later than 5 April 2019, the Issuer shall announce the result of the Bond Issue and shall determine the basis of acceptance of applications and allocation policy to be adopted.
- 7.2.20** In the event that an Applicant has not been allocated any Second Tranche Bonds or has been allocated a number of Second Tranche Bonds which is less than the number applied for, the Applicant shall receive a full refund or, as the case may be, the balance of the price of the Second Tranche Bonds applied for but not allocated, without interest, by credit transfer to such account indicated in the Application Form, at the Applicant's sole risk within five (5) Business Days from the date of final allocation. The Issuer shall not be responsible for any charges, loss or delay arising in connection with such direct credit transfer.
- 7.2.21** For the purposes of the Prevention of Money Laundering and Funding of Terrorism Regulations 2008 (Legal Notice 180 of 2008, as subsequently amended), all Authorised Financial Intermediaries are under a duty to communicate, upon request, all information about clients as is mentioned in Articles 1.2(d) and 2.4 of the "Members' Code of Conduct" appended as Appendix 3.6 of the MSE Bye-Laws, irrespective of whether the Authorised Financial Intermediaries are Exchange Members or not. Such information shall be held and controlled by the Malta Stock Exchange in terms of the Data Protection Act (Cap. 586 of the Laws of Malta) and/or the GDPR, as amended from time to time (as applicable), for the purposes and within the terms of the MSE's data protection and privacy policy as published from time to time.
- 7.2.22** It shall be incumbent on the respective Authorised Financial Intermediary 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 requirements set out in Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012 ("MiFIR") as well as applicable MFSA Rules for investment services providers.
- 7.2.23** By completing and delivering an Application Form, the Applicant:
- a agrees and acknowledges to have had the opportunity to read the Prospectus and to be deemed to have had notice of all information and representations concerning the Issuer and the Guarantors and the issue of the Bonds contained therein;
  - b warrants that the information submitted by the Applicant in the Application Form is true and correct in all respects and in the case where an MSE account number is indicated in the Application Form, such MSE account number is the correct account of the Applicant. In the event of a discrepancy between the personal details (including name and surname and the Applicant's address) appearing on the Application Form and those held by the MSE in relation to the MSE account number indicated on the Application Form, the details held by the MSE shall be deemed to be the correct details of the Applicant;
  - c authorises the Issuer and the MSE to process the personal data that the Applicant provides in the Application Form, for all purposes necessary and subsequent to the Bond Issue applied for, in accordance with the Data Protection Act (Cap. 586 of the Laws of Malta) and the GDPR. The Applicant has the right to request access to and rectification of the personal data relating to him/her as processed by the Issuer and/or the MSE. Any

- such requests must be made in writing and sent to the Issuer at the address indicated in the Prospectus. The requests must further be signed by the Applicant to whom the personal data relates;
- d confirms that in making such Application no reliance was placed on any information or representation in relation to the Issuer or the issue of the Bonds other than what is contained in the Prospectus and accordingly agree/s that no person responsible solely or jointly for the Prospectus or any part thereof will have any liability for any such other information or representation;
  - e agrees that the registration advice and other documents and any monies returnable to the Applicant may be retained pending clearance of his/her remittance or surrender of the Existing Bonds, as the case may be, and any verification of identity as required by the Prevention of Money Laundering Act (Cap. 373 of the Laws of Malta) and regulations made thereunder, and that such monies will not bear interest;
  - f agrees to provide the Registrar and/or the Issuer, as the case may be, with any information which it/they may request in connection with the Application;
  - g warrants, in connection with the Application, to have observed all applicable laws, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with his/her Application in any territory, and that the Applicant has not taken any action which will or may result in the Issuer or the Registrar acting in breach of the regulatory or legal requirements of any territory in connection with the issue of the Bond or his/her Application;
  - h warrants that all applicable exchange control or other such regulations (including those relating to external transactions) have been duly and fully complied with;
  - i represents that the Applicant is not a U.S. person (as such term is defined in Regulation S under the Securities Act of 1933 of the United States of America, as amended) as well as not to be accepting the invitation set out in the Prospectus from within the United States of America, its territories or its possessions, or any area subject to its jurisdiction (the "United States") or on behalf or for the account of anyone within the United States or anyone who is a U.S. person;
  - j agrees that unless such Application is made with MeDirect Bank (Malta) plc as Authorised Financial Intermediary, MeDirect Bank (Malta) plc will not, in their capacity of Sponsor, Manager and Registrar, treat the Applicant as their customer by virtue of such Applicant making an Application for the Bonds, and that MeDirect Bank (Malta) plc will owe the Applicant no duties or responsibilities concerning the price of the Bonds or their suitability for the Applicant;
  - k agrees that all documents in connection with the issue of the Bonds will be sent at the Applicant's own risk and may be sent by post at the address (or, in the case of joint Applications, the address of the first named Applicant) as set out in the Application Form;
  - l renounces to any rights the Applicant may have to set off any amounts the Applicant may at any time owe the Issuer against any amount due under the terms of these Bonds.

### 7.3 PLAN OF DISTRIBUTION AND ALLOTMENT

The Issuer shall issue up to €40,000,000 in First Tranche Bonds and up to €20,000,000 in Second Tranche Bonds, provided that the resultant combination of First Tranche Bonds and Second Tranche Bonds shall not exceed the aggregate amount of €40,000,000.

An Eligible Applicant shall be eligible to subscribe for the First Tranche Bonds by the surrender of all or part of the Original Bonds held by such Eligible Applicant of an equivalent nominal value as at the Cut-Off Date. Furthermore, an Eligible Applicant who has elected to transfer his/her entire holding in Original Bonds by way of Exchangeable Bond Transfer shall be given preference to apply for Second Tranche Bonds.

Subscriptions may be made through any of the Authorised Financial Intermediaries. Second Tranche Bonds will also be subject to an Intermediaries' Offer.

The Second Tranche Bonds shall first be available for subscription by Eligible Applicants who have surrendered all their Original Bonds in favour of the Issuer in consideration for First Tranche Bonds by virtue of the Exchangeable Bonds Transfer, secondly, to Eligible Applicants who have surrendered part of their Original Bonds in favour of the Issuer in consideration for First Tranche Bonds by virtue of the Exchangeable Bonds Transfer and thirdly, to Applicants who have subscribed for Second Tranche Bonds in the Intermediaries' Offer. The Issuer may, at its own discretion, issue a maximum of €20,000,000 in nominal value of Second Tranche Bonds.

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

Dealings in the Secured Bonds shall not commence prior to: (i) the Secured Bonds being admitted to the Official List; and (ii) the Security Interests being constituted in favour of the Security Trustee in accordance with the ranking set out in this Prospectus.

#### **7.4 INTERMEDIARIES' OFFER**

The Issuer shall enter into conditional subscription agreements with Authorised Financial Intermediaries for the subscription of Second Tranche Bonds, whereby it will bind itself to allocate Second Tranche Bonds to such investors during the Intermediaries' Offer.

In terms of each subscription agreement entered into with an Authorised Financial Intermediary, the Issuer will be conditionally bound to issue, and each Authorised Financial Intermediary will bind itself to subscribe for, a number of Bonds, subject to being admitted to trading on the Official List and the Security Interests being duly constituted in favour of the Security Trustee. The subscription agreements will become binding on each of the Issuer and the Authorised Financial Intermediaries upon delivery, provided that these intermediaries would have paid to the Issuer all subscription proceeds in cleared funds on delivery of the subscription agreement.

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

#### **7.5 PRICING**

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

#### **7.6 ALLOCATION POLICY**

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

- i. The Issuer shall allocate the First Tranche Bonds to Eligible Applicants who have surrendered their Original Bonds in consideration for First Tranche Bonds.
- ii. In the event that the issue of First Tranche Bonds is less than €40 million, the Issuer shall proceed to allocate Second Tranche Bonds to Eligible Applicants. If the aggregate amount of First Tranche Bonds and Second Tranche Bonds exceeds the maximum amount of €40 million, the Issuer shall scale down each Application for Second Tranche Bonds. Eligible Applicants who have surrendered all their Original Bonds in favour of the Issuer in consideration for First Tranche Bonds by virtue of the Exchangeable Bonds Transfer shall be given preference in the allocation of Second Tranche Bonds.
- iii. In the event that following the allocations made pursuant to paragraphs (i) and (ii) above there still remain unallocated Bonds, the Issuer shall offer such remaining Bonds to Authorised Financial Intermediaries through an Intermediaries Offer as detailed in section 7.4 above.

#### **7.7 ADMISSION TO TRADING**

- i. The Listing Authority has authorised the Secured Bonds as admissible to Listing pursuant to the Listing Rules by virtue of a letter dated 4 March 2019.
- ii. Application has been made to the Malta Stock Exchange for the Secured Bonds being issued pursuant to the Prospectus to be listed and traded on the Official List of the Malta Stock Exchange.
- iii. The Bonds are expected to be admitted to the Malta Stock Exchange with effect from 15 April 2019 and trading is expected to commence on 16 April 2019.

#### **7.8 ADDITIONAL INFORMATION**

Save for the financial analysis summary set out as Annex IV, the Securities Note does not contain any statement or report attributed to any person as an expert.

The financial analysis summary has been included in the form and context in which it appears with the authorisation of Charts (a division of MeDirect Bank (Malta) plc) of The Centre, Tigné Point, Sliema TPO 0001, Malta, which has given and has not withdrawn its consent to the inclusion of such report herein.

Charts (a division of MeDirect Bank (Malta) plc) does not have any material interest in the Issuer or any of the Guarantors. The Issuer confirms that the financial analysis summary has been accurately reproduced in the Securities Note 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 – SPECIMEN APPLICATION FORMS**



**GAP Group p.l.c. €40,000,000 3,65% Secured Bonds 2022**  
**Guaranteed by Gap Luqa Limited and Gap Mellieħa (I) Limited**

**APPLICATION FORM 'A'**  
**ELIGIBLE APPLICANT**

Application number
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Please read the Notes overleaf before completing this Application Form. Mark 'X' where applicable.

**A APPLICANT (see notes 2 to 7)**

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I.D. CARD/PASSPORT/COMPANY REGISTRATION NO.	DOCUMENT TYPE	COUNTRY OF ISSUE	NATIONALITY
LEI (LEGAL ENTITY IDENTIFIER) <i>(if applicant is NOT an individual)</i>	DATE OF BIRTH	TEL. NO.	MOBILE NO.

Please register me for e-Portfolio (*mobile number is mandatory for e-portfolio registration*)

**B ADDITIONAL (JOINT) APPLICANTS (to be completed ONLY if applicable)**

FULL NAME AND SURNAME	DATE OF BIRTH	TEL. NO.	MOBILE NO.
I.D. CARD/PASSPORT/COMPANY REGISTRATION NO.	DOCUMENT TYPE	COUNTRY OF ISSUE	NATIONALITY

**C DECISION MAKER / MINOR'S PARENTS / LEGAL GUARDIANS (see note 6 and 7) (to be completed ONLY if applicable)**

FULL NAME AND SURNAME	DATE OF BIRTH	TEL. NO.	MOBILE NO.
I.D. CARD/PASSPORT/COMPANY REGISTRATION NO.	DOCUMENT TYPE	COUNTRY OF ISSUE	NATIONALITY
FULL NAME AND SURNAME	DATE OF BIRTH	TEL. NO.	MOBILE NO.
I.D. CARD/PASSPORT/COMPANY REGISTRATION NO.	DOCUMENT TYPE	COUNTRY OF ISSUE	NATIONALITY

This Application Form is not transferable and entitles you to a preferential treatment as holder of Gap Group p.l.c. 4.25% Secured Bonds 2023 (the "Original Bonds") and is to be submitted as a method of payment where the Applicant elects to apply for Gap Group p.l.c. First Tranche 3.65% Secured Bonds 2022 (the "First Tranche Bonds") so as to transfer to the Issuer all or part of the holding in the Original Bonds, held by the Applicant as at 4 March 2019 (the "Cut-Off Date"), the nominal value of which is set out in Box 1 of Panel D hereunder. By submitting this signed Application Form, Eligible Applicants shall be deemed to:

- (i) cause the transfer of the said Original Bonds in the Issuer's name in consideration of the issue of First Tranche Bonds; and
- (ii) engage, at the Issuer's cost, the services of such brokers or intermediaries as may be necessary to fully and effectively vest title in the said Original Bonds in the Issuer and fully and effectively vest title in the appropriate number of First Tranche Bonds in the Applicant.

**D I/WE APPLY TO PURCHASE AND ACQUIRE (see note 8)**

**BOX 1 – Nominal Value of Original Bonds**

	<b>AMOUNT IN FIGURES BOX 1</b>
	€

**BOX 2 – I/We wish to purchase and acquire the amount set out in Box 2 in First Tranche Bonds at the Bond Issue Price (at par) (minimum €2,000 and in multiples of €100 thereafter) pursuant to the Prospectus dated 4 March 2019 ("Prospectus"). Any Eligible Applicant whose holding in Original Bonds is less than €2,000 shall be required to subscribe to at least €2,000 in First Tranche Bonds and pay the difference when submitting this Application Form 'A' (the "Cash Top-Up"). AMOUNT INCLUDED IN BOX 2 CANNOT EXCEED YOUR HOLDING IN ORIGINAL BONDS AS PER BOX 1 ABOVE.**

AMOUNT IN WORDS	<b>AMOUNT IN FIGURES BOX 2</b>
	€

**BOX 3 – Payment of Cash Top-Up may be made in cash or cheque payable to the respective Authorised Financial Intermediary.**

AMOUNT IN WORDS	<b>AMOUNT IN FIGURES BOX 3</b>
	€
	Difference payable on Application Box 2 - Box 1

**APPLICATION FORM 'A' CONTINUED**

**D I/WE APPLY TO PURCHASE AND ACQUIRE (see note 8) - Continued**

**PREMIUM APPLICABLE TO ELIGIBLE APPLICANTS**

Eligible Applicants shall benefit from a premium of 5% on the nominal value of Original Bonds surrendered in favour of the Issuer in consideration for the allocation of First Tranche Bonds in proportion to the amount of Original Bonds so surrendered. Such Eligible Applicants may elect to receive settlement of the said premium by direct credit into the bank account as indicated in Panel G below or through the allocation of an equivalent amount of Second Tranche Bonds at par, subject to availability and rounded down to the nearest €100. In the latter case, any unsettled premium will be paid by direct credit into the bank account as indicated in Panel G below.

- I/We elect to receive Second Tranche Bonds in settlement of the premium due to me/us.
- I/We elect to receive the premium by direct credit into the bank account as indicated in Panel G below.

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

- I/We elect to receive interest NET of Final Withholding Tax.
- I/We elect to receive interest GROSS (i.e. without Final Withholding Tax.).

**F NON-RESIDENT – DECLARATION FOR TAX PURPOSES (see notes 3 and 10) (to be completed ONLY if the Applicant is a Non-Resident)**

TAX COUNTRY	CITY OF BIRTH	COUNTRY OF BIRTH
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TIN (TAX IDENTIFICATION NO.)

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

**G INTEREST & REDEMPTION MANDATE (see note 11) (completion of this panel is mandatory)**

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

I/We hereby authorise the Company to forward the details to the Malta Stock Exchange for the purposes of registering the Bonds in my/ our MSE account, to register for the e-portfolio (where applicable) and to enable the reporting of all necessary transaction and personal information provided in this Application Form in compliance with Article 26 of MiFIR (Markets in Financial Instruments Regulation) to the Malta Financial Services Authority as competent authority ("**Transaction Reporting**"). Furthermore, I/we understand and acknowledge that the Company may require additional information for Transaction Reporting purposes and agree that such information will be provided.

\_\_\_\_\_  
Signature/s of Applicant/s \_\_\_\_\_  
Date

(Parents or legal guardian/s are/is to sign if Applicant is a minor)  
(All parties are to sign in the case of a joint Application)

Authorised Financial Intermediary's Stamp

Authorised Financial Intermediary's Code

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## NOTES ON HOW TO COMPLETE THIS APPLICATION FORM AND OTHER INFORMATION

The following notes are to be read in conjunction with the Prospectus dated 4 March 2019 regulating the Bond Issue

1. This Application is governed by the general Terms and Conditions of Application contained in Section 7.2 of the Securities Note dated 4 March 2019 forming part of the Prospectus. Capitalised terms not defined herein shall, unless the context otherwise requires, have the meaning ascribed to them in the Prospectus.
2. The Application Form is to be completed in BLOCK LETTERS.
3. Applicants who are Non-Residents in Malta for tax purposes must complete Panel F overleaf.
4. The MSE account number pertaining to the Applicant has been pre-printed in Panel A and reflects the MSE account number on the Issuer's Register at the CSD as at 4 March 2019 (trading session of 28 February 2019). **APPLICANTS ARE TO NOTE THAT ANY BONDS ALLOTTED TO THEM WILL BE RECORDED BY THE MALTA STOCK EXCHANGE IN THE MSE ACCOUNT QUOTED ON THIS APPLICATION FORM EVEN IF THE DETAILS OF SUCH MSE ACCOUNT, AS HELD BY THE CSD OF THE MALTA STOCK EXCHANGE, DIFFER FROM ANY OR ALL OF THE DETAILS APPEARING OVERLEAF.**

Upon submission of an Application Form, Bondholders who opt to have an online e-portfolio facility (by marking the relative box in Panel A), will receive by mail at their registered address a handle code to activate the new e-portfolio login. Registration for the e-Portfolio facility requires a mobile number to be provided on the Application Form. The Bondholder's statement of holdings evidencing entitlement to Bonds held in the register kept by 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 details on the e-portfolio may be found on <https://eportfolio.borzamalta.com.mt/Help>.

5. In the case of a body corporate, a valid Legal Entity Identifier ("LEI") needs to be inserted in Panel A. **Failure to include a valid LEI code, will result in the Application being cancelled by the Registrar. Applications must be signed by duly authorised representatives indicating the capacity in which they are signing.**
6. Applications in the name and for the benefit of minors shall be allowed provided that they are signed by both parents or by the legal guardian/s and accompanied by a Public Registry birth certificate of the minor in whose name and for whose benefit the Application Form is submitted (the birth certificate is not required if the minor already holds securities which are listed on 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 proceeds payable to the parents or legal guardian/s signing the Application Form until such time as the minor attains the age of eighteen (18) years, following which all interest and redemption proceeds shall be payable directly to the registered holder, provided that the Issuer has been duly notified in writing of the fact that the minor has attained the age of eighteen (18) years.
7. Where a decision to invest is taken by a third party authorised to transact on behalf of the Applicant (a "decision maker"), such as an individual that holds a power of attorney to trade on the Applicant's account or applications under a discretionary account, details of the decision maker need to be included in Panel C of the Application Form.
8. The amount set out in Box 2 of Panel D overleaf must be in multiples of €100. The Issuer will be giving preference to Applications made by Eligible Applicants up to their full amount of Original Bonds held as at the Cut-Off Date, subject to a minimum application of €2,000. Any Cash Top-Up must be included in Box 3 and payment of such amount must be made in Euro, in cash or by cheque payable to the respective Authorised Financial Intermediary.
9. Only Applicants who hold a valid official Maltese Identity Card or companies registered in Malta will be treated as resident in Malta. In such a case the Applicant may elect to have final withholding tax, currently 15%, deducted from interest payments in which case such interest need not be declared in the Applicant's income tax return. The Applicant may elect to receive the interest gross (i.e. without deduction of final withholding tax), but will be obliged to declare interest so received in the tax return. Interest received by non-resident Applicants is not taxable in Malta and non-residents will receive interest gross. Authorised entities applying in the name of a prescribed fund will have final withholding tax (currently 10%), deducted from interest payments. In terms of Section 6.2 of the Securities Note, unless the Issuer is otherwise instructed by a Bondholder, or if the Bondholder does not fall within the definition of "recipient" in terms of article 41(c) of the Income Tax Act (Cap. 123 of the Laws of Malta), interest shall be paid to such person net of final withholding tax (currently 15%) of the gross amount of interest, pursuant to article 33 of the Income Tax Act (Cap. 123 of the Laws of Malta).
10. Non-residents of Malta should note that payment of interest to individuals and certain residual entities residing in another EU Member State is reported on an annual basis to the Director General Inland Revenue, Malta, who will in turn exchange the information with the competent tax authority of the Member State where the recipient of interest is resident. This exchange of information takes place in terms of the Council Directive 2014/107/EU, of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation.

*The contents of Notes 9 and 10 above do not constitute tax advice by the Issuer and Applicants are to consult their own independent tax advisors in case of doubt.*

11. Interest or redemption proceeds will be credited to the account designated in Panel G or as otherwise amended by the Bondholder/s during the term of the Bond.
12. Completed Application Forms are to be delivered to any of the Authorised Financial Intermediaries listed in Annex II of the Securities Note during normal office hours by not later than 12:00 hours on 26 March 2019. Remittances by post are made at the risk of the Applicant and the Issuer, the Registrar and/or the respective Authorised Financial Intermediary disclaim all responsibility for any such remittances not being received by the closing date indicated above. The Issuer, the Registrar and/or Authorised Financial Intermediary reserve the right to refuse any Application which appears to be in breach of the Terms and Conditions of Application as contained in the Prospectus. Any Applications received by any Authorised Financial Intermediary after 12:00 hours on 26 March 2019 will not be accepted.
13. By completing and delivering an Application Form you (as the Applicant/s) acknowledge that:
  - a. the Issuer or its duly appointed agents including the CSD and the Registrar, may process the personal data that you provide in the Application Form in accordance with the Data Protection Act (Cap. 586 of the Laws of Malta) and/or the GDPR;
  - b. the Issuer may process such personal data for all purposes necessary for and related to the Bonds applied for; and
  - c. you, as the Applicant, have the right to request access to and rectification of the personal data relating to you, as processed by the Issuer. Any such requests must be made in writing and addressed to the Issuer. The request must be signed by yourself as the Applicant to whom the personal data relates.

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



**GAP Group p.l.c. €40,000,000 3.65% Secured Bonds 2022**  
**Guaranteed by Gap Luqa Limited and Gap Mellieħa (I) Limited**

**APPLICATION FORM 'B'**  
**ELIGIBLE APPLICANT**

Application  
number

Please read the Notes overleaf before completing this Application Form. Mark 'X' where applicable.

**A APPLICANT (see notes 2 to 7)**

I.D. CARD/PASSPORT/COMPANY REGISTRATION NO.	DOCUMENT TYPE	COUNTRY OF ISSUE	NATIONALITY
LEI (LEGAL ENTITY IDENTIFIER) <i>(if applicant is NOT an individual)</i>	DATE OF BIRTH	TEL. NO.	MOBILE NO.

Please register me for e-Portfolio (*mobile number is mandatory for e-portfolio registration*)

**B ADDITIONAL (JOINT) APPLICANTS (to be completed ONLY if applicable)**

FULL NAME AND SURNAME	DATE OF BIRTH	TEL. NO.	MOBILE NO.
I.D. CARD/PASSPORT/COMPANY REGISTRATION NO.	DOCUMENT TYPE	COUNTRY OF ISSUE	NATIONALITY

**C DECISION MAKER / MINOR'S PARENTS / LEGAL GUARDIAN/S (see note 6 and 7) (to be completed ONLY if applicable)**

FULL NAME AND SURNAME	DATE OF BIRTH	TEL. NO.	MOBILE NO.
I.D. CARD/PASSPORT/COMPANY REGISTRATION NO.	DOCUMENT TYPE	COUNTRY OF ISSUE	NATIONALITY
FULL NAME AND SURNAME	DATE OF BIRTH	TEL. NO.	MOBILE NO.
I.D. CARD/PASSPORT/COMPANY REGISTRATION NO.	DOCUMENT TYPE	COUNTRY OF ISSUE	NATIONALITY

This Application Form is not transferable and entitles you to a preferential treatment as holder of Gap Group p.l.c. 4.25% Secured Bonds 2023 (the "Original Bonds") and is to be submitted where the Applicant elects to apply for Gap Group p.l.c. Second Tranche 3.65% Secured Bonds 2022 (the "Second Tranche Bonds"). Eligible Applicants who have submitted Application Form 'A' and through which have surrendered ALL their Original Bonds in favour of the Issuer in consideration for First Tranche Bonds shall be given preference in the allocation of Second Tranche Bonds.

**D I/WE APPLY TO PURCHASE AND ACQUIRE (see note 8)**

I/We wish to purchase and acquire the amount set out below in Second Tranche Bonds at the Bond Issue Price (at par) (minimum €2,000 and in multiples of €100 thereafter) pursuant to the Prospectus dated 4 March 2019 ("Prospectus").

AMOUNT IN WORDS

AMOUNT IN FIGURES

€

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

- I/We elect to receive interest NET of Final Withholding Tax..
- I/We elect to receive interest GROSS (i.e. without Final Withholding Tax.).

**APPLICATION FORM 'B' CONTINUED**

**F NON-RESIDENT – DECLARATION FOR TAX PURPOSES (see notes 3 and 10) (to be completed ONLY if the Applicant is a Non-Resident)**

TAX COUNTRY	CITY OF BIRTH	COUNTRY OF BIRTH
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TIN (TAX IDENTIFICATION NO.)

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

**G INTEREST, REFUND & REDEMPTION MANDATE (see note 11) (completion of this panel is mandatory)**

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

I/We hereby authorise the Company to forward the details to the Malta Stock Exchange for the purposes of registering the Bonds in my/ our MSE account, to register for the e-portfolio (where applicable) and to enable the reporting of all necessary transaction and personal information provided in this Application Form in compliance with Article 26 of MiFIR (Markets in Financial Instruments Regulation) to the Malta Financial Services Authority as competent authority ("**Transaction Reporting**"). Furthermore, I/we understand and acknowledge that the Company may require additional information for Transaction Reporting purposes and agree that such information will be provided.

\_\_\_\_\_  
Signature/s of Applicant/s

\_\_\_\_\_  
Date

(Parents or legal guardian/s are/is to sign if Applicant is a minor)  
(All parties are to sign in the case of a joint Application)

Authorised Financial Intermediary's Stamp

Authorised Financial Intermediary's Code  

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## NOTES ON HOW TO COMPLETE THIS APPLICATION FORM AND OTHER INFORMATION

The following notes are to be read in conjunction with the Prospectus dated 4 March 2019 regulating the Bond Issue

1. This Application is governed by the general Terms and Conditions of Application contained in Section 7.2 of the Securities Note dated 4 March 2019 forming part of the Prospectus. Capitalised terms not defined herein shall, unless the context otherwise requires, have the meaning ascribed to them in the Prospectus.
2. The Application Form is to be completed in BLOCK LETTERS.
3. Applicants who are Non-Residents in Malta for tax purposes must complete Panel F overleaf.
4. The MSE account number pertaining to the Applicant has been pre-printed in Panel A and reflects the MSE account number on the Issuer's Register at the CSD as at 4 March 2019 (trading session of 28 February 2019). **APPLICANTS ARE TO NOTE THAT ANY BONDS ALLOTTED TO THEM WILL BE RECORDED BY THE MALTA STOCK EXCHANGE IN THE MSE ACCOUNT QUOTED ON THIS APPLICATION FORM EVEN IF THE DETAILS OF SUCH MSE ACCOUNT, AS HELD BY THE CSD OF THE MALTA STOCK EXCHANGE, DIFFER FROM ANY OR ALL OF THE DETAILS APPEARING OVERLEAF.**

Upon submission of an Application Form, Bondholders who opt to have an online e-portfolio facility (by marking the relative box in Panel A), will receive by mail at their registered address a handle code to activate the new e-portfolio login. Registration for the e-Portfolio facility requires a mobile number to be provided on the Application Form. The Bondholder's statement of holdings evidencing entitlement to Bonds held in the register kept by 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 details on the e-portfolio may be found on <https://eportfolio.borzamalta.com.mt/Help>.

5. In the case of a body corporate, a valid Legal Entity Identifier ("LEI") needs to be inserted in Panel A. **Failure to include a valid LEI code, will result in the Application being cancelled by the Registrar. Applications must be signed by duly authorised representatives indicating the capacity in which they are signing.**
6. Applications in the name and for the benefit of minors shall be allowed provided that they are signed by both parents or by the legal guardian/s and accompanied by a Public Registry birth certificate of the minor in whose name and for whose benefit the Application Form is submitted (the birth certificate is not required if the minor already holds securities which are listed on 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 proceeds payable to the parents or legal guardian/s signing the Application Form until such time as the minor attains the age of eighteen (18) years, following which all interest and redemption proceeds shall be payable directly to the registered holder, provided that the Issuer has been duly notified in writing of the fact that the minor has attained the age of eighteen (18) years.
7. Where a decision to invest is taken by a third party authorised to transact on behalf of the Applicant (a "decision maker"), such as an individual that holds a power of attorney to trade on the Applicant's account or applications under a discretionary account, details of the decision maker need to be included in Panel C of the Application Form.
8. The amount set out in Panel D overleaf must be in multiples of €100 and subject to a minimum application of €2,000. The Issuer will be giving preference to Applications made by Eligible Applicants who have surrendered ALL their Original Bonds in consideration for First Tranche Bonds through the submission of Application Form 'A'. Payment of the amount included in Panel D must be made in Euro, in cash or by cheque payable to the respective Authorised Financial Intermediary.
9. Only Applicants who hold a valid official Maltese Identity Card or companies registered in Malta will be treated as resident in Malta. In such a case the Applicant may elect to have final withholding tax, currently 15%, deducted from interest payments in which case such interest need not be declared in the Applicant's income tax return. The Applicant may elect to receive the interest gross (i.e. without deduction of final withholding tax), but will be obliged to declare interest so received in the tax return. Interest received by non-resident Applicants is not taxable in Malta and non-residents will receive interest gross. Authorised entities applying in the name of a prescribed fund will have final withholding tax (currently 10%), deducted from interest payments. In terms of Section 6.2 of the Securities Note, unless the Issuer is otherwise instructed by a Bondholder, or if the Bondholder does not fall within the definition of "recipient" in terms of article 41(c) of the Income Tax Act (Cap. 123 of the Laws of Malta), interest shall be paid to such person net of final withholding tax (currently 15%) of the gross amount of interest, pursuant to article 33 of the Income Tax Act (Cap. 123 of the Laws of Malta).
10. Non-residents of Malta should note that payment of interest to individuals and certain residual entities residing in another EU Member State is reported on an annual basis to the Director General Inland Revenue, Malta, who will in turn exchange the information with the competent tax authority of the Member State where the recipient of interest is resident. This exchange of information takes place in terms of the Council Directive 2014/107/EU, of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation.

*The contents of Notes 9 and 10 above do not constitute tax advice by the Issuer and Applicants are to consult their own independent tax advisors in case of doubt.*

11. Should any Application not be accepted, or be accepted for fewer Second Tranche Bonds than those applied for, the monies or the balance of the amount paid but not allocated, as the case may be, will be returned by direct credit into the bank account as indicated in Panel G. Interest or redemption proceeds will be credited to the account designated in Panel G or as otherwise amended by the Bondholder/s during the term of the Bond.
12. Completed Application Forms are to be delivered to any of the Authorised Financial Intermediaries listed in Annex II of the Securities Note during normal office hours by not later than 12:00 hours on 26 March 2019. Remittances by post are made at the risk of the Applicant and the Issuer, the Registrar and/or the respective Authorised Financial Intermediary disclaim all responsibility for any such remittances not being received by the closing date indicated above. The Issuer, the Registrar and/or Authorised Financial Intermediary reserve the right to refuse any Application which appears to be in breach of the Terms and Conditions of Application as contained in the Prospectus. Any Applications received by any Authorised Financial Intermediary after 12:00 hours on 26 March 2019 will not be accepted.
13. By completing and delivering an Application Form you (as the Applicant/s) acknowledge that:
  - a. the Issuer or its duly appointed agents including the CSD and the Registrar, may process the personal data that you provide in the Application Form in accordance with the Data Protection Act (Cap. 586 of the Laws of Malta) and / or the GDPR;
  - b. the Issuer may process such personal data for all purposes necessary for and related to the Bonds applied for; and
  - c. you, as the Applicant, have the right to request access to and rectification of the personal data relating to you, as processed by the Issuer. Any such requests must be made in writing and addressed to the Issuer. The request must be signed by yourself as the Applicant to whom the personal data relates.

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



**GAP Group p.l.c. €40,000,000 3.65% Secured Bonds 2022**  
**Guaranteed by Gap Luqa Limited and Gap Mellieħa (I) Limited**

**APPLICATION FORM 'C'**

Application number

Please read the Notes overleaf before completing this Application Form. Mark 'X' where applicable.

**A APPLICANT (see notes 2 to 7)**

Non-Resident       Minor (under 18)       Body Corporate/Body of Persons       CIS-Prescribed Fund

Title (MR/MRS/MS/...)		Full Name & Surname / Registered Name	
Address			Postcode
MSE A/C No.	I.D. Card / Passport / Company Registration No.	Document Type	Country of Issue
LEI (Legal Entity Identifier) (if applicant is NOT an individual)		Date of Birth	Nationality
Tel No. / Mobile No.			

PLEASE REGISTER ME FOR E-PORTFOLIO (mobile number is mandatory for e-portfolio registration)

**C ADDITIONAL (JOINT) APPLICANTS (see note 3) (please use additional Application Forms if space is not sufficient)**

Title (MR/MRS/MS/...)	Full Name & Surname	I.D. Card / Passport No.	
Document Type	Country of Issue	Date of Birth	Nationality

**D DECISION MAKER / MINOR'S PARENTS / LEGAL GUARDIAN/S (see note 4) (to be completed ONLY if applicable)**

Title (MR/MRS/MS/...)	Full Name & Surname	I.D. Card / Passport No.	
Document Type	Country of Issue	Date of Birth	Nationality
Title (MR/MRS/MS/...)	Full Name & Surname	I.D. Card / Passport No.	
Document Type	Country of Issue	Date of Birth	Nationality

**E I/WE APPLY TO PURCHASE AND ACQUIRE (see note 8)**

Amount in figures €	Amount in words
Gap Group p.l.c. Second Tranche a 3.65% Secured Bonds 2022 (the "Second Tranche Bonds") (minimum €2,000 and in multiples of €100 thereafter) at the Bond Issue Price (at par), as defined in the Prospectus dated 4 March 2019 (the "Prospectus"), payable in full upon application under the Terms and Conditions of the Bonds as set out in the Prospectus.	

**F RESIDENT - WITHHOLDING TAX DECLARATION (see note 10 and 11a) (to be completed ONLY if the Applicant is a Resident of Malta)**

I/We elect to receive interest NET of FWT       I/We elect to receive interest GROSS (i.e. without FWT)

**G NON-RESIDENT – DECLARATION FOR TAX PURPOSES (see notes 2 to 10) (to be completed ONLY if the Applicant is a Non-Resident)**

TAX COUNTRY	CITY OF BIRTH
TIN (TAX IDENTIFICATION NO.)	COUNTRY OF BIRTH
<input type="checkbox"/> NOT resident in Malta but resident in the European Union.	<input type="checkbox"/> NOT resident in Malta and NOT resident in the European Union.

**H INTEREST, REFUND AND REDEMPTION MANDATE (see note 11) (completion of this panel is mandatory)**

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

I/We hereby authorise the Company to forward the details to the Malta Stock Exchange for the purposes of registering the Bonds in my/ our MSE account, to register for the e-portfolio (where applicable) and to enable the reporting of all necessary transaction and personal information provided in this Application Form in compliance with Article 26 of MiFIR (Markets in Financial Instruments Regulation) to the Malta Financial Services Authority as competent authority ("Transaction Reporting"). Furthermore, I/we understand and acknowledge that the Company may require additional information for Transaction Reporting purposes and agree that such information will be provided.

Signature/s of Applicant/s  
 (parents or legal guardian/s are/is to sign if Applicant is a minor)  
 (all parties are to sign in the case of a joint Application)

Date

Authorised Financial Intermediary's Stamp

Authorised Financial Intermediary's Code

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## NOTES ON HOW TO COMPLETE THIS APPLICATION FORM AND OTHER INFORMATION

The following notes are to be read in conjunction with the Prospectus dated 4 March 2019 regulating the Bond Issue

1. This Application is governed by the general Terms and Conditions of Application contained in Section 7.2 of the Securities Note dated 4 March 2019 forming part of the Prospectus. Capitalised terms not defined herein shall, unless the context otherwise requires, have the meaning ascribed to them in the Prospectus.
2. The Application Form is to be completed in BLOCK LETTERS. Applicants who are non-residents in Malta for tax purposes, must complete Panel G. The relative box in Panel A must also be marked appropriately.
3. Applicants are to insert full personal details in Panel B. In the case of an Application by more than one person (including husband and wife) full details of all individuals must be given in Panels B and C **but the person whose name appears in Panel B shall, for all intents and purposes, be deemed to be the registered holder of the Bonds (vide note 6 below). Applications by more than two persons are to use the Addendum to the Application Form.**

Upon submission of an Application Form, Bondholders who opt to have an online e-portfolio facility (by marking the relative box in Panel B), will receive by mail at their registered address a handle code to activate the new e-portfolio login. Registration for the e-Portfolio facility requires a mobile number to be provided on the Application Form. The Bondholder's statement of holdings evidencing entitlement to Bonds held in the register kept by 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 details on the e-portfolio may be found on <https://eportfolio.borzamalta.com.mt/Help>.

4. Applications in the name and for the benefit of minors shall be allowed provided that they are signed by both parents or by the legal guardian/s and accompanied by a Public Registry birth certificate of the minor in whose name and for whose benefit the Application Form is submitted (the birth certificate is not required if the minor already holds securities which are listed on the MSE). The relative box in Panel A must also be marked appropriately. Any Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest and redemption proceeds payable to the parents or legal guardian/s signing the Application Form until such time as the minor attains the age of eighteen (18) years, following which all interest and redemption proceeds shall be payable directly to the registered holder, provided that the Issuer has been duly notified in writing of the fact that the minor has attained the age of eighteen (18) years.
5. In the case of a body corporate, the name of the entity exactly as registered and the registration number are to be inserted in Panel B. A valid Legal Entity Identifier ("LEI") needs to be inserted in Panel B. **Failure to include a valid LEI code, will result in the Application being cancelled by the Registrar. Applications must be signed by duly authorised representatives indicating the capacity in which they are signing.**
6. **APPLICANTS ARE TO NOTE THAT ANY SECURITIES ALLOTTED TO THEM WILL BE RECORDED IN THE MSE ACCOUNT NUMBER QUOTED ON THIS APPLICATION FORM. IF DETAILS OF SUCH MSE ACCOUNT NUMBER, AS HELD BY THE MSE, DIFFER FROM ANY OR ALL OF THE DETAILS APPEARING OVERLEAF, A SEPARATE REQUEST BY THE APPLICANT TO CHANGE THESE DETAILS AS RECORDED AT THE MSE WILL HAVE TO BE AFFECTED.**
7. Where a decision to invest is taken by a third party authorised to transact on behalf of the Applicant (a "decision maker"), such as an individual that holds a power of attorney to trade on the Applicant's account or applications under a discretionary account, details of the decision maker need to be included in the space provided on the Addendum to Application Form.
8. Applications must be for a minimum subscription of €2,000 and thereafter in multiples of €100 and must be accompanied by the relevant subscription amount in Euro, in cash or by cheque payable to the respective Authorised Financial Intermediary.
9. Only Applicants who hold a valid official Maltese Identity Card or companies registered in Malta will be treated as resident in Malta. In such a case the Applicant may elect to have final withholding tax, currently 15%, deducted from interest payments in which case such interest need not be declared in the Applicant's income tax return. The Applicant may elect to receive the interest gross (i.e. without deduction of final withholding tax), but will be obliged to declare interest so received in the tax return. Interest received by non-resident Applicants is not taxable in Malta and non-residents will receive interest gross. Authorised entities applying in the name of a prescribed fund (having indicated their status in the appropriate box in Panel A) will have final withholding tax (currently 10%), deducted from interest payments. In terms of Section 6.2 of the Securities Note, unless the Issuer is otherwise instructed by a Bondholder, or if the Bondholder does not fall within the definition of "recipient" in terms of article 41(c) of the Income Tax Act (Cap. 123 of the Laws of Malta), interest shall be paid to such person net of final withholding tax (currently 15%) of the gross amount of interest, pursuant to article 33 of the Income Tax Act (Cap. 123 of the Laws of Malta).

10. Non-residents of Malta should note that payment of interest to individuals and certain residual entities residing in another EU Member State is reported on an annual basis to the Director General Inland Revenue, Malta, who will in turn exchange the information with the competent tax authority of the Member State where the recipient of interest is resident. This exchange of information takes place in terms of the Council Directive 2014/107/EU, of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation.

*The contents of Notes 9 and 10 above do not constitute tax advice by the Issuer and Applicants are to consult their own independent tax advisors in case of doubt.*

11. Should any Application not be accepted, or accepted for fewer Second Tranche Bonds than those applied for, monies or the balance of the amount paid but not allocated, as the case may be, will be returned by direct credit into the bank account as indicated in panel H. Interest and redemption proceeds will be credited to the account indicated in Panel H or as otherwise amended by the Bondholder/s during the term of the Bond.
12. Authorised Financial Intermediaries are to submit completed Application Forms representing the total amount committed in terms of the Subscription Agreement as mentioned in Section 7.4 of the Securities Note by latest 12:00 hours on 29 March 2019. The Issuer, the Registrar and /or the Authorised Financial Intermediary reserve the right to refuse any Application which appears to be in breach of the Terms and Conditions of Application as contained in the Prospectus.
13. By completing and delivering an Application Form you (as the Applicant(s)) acknowledge that:
  - a. the Issuer or its duly appointed agents including the CSD and the Registrar, may process the personal data that you provide in the Application Form in accordance with the Data Protection Act (Cap. 586 of the Laws of Malta) and/or the GDPR;
  - b. the Issuer may process such personal data for all purposes necessary for and related to the Bonds applied for; and
  - c. you, as the Applicant, have the right to request access to and rectification of the personal data relating to you, as processed by the Issuer. Any such requests must be made in writing and addressed to the Issuer. The request must be signed by yourself as the Applicant to whom the personal data relates.

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

## ANNEX II – AUTHORISED FINANCIAL INTERMEDIARIES

Name	Address	Telephone
APS Bank Ltd	APS Centre, Tower Road, Birkirkara BKR 4012	2560 3000
Bank of Valletta p.l.c.	BOV Centre, Cannon Road, St Venera SVR 9030	2275 1732
Calamatta Cuschieri & Co Ltd	Ewropa Business Centre, Triq Dun Karm, Birkirkara BKR 9034	2568 8688
Curmi & Partners Ltd	Finance House, Princess Elizabeth Street, Ta' Xbiex XBX 1102	2134 7331
Financial Planning Services Ltd	4, Marina Court, G Cali Street, Ta' Xbiex XBX 1421	2134 4244
FINCO Treasury Management Ltd	The Bastions Office No. 2, Emvin Cremona Street, Floriana FRN 1281	2122 0002
Jesmond Mizzi Financial Advisors Ltd	67/3, South Street, Valletta VLT 1105	2326 5696
MeDirect Bank (Malta) plc	The Centre, Tigné Point, Sliema TPO 0001	2557 4400
Michael Grech Financial Investment Services Limited	The Brokerage, Level O 'A', St Marta Street, Victoria VCT 2550, Gozo	2155 4492
MZ Investment Services Ltd	61, MZ House, St Rita Street, Rabat RBT 1523	2145 3739
Rizzo, Farrugia & Co (Stockbrokers) Ltd	Airways House, Fourth Floor, High Street, Sliema SLM 1551	2258 3000

## ANNEX III – THE GUARANTEE

To: Equinox International Limited  
No 9, Level 3, Valletta Buildings,  
South Street,  
Valletta VLT 1103 – MALTA  
(hereinafter together with its lawful successors and assigns referred to as the “Security Trustee”).

4 March 2019

Dear Sirs,

### Re: GUARANTEE & INDEMNITY

We, Gap Mellieħa (I) Limited, a company registered in Malta bearing company registration number C 72013 (“GML”) and (ii) Gap Luqa Limited a company registered in Malta bearing company registration number C 32225 (“GLL”) (hereinafter together with their lawful successors and assigns, collectively referred to as the “Guarantors” and each of them as “Guarantor”), having noted that:

- I. by virtue of a prospectus dated 4 March 2019 issued by Gap Group p.l.c. (the “Issuer”) in connection with the issue of a maximum €40 million First Tranche Bonds and a maximum of €20 million Second Tranche Bonds (as the same may be amended, varied or supplemented hereinafter referred to as the “Prospectus”) the Issuer shall, under the joint and several guarantee of the Guarantors, issue up to €40,000,000 in First Tranche Bonds and €20,000,000 in Second Tranche Bonds at an annual interest rate of 3.65% to be redeemed and finally repaid on 5 April 2022 subject to the terms and conditions of the Prospectus (the “Secured Bonds”), a copy of which is hereto attached and marked “Annex 1”;
- II. the Guarantors are the fully owned subsidiary companies of the Issuer;
- III. it is a condition precedent for the issuance of the Secured Bonds that, *inter alia*, each of the Guarantors executes and grants this Guarantee and Indemnity (hereinafter referred to as “Guarantee”) of the obligations of the Issuer above referred to in favour of the Security Trustee; and
- IV. each of the Guarantors has agreed to the conclusion and execution of this Guarantee in favour of the Security Trustee;

NOW, THEREFORE, EACH OF THE GUARANTORS IS HEREBY COVENANTING IN FAVOUR OF THE AGENT AS FOLLOWS:

### 1. 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 moneys, obligations and liabilities now or hereafter due, owing or incurred by the Issuer under the Secured Bonds to the Bondholders (whether alone and/or with others) in terms of the Prospectus and in any and all cases whether for principal, interests, capitalised interests, charges, disbursements, or otherwise and whether for actual or contingent liability;
- (c) “**writing**” or “**in writing**” shall mean any method of visual representation and shall include facsimile transmissions, telexes and other such electronic methods.



## 2. GUARANTEE

### 2.1 COVENANT TO PAY

In satisfaction of the conditions precedent for the issuance of the Secured Bonds, and in consideration of the Bondholders acquiring the Secured Bonds, each of the Guarantors, as duly authorised, without proof of liability or evidence and as primary obligor, hereby jointly and severally with the Issuer, unconditionally and irrevocably guarantees to the Security Trustee, for the benefit of itself and the Bondholders the payment of, and undertakes on first demand in writing made by the Security Trustee on the Guarantor, to pay the Indebtedness to the Security Trustee or any balance thereof at any time due or owing under the Secured Bonds.

### 2.2 MAXIMUM LIABILITY

#### 2.2.1 *Maximum liability of GLL*

This is a continuing Guarantee for the whole amount due or owing under the Secured Bonds or which may hereafter at any time become due or owing under the Secured Bonds by the Issuer but the amount due by GLL to the Security Trustee under this Guarantee shall be up to and shall not be in excess of **€40,000,000** (forty million Euros) apart from interests due up to the date of payment and costs and expenses relating to the protection, preservation, collection or enforcement of the Security Trustee's rights against the Issuer and/or each Guarantor which shall be additional to the maximum sum herein stated.

#### 2.2.2 *Maximum liability of GML*

This is a continuing Guarantee for the whole amount due or owing under the Secured Bonds or which may hereafter at any time become due or owing under the Secured Bonds by the Issuer but the amount due by GML to the Security Trustee under this Guarantee shall be up to and shall not be in excess of **€21,000,000** (twenty-one million Euros) apart from interests due up to the date of payment and costs and expenses relating to the protection, preservation, collection or enforcement of the Security Trustee's rights against the Issuer and/or each Guarantor which shall be additional to the maximum sum herein stated.

Depending on the amount of conversions of Eligible Applicants to convert their Original Bonds to First Tranche Bonds, the Original Security Trustee may be required to retain sufficient security over immovables, consisting of some of the Blocks A to E of the Mellieħa Development. In such case, the special hypothec to be constituted in favour of the Security Trustee will not be taken over all of Blocks A to E of the Mellieħa Development and the value of the special hypothec to be registered in favour of the Security Trustee will be registered for the value of the immovable property it actually secures. The value of the guarantee to be granted by GML would also be reduced to reflect the value of the special hypothec so registered. Should no special hypothec be registered, the GML shall automatically be released from its obligations as a guarantor under this agreement.

### 2.3 INDEMNITY

As a separate and independent stipulation, each Guarantor agrees to indemnify the Security Trustee on demand for any damages, losses (excluding loss of profit), costs and expenses arising from any failure on the part of the Issuer to perform any obligation to the Security Trustee and each Guarantor so agrees to indemnify the Security Trustee even in the event that any obligation of the Issuer to the Security Trustee is invalid or ceases to be valid and enforceable against the Issuer for any reason whatsoever including, but without limitation, any legal limitation or any disability or incapacity of the Issuer. In such an event the Guarantor shall be liable towards the Security Trustee as if that obligation was fully valid and enforceable and as if each Guarantor were the principal debtor in respect thereof and shall pay all sums due to the Security Trustee within 7 days of a demand in writing by the Security Trustee.

### 3. CONTINUING AND UNCONDITIONAL LIABILITY

The liability of the each Guarantor under this Guarantee shall be continuing until such time as the Indebtedness is fully repaid and shall in no way be prejudiced or effected, 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 any other person liable for any reason whatsoever; or
- (c) any change in the name, style, constitution, any amalgamation or reconstruction of either the Issuer, or any Guarantor; or
- (d) the Security Trustee conceding any time or indulgence, or compounding with, discharging, releasing or varying the liability of the Issuer or any other person liable 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 exact payment from the Issuer or any other person liable; or
- (e) any event, act or omission that might operate to exonerate each Guarantor without settlement in full of the Indebtedness towards the Security Trustee.

The Security Trustee is being expressly authorised to vary the Prospectus and/or modify the Indebtedness or to release or modify any guarantees or any security the Security Trustee may hold as security for the Indebtedness and this without the need of any prior or subsequent notice to the Guarantor and without any prejudice to the rights of the Security Trustee hereunder. The Guarantor is also hereby expressly consenting to any assignments and transfers made by the Issuer in accordance with the Prospectus and this without the need of any prior or subsequent notice to the Guarantor and without any prejudice to the rights of the Security Trustee hereunder.

### 4. WAIVER OF EACH GUARANTOR'S RIGHTS AND EACH GUARANTOR'S WARRANTIES

- 4.1 With respect to GLL, this Guarantee shall be for the full amount of the Indebtedness due from time to time pr. With respect to GML, this Guarantee shall be limited to the amount of €21,000,000 in nominal value of the Secured Bonds and interest thereon. The liability of the Guarantor under this Guarantee shall be decreased from time to time to the extent, if any, that the Issuer or a Guarantor shall have made any irrevocable payment of the Indebtedness.
- 4.2 Until the Indebtedness has been paid in full each Guarantor agrees that it will not, without the prior written consent of the Security Trustee,
  - (a) exercise any rights of subrogation, reimbursement and indemnity against the Issuer or any other person liable for the Indebtedness;
  - (b) demand or accept repayment, in whole or in part, of any indebtedness now or hereafter due to the Guarantor either from the Issuer or from any other person liable for the Indebtedness or demand any collateral in respect of same or dispose of same;
  - (c) take any step to enforce any right against the Issuer or any other person liable for the Indebtedness;
  - (d) claim any set-off or counter-claim against the Issuer or any other person liable for the Indebtedness nor shall the Guarantor claim or prove in competition with the Security Trustee in the liquidation of the Issuer or any other person liable for the Indebtedness or benefit or share any payment from or in composition with the Issuer or any other person liable for the Indebtedness;
- 4.3 Subject to the overriding provisions of the Prospectus until the Indebtedness has been paid in full each Guarantor further agrees that
  - (a) if an Event of Default under the Prospectus occurs, any sums which may be received by it from the Issuer or any person liable for the Indebtedness shall be held by it on trust exclusively for the Security Trustee and shall be paid to the Security Trustee immediately upon demand in writing or immediately after its receipt if such obligation arises from the documents executed by the Issuer in connection with the Prospectus;
  - (b) all rights of relief and subrogation arising in favour of a Guarantor upon a partial payment to the Security Trustee against the Issuer and any other person who may be liable for the Indebtedness, including any co-guarantors, shall be suspended;
  - (c) the Security Trustee may and shall receive and retain the whole of the liquidation dividends to the exclusion of the rights (if any) of the Guarantor in competition with the Security Trustee and pursuant to the above

the Security Trustee is entitled to hold all payments made by the Guarantor or the Issuer on account of the Indebtedness in suspense for a period of six (6) months from the date of payment and any such payments on account shall not be applied in reduction of the Indebtedness for a period of six months as stated. The Security Trustee may accordingly prove for the whole Indebtedness of the Issuer in liquidation after excluding any and all payments made within a period of six months prior to the liquidation of the Issuer;

- (d) the Security Trustee shall not be required to exhaust any remedy or remedies it may have against the Issuer or other persons who may be liable for the Indebtedness for the settlement of all the Indebtedness before claiming against a Guarantor under this Guarantee which is to be construed as entirely independent from the relationship between the Security Trustee and the Issuer and providing immediate recourse against the Guarantor under this Guarantee. Each Guarantor hereby waives any benefit of discussion or division which may be available under any applicable law.

## **5. APPROPRIATION OF PAYMENTS**

The Security Trustee is entitled to appropriate payments received by it from the Issuer towards the credit of the Reserve Account or such other purposes contemplated in the Prospectus.

## **6. SETTLEMENTS CONDITIONAL**

Any release, discharge or settlement between any Guarantor and the Security Trustee shall be conditional upon no security, disposition or payment to the Security Trustee by the Issuer or the Guarantor or any other third party liable to being void or set aside for any reason whatsoever and if, for any reason whatsoever, this condition is not fulfilled, such release, discharge or settlement shall be of no effect whatsoever and this Guarantee shall again come into force for all effects and purposes of law.

## **7. ADDITIONAL GUARANTEE.**

This Guarantee is to be construed as being in addition to and in no way prejudicing any other securities or guarantees which the Security Trustee may now or hereafter hold from or on account of the Issuer and is to be binding on the Guarantor as a continuing Guarantee until full and final settlement of all the Issuer's indebtedness towards the Security Trustee. Moreover, the remedies provided in this Guarantee are cumulative and are not exclusive of any remedies provided by law.

## **8. BENEFIT OF THIS GUARANTEE AND NO ASSIGNMENT.**

**8.1** This Guarantee is to be immediately binding upon each Guarantor for the benefit of the Security Trustee and the liability hereunder is not subject to any conditions as to additional security being received by the Security Trustee or otherwise.

**8.2** Each Guarantor shall not be entitled to assign or transfer any of its obligations under this same Guarantee.

## **9. REPRESENTATIONS AND WARRANTIES.**

**9.1** Each 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 the 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 the Guarantor is or may be subject; or any agreement or other instrument to which the 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 a Guarantor to create any encumbrance on any of that 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 and nor is it threatened with any such procedures;

- (vii) that, save for any other priority and preference created by virtue of the Deed of Hypothec, the obligations binding it under this Guarantee rank at least pari passu with all other present and future unsecured indebtedness of the Guarantor with the exception of any obligations which are mandatorily 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;
- (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;
- (x) that the granting of this Guarantee is in the commercial interest of the Guarantor and that the Guarantor acknowledges that it is deriving commercial benefit therefrom;

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

## **10. DEMANDS AND PAYMENTS**

**10.1** All the Indebtedness shall be due by each Guarantor under this Guarantee as a debt, certain, liquidated and due on the seventh [7th] day following the Security Trustee's first written demand to any one Guarantor or all Guarantors to pay. All demands shall be sent to the address or facsimile or other numbers as are stated below in Article 12 as the same may be changed by notice in writing by one party to the other.

The demand shall be accompanied by a statement by the Security Trustee confirming that to the best of its knowledge there exist, at the time of the demand, circumstances which constitute an Event of Default or such that may render the underlying obligations of the Issuer to the Security Trustee or any Security Document invalid and unenforceable for any reason whatsoever.

It is expressly agreed that the requirement of such statement is not a condition of liability of each Guarantor under this Guarantee and is entirely without prejudice to the on demand nature of this Guarantee. Any disagreement by a Guarantor as to the contents of the statement shall not entitle any Guarantor to delay or interrupt the payment of the sum due under this Guarantee for any reason whatsoever.

**10.2** The statement by the Security Trustee of the amount due under this Guarantee shall be binding on each Guarantor and shall be conclusive evidence of the sum due, saving only manifest error.

**10.3** All payments shall be made to the Security Trustee 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 or the Security Trustee. Each Guarantor authorises the Security Trustee to apply any credit balance the Guarantor may have with the Security Trustee towards the satisfaction of the Indebtedness. The Security Trustee shall notify the Guarantor forthwith of the exercise of this right giving full details relating thereto.

## **11. NOTICES**

Any notice required to be given by any party hereto to the other party shall be deemed to have been validly served if delivered by hand or sent by pre-paid registered letter through the post or by facsimile to such other party at his address given herein or such other address as may from time to time be notified to the other party for this purpose and any notice so served shall be deemed to have been served, if delivered by hand, at the time of delivery, or if by post, seven days after posting and if by facsimile, at the time of transmission of the facsimile.

For the purposes of this Guarantee, the proper addresses and facsimile numbers of the Parties are:

**Gap Mellieħa (I) Limited**

Address:	Gap Group Head Office, Ġensu Scerri Street, Tigné, Sliema SLM 3060, Malta
Tel. No:	2327 1000
Fax No:	2327 1210
Contact Person:	Paul Attard

**Gap Luqa Limited**

Address: Gap Group Head Office,  
Ċensu Scerri Street, Tigné, Sliema SLM 3060, Malta

Tel. No: 2327 1000  
Fax No: 2327 1210  
Contact Person: Paul Attard

**Equinox International Limited**

Address: Level 3, Valletta Buildings,  
South Street, Valletta VLT 1103, Malta

Tel. No: 2123 8989  
Fax No: 2122 3048  
Contact Person: Louis de Gabriele

Provided that each party may at any time change such address or telefax number by giving seven (7) days' prior written notice to the other party. Every notice, request, demand, letter or other communication hereunder shall be in writing and shall be delivered by hand or by post or through any other communication methods including telex, telefax or otherwise and shall be deemed to be received in case of post within 7 days of dispatch or in case of other methods immediately upon confirmed transmission.

**12. APPLICABLE LAW AND JURISDICTION.**

This Guarantee shall be governed by and 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 referred to and finally resolved by arbitration under the UNCITRAL Rules of Arbitration in accordance with the provisions of Part V (International Arbitration) of the Arbitration Act, 1996. Any arbitration commenced pursuant to this clause shall take place in Malta and be administered by the Malta Arbitration Centre. The number of arbitrators shall be three (3), one arbitrator to be appointed by each of the Parties or, in default, by the Malta Arbitration Centre, whereas the third arbitrator shall be appointed by the first two arbitrators or, if they fail to agree on such an appointment, by the Malta Arbitration Centre. No appeal shall lie from any such award given.

Yours faithfully,

*The original copy has been signed by*

\_\_\_\_\_  
Name: George Muscat and Paul Attard  
duly authorised, for and on behalf of  
**Gap Mellieha (I) Limited**

Yours faithfully,

*The original copy has been signed by*

\_\_\_\_\_  
Name: George Muscat and Paul Attard  
duly authorised, for and on behalf of  
**Gap Luqa Limited**

WE ACCEPT

*The original copy has been signed by*

\_\_\_\_\_  
Name: Louis de Gabriele  
duly authorised, for and on behalf of  
**Equinox International Limited**



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# Financial Analysis Summary

## 4 March 2019

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**Issuer** Gap Group p.l.c. (C 75875)

The Directors  
Gap Group p.l.c.  
Gap Group Head Office  
Ċensu Scerri Street  
Tigné, Sliema, SLM 3060, Malta

4 March 2019

Dear Sirs

### Financial Analysis Summary

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

The purpose of the financial analysis is that of summarising key financial data appertaining to Gap Group p.l.c. (the "**Issuer**"); Gap Mellieha (I) Limited and Gap Luqa Limited (formerly Qawra Investments Limited) (the "**Guarantors**"); and Gap Mellieha (I) Limited, Gap Gharghur Limited, Gap Properties Limited and Geom Developments Limited being the guarantors in relation to the issue of €40,000,000 4.25% secured Bonds 2023 having ISIN: MT0001231209 (the "**Original Guarantors**"). The data is derived from various sources or is based on our own computations as follows:

- (a) Historical financial data for the period 1 June 2016 to 31 December 2016 and the year to 31 December 2017 has been extracted from the audited consolidated financial statements of Gap Group p.l.c.
- (b) Historical financial data has been extracted from the audited financial statements of Gap Mellieha (I) Limited (FP2016 and FY2017), Gap Luqa Limited (FY2015 to FY2017), Gap Gharghur Limited (FP2016 and FY2017), Gap Properties Limited (FY2015 to FY2017) and Geom Developments Limited (FY2015 to FY2017).
- (c) Historical interim financial data has been extracted from the unaudited financial information for the 6 month period 1 January 2018 to 30 June 2018 of Gap Mellieha (I) Limited and Gap Luqa Limited.
- (d) The projected consolidated financial data relating to the Issuer for the years ending 31 December 2018 and 31 December 2019 have been provided by management.
- (e) Our commentary on the results of Gap Group and on its financial position is based on the explanations provided by management.
- (f) The ratios quoted in the Analysis have been computed by us applying the definitions set out in Part 4 of the Analysis.
- (g) Relevant financial data in respect of the companies included in Part 3 has been extracted from public sources such as websites of the companies concerned, financial statements filed with the Registrar of Companies or websites providing financial data.

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

Yours faithfully,



Evan Mohnani  
Head – Corporate Finance

### CHARTS

A division of MeDirect Bank (Malta) plc, The Centre, Tigné Point, Sliema TPO 0001, Malta – Tel: 2557 4400



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## DEFINITIONS

<b>Issuer</b>	Gap Group p.l.c., a public limited liability company duly registered and validly existing under the laws of Malta with company registration number C 75875 and having its registered office at Gap Group Head Office, Ċensu Scerri Street, Sliema SLM 3060, Malta;
<b>Gap Group or Group</b>	the Issuer, its parent, GDL, GHL, GGF, GGL, GGCL, GML, GPL, MHL and GLL;
<b>GDL</b>	Geom Developments Limited (C 50805);
<b>GHL</b>	Geom Holdings Limited (C 64409);
<b>GGCL</b>	Gap Group Contracting Limited (C 75879);
<b>GGF</b>	Gap Group Finance Limited (C 54352);
<b>GGL</b>	Gap Għargħur Limited (C 72015);
<b>Għargħur Development</b>	the 34 luxury apartments (6 of which are at penthouse level) and 41 garages/car spaces, spread over 4 blocks with a variety of one, two and three bedroom units, all in a completely finished state, forming part of the development on the site in Triq Caravaggio, Għargħur, Malta measuring approximately 2,585m <sup>2</sup> ;
<b>GLL</b>	Gap Luqa Limited (formerly Qawra Investments Limited) (C 32225);
<b>GML</b>	Gap Mellieħa (I) Limited (C 72013);
<b>GPL</b>	Gap Properties Limited (C 47928);
<b>Guarantor</b>	each of GDL, GGL, GML and GPL, and the term “Guarantors” shall collectively refer to the said companies;
<b>Hypothecated Property</b>	the immovable property described hereunder, namely: <ul style="list-style-type: none"> <li>(i) the site under construction (and all constructions to be developed thereon) forming part of the Mellieħa Development, measuring approximately 5,100m<sup>2</sup> which site overlies garages within the Mellieħa Development and when finished will consist of 72 residential units forming part of Block A to Block E, which site is owned by GML;</li> <li>(ii) the building site which includes its sub-terrain and airspace, in the area known as Ta’ Blejkiet in Luqa, with developable land measuring approximately 8,500m<sup>2</sup> and which is accessible from eight streets, namely Triq Ġorġ Zahra, Triq Tumas Galea, Triq I-Iskola, Triq Ġeraldu Spiteri, Triq W. Briffa, Triq Indri Micallef, Triq I-Aħwa Vassallo and Triq Ġuzeppi Callus, over which there shall be developed five zones of residential apartments (Zone A to Zone E) which will comprise 21 blocks with a total of 237 apartments and 219 garages, which site is owned by GLL;</li> </ul>
<b>Luqa Development</b>	the construction, development and finishing of a total of 237 apartments and 219 garages spread over 5 zones with a mix of one, two and three bedroom units over the site having a developable area of approximately 8,500m <sup>2</sup> known as Ta’ Blejkiet in Luqa;
<b>Mellieħa Development</b>	the construction, development and finishing of a total of 152 residential units and 174 lock-up garages, spread over 10 blocks with a variety of one, two and three bedroom units over the site known as Ta’ Masrija in Mellieħa measuring approximately 5,100m <sup>2</sup> ;
<b>MHL</b>	Manikata Holdings Limited (C 53818);
<b>Original Bond(s)</b>	the €40,000,000 4.25% Secured Bonds 2023 issued by the Issuer pursuant to a prospectus dated 16 September 2016 and carrying ISIN MT0001231209;

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<b>Qawra Development</b>	the 151 residential units and 181 garages/car spaces, spread over 7 blocks, identified as Blocks A to G (both included) with a variety of one, two and three bedroom units, all in a completely finished state, forming part of the development of the site in Triq il-Porzjunkola, Qawra, Malta measuring approximately 3,508m <sup>2</sup> ;
<b>Secured Bond(s) or Bond(s)</b>	the €40,000,000 3.65% Secured Bonds 2022 issued by the Issuer pursuant to a prospectus dated 4 March 2019 through the combination of the First Tranche Bonds and the Second Tranche Bonds;
<b>Żebbuġ Development</b>	the 193 apartments, 2 retail outlets and 144 underlying garage spaces all in a completely finished state, including all common areas and internal streets, forming part of the development on the site in Żebbuġ measuring approximately 6,878m <sup>2</sup> .

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## PART 1 – INFORMATION ABOUT THE GAP GROUP

### 1. KEY ACTIVITIES OF THE ISSUER

The Issuer was incorporated in June 2016 as a public limited liability company under the Companies Act with an authorised and issued share capital of €2.5 million, fully paid up.

The Issuer's principal object is that of a holding company and to promote, including through subsidiaries, the acquisition and development of real estate properties. As such, the Issuer is mainly dependent on the business prospects of its operating subsidiaries. At present, the Issuer, through the Guarantors, is involved in the construction and development of the Mellieħa Development and Luqa Development, following the successful completion of other development projects in Żebbuġ, Ghargħur and Qawra. Each project undertaken by the Group is typically undertaken through a special purpose vehicle established for that project, and each special purpose vehicle is managed through its board of directors, which has common members with the directors of the Issuer. The Issuer is not dependent on other entities within the Group or outside the Group with respect to the management of its projects.

On 6 September 2016, the Issuer acquired from Gap Group Investments p.l.c. (C 72012) the entire issued share capital of two companies, namely GML and GGL. GML acquired the site known as Ta' Masrija, by virtue of a deed published by Notary Dr Sam Abela on 21 October 2016, over which the Mellieħa Development is being constructed. GGL acquired the site over which the Ghargħur Development was constructed by virtue of a deed published by Notary Dr Andre Farrugia on 4 February 2016. The Ghargħur Development is, at the date of this report, completed.

In addition, by virtue of another share purchase agreement dated 6 September 2016, entered into with Gap Group Investments (III) Limited (C 76675), the Issuer acquired the entire issued share capital of GDL and all the issued ordinary 'A' shares of GHL. GDL holds a one hundred per cent interest in GGF which in turn has the controlling interest in each of GPL and MHL. GPL is the group company that owns the Żebbuġ Development, which has now been completed. GDL owns an undivided portion of the site situated in Triq il-Portzjunkola corner with Triq it-Tamar in Qawra, over which Blocks A, B and C of the Qawra Development were developed and are, as at the date of this report, completed. The other undivided portion of land is owned by its affiliate Geom Holdings Limited.

In December 2016, the Group (through GML) made an investment of €2.3 million in GLL (which at the time was a related party), to enable the latter company to enter into a preliminary agreement and settle other ancillary costs relating to the acquisition of a site over which the Luqa Development is being constructed. The deed of purchase was executed on 26 April 2017 and the then outstanding balance of consideration was financed mainly through a bank loan facility. On 24 January 2019, by virtue of a share transfer agreement, the Issuer acquired the entire issued share capital of GLL.

In March 2012, GGF had issued €15,500,000 7% Secured Notes of a nominal value of €1,000 each, redeemable at par between 2014 and 2016 to finance two residential projects. Both of the projects have been completed, one of which is the Żebbuġ Development and another project consisting of a number of luxury villas in Manikata. The Notes then issued were fully redeemed on their redemption date, 30 March 2016.

In September 2016, the Issuer issued the Original Bonds to finance the Mellieħa Development, the Ghargħur Development and the Qawra Development.

By virtue of a prospectus dated 4 March 2019, the Issuer is offering Secured Bonds divided into two fungible tranches (i) a maximum of €40,000,000 First Tranche Bonds, being offered to holders of the Original Bonds; and (ii) a maximum of €20,000,000 Second Tranche Bonds, being offered to holders of the Original Bonds and the public. The issue of the Secured Bonds is being made to: (i) in the case of the First Tranche Bonds, to facilitate the conversion of bondholders' investment in the Original Bonds into the First Tranche Bonds; and (ii) depending on the rate of conversion from Original Bonds into First Tranche Bonds, the raising of new capital to fund the development and completion of the Luqa Development through the issue of the Second Tranche Bonds and the settlement of all amounts outstanding under a bank loan facility.

## 2. DIRECTORS AND SENIOR MANAGEMENT

### 2.1 DIRECTORS OF THE ISSUER

The Issuer is managed by a Board comprising six directors who are entrusted with its overall direction and management. The Board members of the Issuer as at the date of this report are included hereunder:

George Muscat	Chairman and Executive Director
Paul Attard	Executive Director
Adrian Muscat	Executive Director
Francis X. Gouder	Independent Non-Executive Director
Mark Castillo	Independent Non-Executive Director
Chris Cilia	Independent Non-Executive Director

### 2.2 DIRECTORS OF THE GUARANTORS AND ORIGINAL GUARANTORS

The following are the directors of each of :

#### GML, GLL, GPL and GGL:

George Muscat	Executive Director
Paul Attard	Executive Director
Adrian Muscat	Executive Director

#### GDL:

George Muscat	Executive Director
Francis X. Gouder	Non-Executive Director

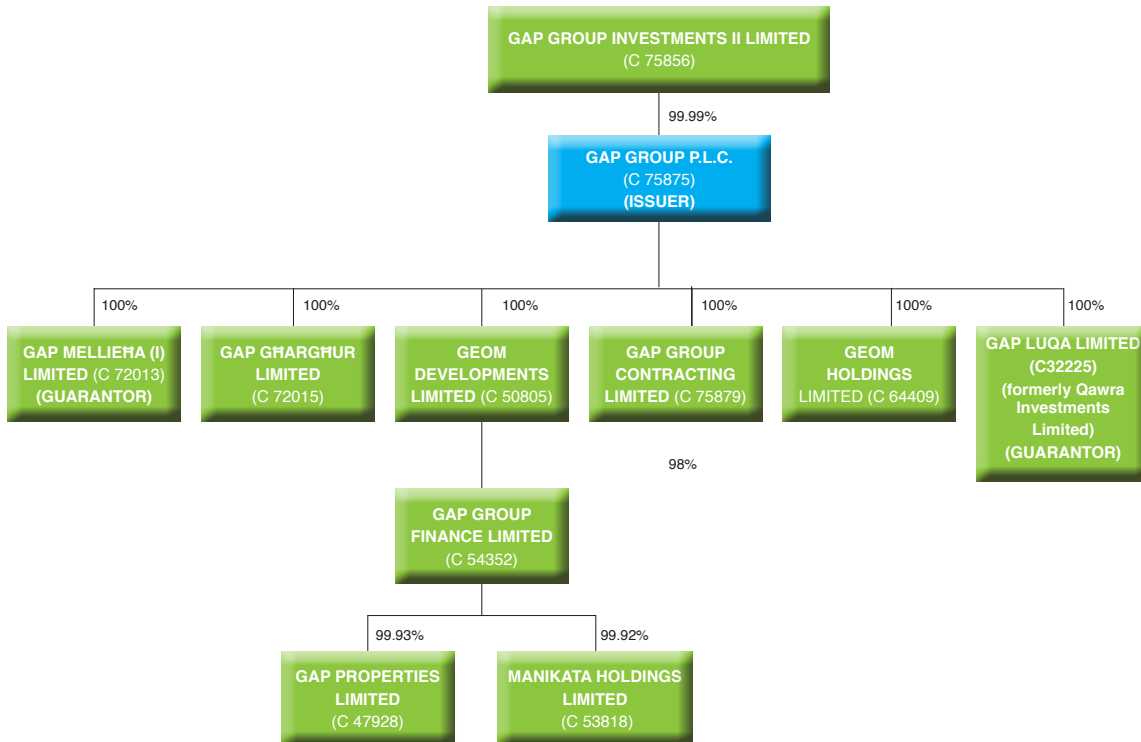
### 2.3 SENIOR MANAGEMENT

The Issuer itself has no employees and is managed directly by its board of directors. Each project company employs a number of management personnel and other employees devoted to managing each Project. The Group adopts a centralised management structure whereby it can deploy senior management personnel to perform duties in different parts of the Group depending on the requirements of each Group company; those services are then re-charged to the Group company where they are from time to time deployed.

Senior management of the Group is engaged by GGCL, the members of which are the following:

George Muscat	Chairman
Paul Attard	Director of Sales and Marketing
Chris Gauci	Sales and Marketing Manager
Elton Deguara	Sales and Marketing Manager
Adrian Muscat	Director of Sites
Raymond Gixti	Project Manager
Joseph J. Formosa	Finance Manager

### 3. ORGANISATIONAL STRUCTURE



The organisational structure of the Gap Group is depicted above. The Group is equally owned by three individual shareholders, namely, Paul Attard, Adrian Muscat and George Muscat, through Gap Group Investments II Limited (C 75856). Each of GML, GPL, GGL, GDL, GHL and GLL are project companies each entrusted with the construction and development of a real-estate project.

#### 3.1 THE GUARANTORS

##### 3.1.1 *Gap Luqa Limited*

GLL is a single member private limited liability company, registered and operating in Malta in terms of the Act with company registration number C 32225, having its registered office at GAP Holdings Head Office, Ċensu Scerri Street, Tigné, Sliema, SLM 3060, Malta. GLL has an authorised share capital of €4,658.75 (four thousand six hundred fifty eight Euro and seventy five cents) divided into 2,000 ordinary shares of €2.329373 each, and an issued share capital of €1,397.62 (one thousand three hundred ninety seven Euros and sixty two cents) divided into 600 Ordinary Shares of €2.329373 each, fully paid up. GLL was set up on 10 October 2003 to operate any land and/or buildings it acquires.

##### 3.1.2 *Gap Mellieħa (I) Limited*

GML is a private limited liability company, registered and operating in Malta in terms of the Act with company registration number C 72013, having its registered office at GAP Holdings Head Office, Ċensu Scerri Street, Tigné, Sliema, SLM 3060, Malta. GML has an authorised share capital of €1,200 (one thousand two hundred Euro) and an issued share capital of €1,200 (one thousand two hundred Euro) divided into ordinary shares of €1 (one Euro) each, fully paid up. GML was set up on 26 August 2015 to acquire the site and develop the Mellieħa Development.

## 3.2 THE ORIGINAL GUARANTORS

### 3.2.1 *Gap Mellieħa (I) Limited*

See section 3.1.2 above.

### 3.2.2 *Gap Gharghur Limited*

GGL is a private limited liability company, registered and operating in Malta in terms of the Act with company registration number C 72015, having its registered office at GAP Holdings Head Office, Ċensu Scerri Street, Tigné, Sliema, SLM 3060, Malta. GGL has an authorised share capital of €3,458 (three thousand four hundred and fifty eight Euro) and an issued share capital of €3,458 (three thousand four hundred and fifty eight Euro) divided into ordinary shares of €1 (one Euro) each, fully paid up. GGL was set up on 26 August 2015 to acquire the site and develop the Gharghur Development.

### 3.2.3 *Gap Properties Limited*

GPL is a private limited liability company, registered in Malta in terms of the Act with company registration number C 47928, having its registered office at GAP Holdings Head Office, Ċensu Scerri Street, Tigné, Sliema, SLM 3060, Malta. GPL has an authorised share capital of €2,800 (two thousand eight hundred Euro) and an issued share capital of €2,800 (two thousand eight hundred Euro) divided into ordinary shares of €1 (one Euro) each, fully paid up. GPL was established to act as a property development company on 14 October 2009, initially for the Żebbuġ project.

### 3.2.4 *Geom Developments Limited*

GDL is a private limited liability company, registered in Malta in terms of the Act with company registration number C 50805, having its registered office at GAP Holdings Head Office, Ċensu Scerri Street, Tigné, Sliema, SLM 3060, Malta. GDL has an authorised share capital of €2,000 (two thousand Euro) and an issued share capital of €2,000 (two thousand Euro) divided into ordinary shares of €1 (one Euro) each, fully paid up. GDL was established on 7 October 2010, and owns an undivided portion of the site situated in Triq il-Porzjunkola corner with Triq it-Tamar in Qawra, over which Blocks A, B and C of the Qawra Development was developed. The other undivided portion of land is owned by its affiliate Geom Holdings Limited.

## 4. THE PROJECTS

### 4.1 THE LUQA DEVELOPMENT

In April 2017, GLL acquired the legal title over a site, including its sub-terrain and airspace, having *circa* 8,500m<sup>2</sup> of developable land in Luqa, accessible from eight streets, namely, Triq Ġorġ Zahra, Triq Tumas Galea, Triq I-Iskola, Triq Ġeraldu Spiteri, Triq W. Briffa, Triq Indri Micallef, Triq I-Aħwa Vassallo and Triq Ġuzeppi Callus, in an area known as Ta' Blejkiet in Luqa. The site is situated in the heart of the residential area of Luqa with close and direct access to the town's village core. The public school of the village and one of the largest supermarkets in the south of Malta are also in close vicinity and directly accessible from the proposed development. Furthermore, the property is located within a few metres from the arterial road which links the Malta International Airport to the rest of the island.

The Luqa Development is split into five zones and on completion shall comprise 21 blocks having 219 underlying lock-up garages/car spaces and 237 residential units, as detailed hereunder:

Zone	Footprint (m <sup>2</sup> )	Blocks (qty)	Garages/Car Spaces (qty)	Residential Units (qty)
A	2,182	6	49	52
B	951	3	21	23
C	2,800	6	100	81
D	980	2	17	38
E	1,545	4	32	43
	<b>8,458</b>	<b>21</b>	<b>219</b>	<b>237</b>

The development of Zone A is presently underway with construction envisaged to be completed by Q1 2019 and fully finished by Q2 2019. Construction and finishing of the rest of the residential zones is expected to progress gradually, with completion earmarked for Q2 2021. Excavation and construction works up to 15 December 2018 amounted to €2.1 million and total estimated costs for completion of all zones is *circa* €17.5 million. The remaining development costs will be funded principally from Bond Issue net proceeds, deposits received pursuant to preliminary sale agreements and from proceeds receivable on signing of sale contracts. All five zones are covered by full development permits.

Pursuant to the acquisition of GLL by the Group, GLL has entered into a contract for the development of the Luqa Development with GGCL for a value of approximately €17.5 million. Payment under the said contract is being settled by the company according to agreed fixed monthly payments to be determined in agreement between GGCL and GLL. In general, such payment terms are subject to negotiation and agreement by GLL and GGCL. The afore-mentioned parties entered into a public deed in the records of Notary Dr Andre Farrugia and dated 14 February 2019 which makes provision for the contractual waiver by GGCL of its right at law to register a special privilege for any amount over the Luqa Development in the event of non-payment by GLL until such time that the hypothecs and privileges granted in favour of the Security Trustee have been settled and repaid in full. The public deed is intended to protect the security interests of the Security Trustee for the benefit of Bondholders and to preserve their ranking over the assets of the Issuer and GLL, in its capacity as guarantor. Notwithstanding the foregoing, although GGCL shall make best efforts to procure that its sub-contractors so engaged from time to time shall waive any privileged rights which may be the available to them at law, there is no guarantee that such sub-contractors will accede to such request.

The project will include a mix of 1, 2 and 3 bedroomed residential units, measuring approximately 60m<sup>2</sup> to 160m<sup>2</sup>, and are priced to target primarily first-time buyers and buy-to-let investors. The Directors sought this investment following the success of the Żebbuġ and Qawra Developments (both of which targeted similar market segments), and to further the business activities of the Group during this favourable period of strong demand for lower-priced property. Furthermore, the Directors believe that the prospects and demand for property in Luqa should remain buoyant, at least in the near term, due to the expected increase in employment opportunities in the area, including the upcoming expansion of Terminal II and Skyparks at Malta International Airport.

The units are being sold finished in a complete state, including all common areas. Each block will have separate entrances served with passenger lifts accessing both the apartments and the underlying garage levels. The finishes of each apartment will include electrical, plumbing, telephone and air conditioning installations points, gypsum plastering and two coats of white paint, floor tiles and bathrooms, and external apertures in double glazed aluminium.

To date, GLL has launched Zone A units on the market through various real estate agents in Malta, as well as through the Group's website and other forms of social media. As at 15 December 2018, 47 units out of a total of 52 units (90%) in Zone A are subject to promise of sale agreements. Zone B units have been launched on the market in February 2019.

#### 4.2 THE MELLIEHA DEVELOPMENT

In October 2015, GML entered into a preliminary agreement for the purchase and acquisition of a plot of land measuring *circa* 5,100m<sup>2</sup> with access from the three streets surrounding the property situated in the Ta' Masrija area in Mellieha over which the Mellieha Development shall be constructed and developed. The property was acquired pursuant to a deed of acquisition dated 21 October 2016 in the records of Notary Sam Abela.

The site is located in the village of Mellieha in the northern region of Malta. It enjoys unobstructed country views of the imposing area known as Miżieb and distant sea views of the island's north western coastline. Moreover, the site is a short drive away from Malta's largest sandy beaches, Ghadira Bay and Golden Bay and a short walk to the village centre of Mellieha. Given the location of the site and the proposed level of finishes which will be implemented for each unit forming part of the Mellieha Development, the Directors believe that the project offers a unique opportunity for owning residential property in this part of the island.



The Mellieħa Development is planned to comprise 152 luxury apartments which to be sold finished in a complete state, including all common areas and the formation of the road. The development is covered by a full development permit and is projected to encompass 10 blocks of apartments, each with separate entrances and served with passenger lifts accessing both the apartments and underlying garage levels. The apartments at the top level will also have access to roof level and will enjoy full ownership thereof. The development shall also include 174 lock-up underground garages spread over 3 underground levels.

As at 15 December 2018, the first four blocks (Blocks G, H, I & J) of the Mellieħa Development were fully developed, whilst the other six blocks (Blocks A to F) were at various stages of completion. The whole project is expected to be completed by Q4 2019. The amount of €9.5 million was on-lent by the Issuer to GML on 9 September 2016 for the purpose of constructing and developing the Mellieħa Development, which amount was utilised in full by GML. It is estimated that the outstanding total cost to complete the whole Mellieħa Development is *circa* €6.8 million and will be financed primarily from sales of residential units and garages.

Development works are carried out by GGCL pursuant to a works contract entered into on 5 August 2016 between GML and GGCL for a value of approximately €16.3 million. Payment under the said contract is being settled by the company according to agreed fixed monthly payments of *circa* €272,000. In general, such payment terms are subject to negotiation and agreement by GML and GGCL. The afore-mentioned parties entered into a public deed in the records of Notary Dr Andre Farrugia and dated 5 August 2016 which makes provision for the contractual waiver by GGCL of its right at law to register a special privilege for any amount over the Mellieħa Development in the event of non-payment by the Guarantor until such time that the hypothecs and privileges granted in favour of the Security Trustee have been settled and repaid in full. The public deed is intended to protect the security interests of the Trustee for the benefit of Bondholders and to preserve their ranking over the assets of the Issuer and the Guarantor.

Taking into account the characteristics of the development and its location, the units are targeted principally to Maltese residents wishing to upgrade to a higher end property, those wishing to downsize from a bigger residence or those wishing to reside in a tranquil area close to the countryside and to recreational areas, but still in good distance from the urban sprawl characterising other parts of the island. Moreover, these apartments may also be appealing to foreigners seeking to relocate to Malta and investors wishing to maximise rental income potential.

As at 15 December 2018, GML had entered into sale contracts for 38 residential units, some comprising garages/car spaces, for an aggregate value of €14.0 million units, whilst 42 residential units (including garages/car spaces in some cases) amounting to €15.8 million are subject to promise of sale agreements.

### 4.3 OTHER MAJOR PROJECTS

#### 4.3.1 **The Qawra Development**

The Qawra Development is a joint venture between GDL and GHL, both subsidiaries of the Issuer. The Project is constructed over a site consisting of two divided portions of land, one measuring approximately 2,280m<sup>2</sup> (inclusive of the road formation) belonging to GHL and another portion of land measuring approximately 1,228m<sup>2</sup> belonging to GDL, and both situated in Triq il-Portzjunkola corner with Triq it-Tamar which is situated just off the Qawra seafront. Both portions of land were purchased by GDL and GHL by two separate contracts dated 26 March 2015 published by Notary Dr John Spiteri.

The project is fully developed and includes a total of 151 residential units and 180 garages/car spaces. As at 15 December 2018, all residential units have been sold, except for 8 residential units valued at €1.1 million which are subject to promise of sale agreements.

#### 4.3.2 **The Ghargħur Development**

In February 2016, GGL acquired the legal title of a portion of land in Ghargħur, which includes its sub-terrain and airspace and measures *circa* 2,585m<sup>2</sup>, accessible from Triq il-Kbira and Triq Caravaggio. The project is complete and comprises 34 residential units spread over 5 levels, 38 (1-car) lock-up garages and 3 (2-car) lock-up garages. As at 15 December 2018, the residential units are sold, other than 5 units valued at €2.1 million which are subject to promise of sale agreements.

#### 4.4 THE RESERVE ACCOUNT

All sales of units, including residential units and garages/car spaces, forming part of the Hypothecated Property shall be made on condition that units are released of all hypothecary rights and privileges encumbering the units being sold. For this purpose, the Security Trustee shall be empowered to release individual units of the Hypothecated Property from the security interest encumbering such unit/s upon receipt by it from the Issuer or from a prospective purchaser of a fixed amount of the purchase price attributed to each unit forming part of the Hypothecated Property.

For this purpose, the Security Trustee and the Issuer have agreed that a fixed amount shall be set for each unit, and it is only upon receipt by the Security Trustee of such an amount that the Security Trustee shall be bound to release a particular unit from the effects of any security interests encumbering the Hypothecated Property. Accordingly, the security created for the interest of Bondholders shall only be reduced against a cash payment made by the Issuer in the Reserve Account to be held by the Trustee for the benefit of Bondholders. The Security Trustee shall hold the funds received in a segregated bank account with a credit institution in Malta and shall hold such funds for the benefit of Bondholders with a view to meeting the redemption of the Bonds on maturity.

Any shortfall in the amount receivable by the Security Trustee pursuant to the foregoing shall be required to be made up, in whole or in part, out of the available sale proceeds from any subsequent sale or sales until such shortfall shall have been made up in its entirety.

In accordance with the Trust Deed, the Security Trustee is authorised to release to the Issuer any funds held in and to the credit of the Reserve Account which are in excess of the aggregate value of Bonds outstanding, provided that there remain sufficient units, covered by the security interests, to be sold to cover the interest still to become payable on the Bonds until the redemption date.

The Trustee shall hold such monies standing to the credit of the Reserve Account to ensure their preservation and the Security Trustee may from time to time, but shall not be obliged to, through the engagement of a licensed investment advisor, invest such monies in such a manner and in such instruments as are herein provided, namely:

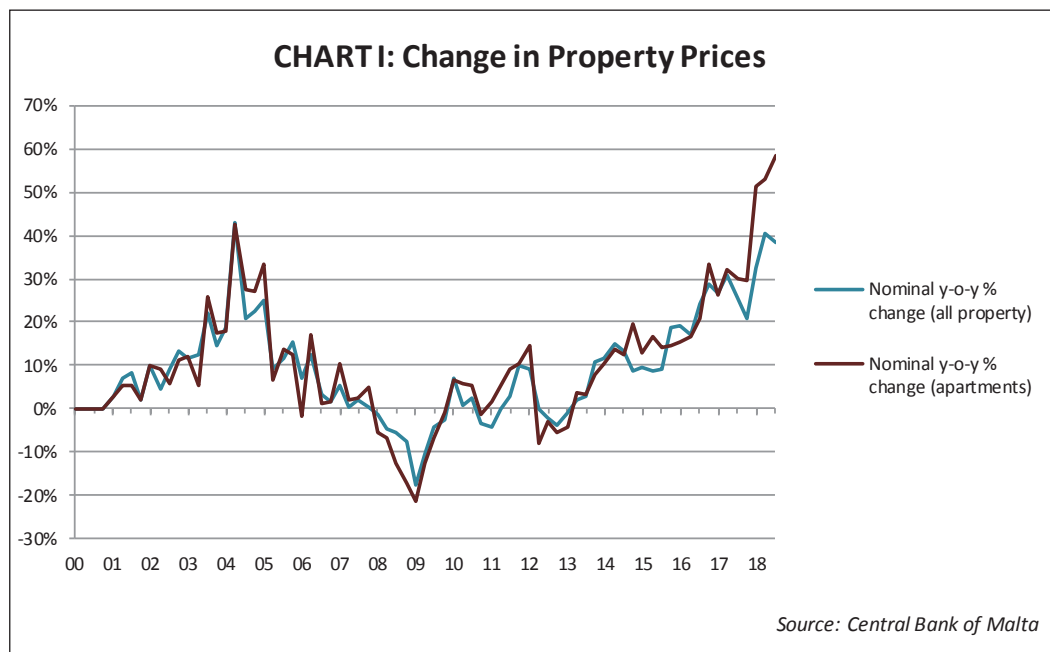
- (i) any amount out of the reserve account may be held on deposit with a bank licensed as a credit institution in Malta or any Member state of the European Union, provided that not more than 50% of any amount standing to the credit of the reserve account, from time to time, shall be deposited with the same institution if the amount of the deposit exceeds the sum of €25 million; and/or
- (ii) re-purchase of the Bonds for cancellation; and/or
- (iii) any amount out of the reserve account may be invested in debt securities issued by or guaranteed by the Government of Malta or other member state of the European Union or the EEA; and/or
- (iv) amounts not exceeding €10 million may be invested in debt securities admitted to listing and trading on a regulated market in the European Union, provided that not more than €2 million may be exposed to one or more debt securities issued by the same issuer; and provided that such investment will not expose the reserve account to any currency exchange risk; and/or
- (v) an amount not exceeding €2 million may be advanced to any member of the Group, under terms and conditions which are at arm's length, provided that the reserve accounts remains in credit by at least another €2 million following such advance.

All amounts received by the Trustee from the sales proceeds of units, forming part of the Hypothecated Property, shall be credited to the Reserve Account and shall, subject to the immediately preceding paragraph, be retained for the purpose of redeeming the Bonds on maturity. In the absence of unforeseen circumstances and subject to there being no material adverse changes in circumstances, the Directors are of the view that the percentages available for cash flows that will be credited to the Reserve Account will be sufficient to cover the redemption of the Bonds on maturity.

## 5. TREND INFORMATION AND BUSINESS STRATEGY

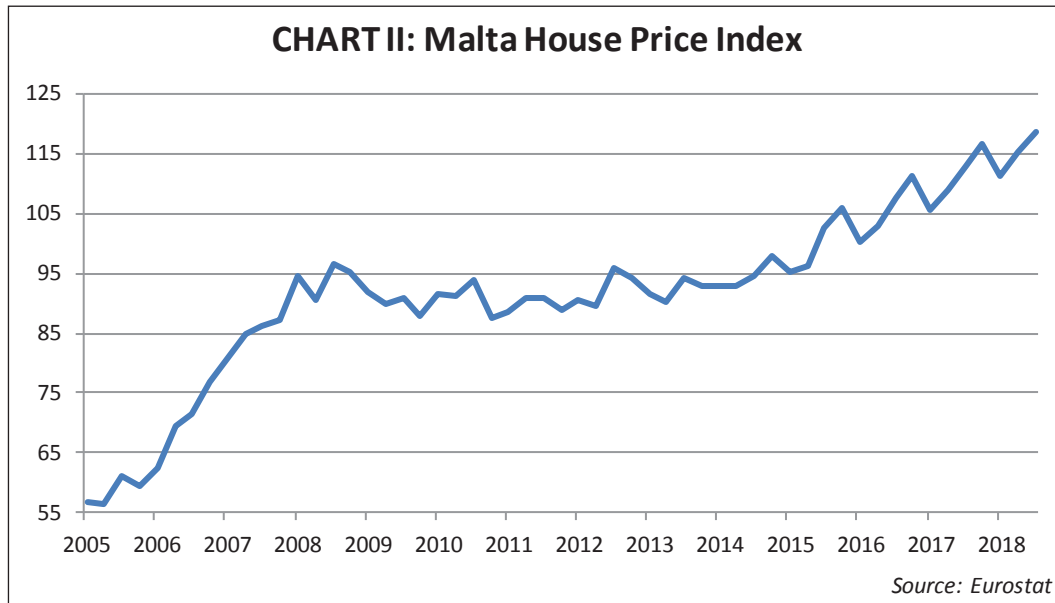
### 5.1 PROPERTY MARKET IN MALTA

Property prices of residential property in Malta increased substantially by 15.7% in the 12 months to the end of September 2018 compared to a year earlier (see Chart I below), mainly due to a 22.9% increase in prices of apartments. This positive trend was witnessed in the last 5 years - during which property prices registered an increase of 67.9% (Q2 2013 to Q3 2018) – primarily due to a strong economy and a robust labour market (such data mainly provides trend information as advertised property prices may not accurately reflect the prices at which sales actually take place).<sup>1</sup>

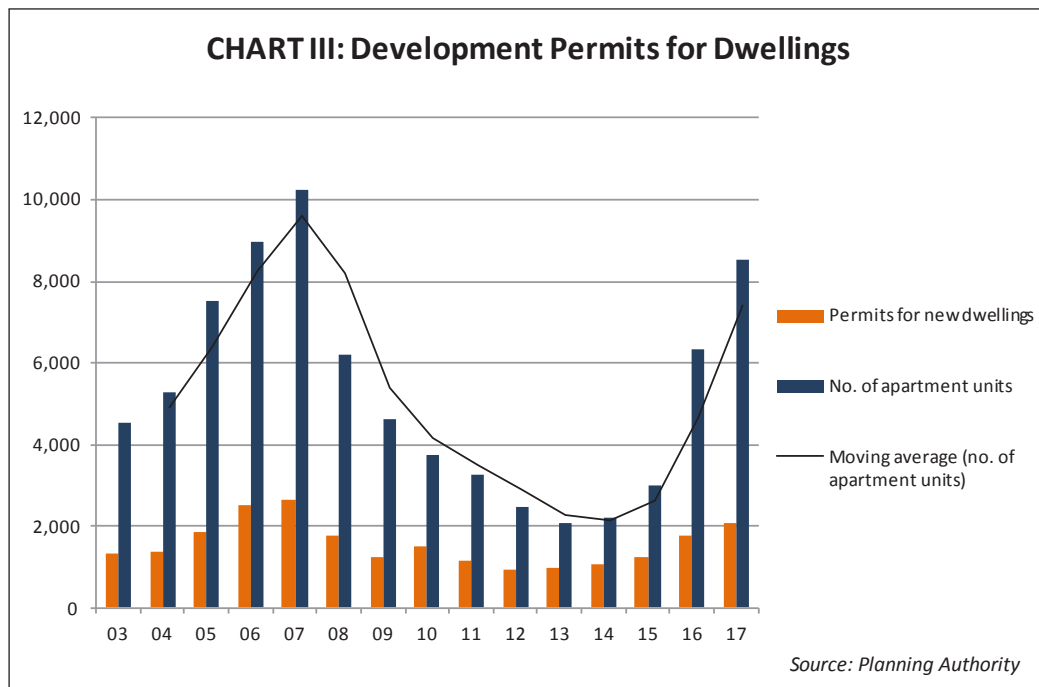


Eurostat's House Price Index for Malta – which is based on transactions covering terraced houses, apartments and maisonettes – also indicates that residential property prices increased. The latest data available refers to Q3 2018 and shows that said prices increased by 5.0% compared with the same quarter of 2017 (vide Charts II overleaf).

<sup>1</sup> Central Bank of Malta, Property Price Index



With regard to the number of permits, Planning Authority issued 2,079 permits for new dwellings during 2017 (statistics for 2018 have yet to be published), 16.4% more than in 2016. This followed an increase of 42.4% in 2016 over 2015, marking five consecutive years of growth in permit issuances for new dwellings since 2012. The increase in permits issued in 2017 was mostly driven by the largest residential category, namely apartments, which accounted for 86.7% (equivalent to 8,513 units) of total units approved for development (2016: apartments comprised 84.1% of total units approved for development, equivalent to 6,316 units).



The gross value added from the construction industry rose by 9.2% in 2017 (in nominal terms), from €327.4 million in 2016 to €357.6 million), following GVA from the construction industry remaining constant in 2016 compared to 2015. During 2015, a y-o-y increase of 8.8% or €26.6 million increase was registered.

## 5.2 ECONOMIC PERFORMANCE<sup>1</sup>

Malta's strong GDP growth is set to continue as domestic demand replaces net exports as the main engine of economic activity. The internationally-oriented services sector continues to underpin the large current account surplus. Inflation is expected to pick up as wage pressures start gaining pace. The government balance of payments is projected to increase at a moderate pace but remain in surplus.

In the first half of 2018, real GDP growth slowed moderately compared to the prior year (in 2017, real GDP increased by 6.7% (y-o-y) driven by strong growth in net exports). Private consumption growth accelerated, while net exports declined as a result of rapid import growth in the second quarter. Business and consumer confidence indicators remain high and real GDP growth is expected to average 5.4% in 2018. Growth is expected to gradually ease over the forecast horizon to an annual average rate of 4.9% in 2019 and 4.4% in 2020. Domestic demand is set to be the main driver of growth, supported by strong investment growth. Various investment projects co-financed by EU structural funds have started and will boost public investment in the second half of 2018. In 2019, the onset of large scale projects in the health, tourism and real estate sectors is expected to boost private investment. Private consumption is set to remain dynamic on the back of increasing labour market participation and disposable income.

In 2018, the government surplus is projected to decrease to 1.3% of GDP, from 3.5% in the previous year. Tax revenue growth is expected to be lifted by high nominal GDP, supported by favourable macroeconomic and labour market conditions, high corporate profits and consumer demand. An expected fall in the proceeds from Malta's citizenship scheme compared to last year should contribute to a decrease in the fiscal surplus. Current expenditure is projected to be dynamic in almost all components, only partly mitigated by decreasing interest expenditure. Public investment net of EU funding is projected to increase only slightly, while the implementation of investment projects co-financed by the EU is expected to accelerate. Capital expenditure will increase also on the back of a capital transfer to Air Malta related to the purchase of landing rights (equivalent to around 0.5% of GDP).

In 2019, after incorporating the expected impact of the measures introduced with the 2019 budget, the fiscal surplus is expected to decline marginally to 1.2% of GDP. In line with still robust but moderating macroeconomic conditions, and despite the reduction in taxation (worth 0.2% of GDP), growth in tax revenues is expected to slow down somewhat towards the growth rate in nominal GDP. Also, the proceeds from the citizenship scheme are expected to be lower compared to the previous year. In spite of increases in social spending related to the budget measures, current expenditure growth is projected to weaken and interest expenditure is set to marginally decrease. Net public investment is forecast to increase marginally, as the implementation of investment projects co-financed by the EU is forecast to remain dynamic, while other capital expenditure is expected to decrease following the base effect from the previous year. In 2020, under a no-policy-change assumption, the fiscal surplus is expected to further decrease to 0.7% of GDP, on account of slightly lower proceeds related to the citizenship scheme and higher public investment. The structural balance has reached a surplus of around 3% of GDP in 2017. It is estimated to decrease but to remain in surplus at slightly below 1% of GDP in the period 2018-2020. The government debt-to-GDP ratio is forecast to decline further from 50.9% of GDP in 2017 to 42.1% in 2020.

## 5.3 STRATEGY

The strong response from investors for the Group's latest projects - Qawra Development, Gharghur Development, Mellieħa Development and the Luqa Development - has shown that there is active demand for real estate in Malta, which is supporting a steady increase in prices notwithstanding the rise in the number of developments undertaken in Malta in the last few years and others which are due to commence in the near term. As such, the Directors are of the view that the property market in Malta should remain buoyant provided the general economy continues to register a robust annual growth trajectory.

In the immediate term, Gap Group will be primarily focused on completing the Mellieħa Development and the Luqa Development, and will also be active in marketing these properties on offer.

<sup>1</sup> European Economic Forecast Autumn 2018 – European Commission

## PART 2 – GAP GROUP PERFORMANCE REVIEW

### 6. FINANCIAL INFORMATION RELATING TO THE ORIGINAL GUARANTORS

#### 6.1 GAP PROPERTIES LIMITED

The following financial information is extracted from the audited financial statements of GPL for the years ended 31 December 2015 to 31 December 2017.

<b>Gap Properties Limited</b>			
<b>Income Statement</b>			
<b>for the year ended 31 December</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
	<b>Audited</b>	<b>Audited</b>	<b>Audited</b>
	<b>(€'000)</b>	<b>(€'000)</b>	<b>(€'000)</b>
Revenue	9,264	11,772	789
Cost of sales	(5,261)	(6,427)	(297)
Administrative expenses	(523)	(584)	(61)
<b>EBITDA</b>	<b>3,480</b>	<b>4,761</b>	<b>432</b>
Depreciation	(7)	(4)	
Net finance costs	(1,036)	(1,059)	(282)
<b>Profit before tax</b>	<b>2,437</b>	<b>3,698</b>	<b>149</b>
Taxation	(752)	(917)	(62)
<b>Profit for the year</b>	<b>1,685</b>	<b>2,781</b>	<b>88</b>
<b>Other comprehensive income</b>			
Movement in fair value of financial assets	183	196	
<b>Total comprehensive income for the year</b>	<b>1,868</b>	<b>2,977</b>	<b>88</b>

<b>Gap Properties Limited</b>			
<b>Cash Flow Statement</b>			
<b>for the year ended 31 December</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
	<b>Audited</b>	<b>Audited</b>	<b>Audited</b>
	<b>(€'000)</b>	<b>(€'000)</b>	<b>(€'000)</b>
Net cash from operating activities	13,008	(1,765)	4,372
Net cash from investing activities	(7)	(1)	0
Net cash from financing activities	(13,437)	1,943	(4,831)
<b>Net movement in cash and cash equivalents</b>	<b>(436)</b>	<b>177</b>	<b>(459)</b>
Cash and cash equivalents at beginning of year	722	286	463
<b>Cash and cash equivalents at end of year</b>	<b>286</b>	<b>463</b>	<b>4</b>

**Gap Properties Limited****Balance Sheet****As at 31 December**

	<b>2015</b>	<b>2016</b>	<b>2017</b>
	<b>Audited</b>	<b>Audited</b>	<b>Audited</b>
	<b>(€'000)</b>	<b>(€'000)</b>	<b>(€'000)</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	3	2
Loans and other receivables	2,804	91	-
	<u>2,810</u>	<u>94</u>	<u>2</u>
<b>Current assets</b>			
Inventory - development project	7,418	1,216	643
Trade and other receivables	1,704	9,849	5,602
Taxation	-	25	27
Cash and cash equivalents	286	463	4
	<u>9,408</u>	<u>11,553</u>	<u>6,276</u>
<b>Total assets</b>	<b><u>12,218</u></b>	<b><u>11,647</u></b>	<b><u>6,278</u></b>
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Called up share capital	1	3	3
Retained earnings	1,837	5,428	5,516
	<u>1,838</u>	<u>5,431</u>	<u>5,519</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Borrowings and other financial liabilities	6,306	5,038	-
Other current liabilities	4,074	1,178	759
	<u>10,380</u>	<u>6,216</u>	<u>759</u>
	<b><u>10,380</u></b>	<b><u>6,216</u></b>	<b><u>759</u></b>
<b>Total equity and liabilities</b>	<b><u>12,218</u></b>	<b><u>11,647</u></b>	<b><u>6,278</u></b>

## 6.2 GEOM DEVELOPMENTS LIMITED

The following financial information is extracted from the audited financial statements of GDL for the years ended 31 December 2015 to 31 December 2017.

<b>Geom Developments Limited</b>			
<b>Income Statement</b>			
<b>for the year ended 31 December</b>			
	<b>2015</b>	<b>2016</b>	<b>2017</b>
	<b>Audited</b>	<b>Audited</b>	<b>Audited</b>
	<b>(€'000)</b>	<b>(€'000)</b>	<b>(€'000)</b>
Revenue	802	72	6,322
Cost of sales	(594)	(54)	(3,730)
Administrative expenses	(17)	(13)	(301)
<b>EBITDA</b>	<b>191</b>	<b>5</b>	<b>2,292</b>
Net finance costs	(180)	-	(448)
<b>Profit/(loss) before tax</b>	<b>11</b>	<b>5</b>	<b>1,844</b>
Taxation	(62)	(6)	(490)
<b>Profit/(loss) for the year</b>	<b>(51)</b>	<b>(1)</b>	<b>1,354</b>
<b>Other comprehensive income</b>			
Movement in fair value of financial assets	835	(160)	107
<b>Total comprehensive income for the year</b>	<b>784</b>	<b>(161)</b>	<b>1,461</b>

<b>Geom Developments Limited</b>			
<b>Cash Flow Statement</b>			
<b>for the year ended 31 December</b>			
	<b>2015</b>	<b>2016</b>	<b>2017</b>
	<b>Audited</b>	<b>Audited</b>	<b>Audited</b>
	<b>(€'000)</b>	<b>(€'000)</b>	<b>(€'000)</b>
Net cash from operating activities	(2,708)	(1,231)	5,644
Net cash from investing activities	-	(1)	(1,487)
Net cash from financing activities	2,680	1,581	(4,428)
<b>Net movement in cash and cash equivalents</b>	<b>(28)</b>	<b>349</b>	<b>(272)</b>
Cash and cash equivalents at beginning of year	(69)	(97)	252
<b>Cash and cash equivalents at end of year</b>	<b>(97)</b>	<b>252</b>	<b>(20)</b>



**Geom Developments Limited****Balance Sheet****As at 31 December**

	<b>2015</b>	<b>2016</b>	<b>2017</b>
	<b>Audited</b>	<b>Audited</b>	<b>Audited</b>
	<b>(€'000)</b>	<b>(€'000)</b>	<b>(€'000)</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Loan receivables and investment in subsidiaries	2,768	3,110	2,288
Investments - available for sale	-	-	1,508
	<u>2,768</u>	<u>3,110</u>	<u>3,796</u>
<b>Current assets</b>			
Inventory - development project	2,576	4,068	1,429
Trade and other receivables	2,165	5,956	3,538
Cash and cash equivalents	120	273	2
	<u>4,861</u>	<u>10,297</u>	<u>4,969</u>
<b>Total assets</b>	<b><u>7,629</u></b>	<b><u>13,407</u></b>	<b><u>8,765</u></b>
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Called up share capital	1	2	2
Share premium account	-	5,177	5,177
Retained earnings	(760)	(921)	540
	<u>(759)</u>	<u>4,258</u>	<u>5,719</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Bank loans	3,738	-	-
	<u>3,738</u>	<u>-</u>	<u>-</u>
<b>Current liabilities</b>			
Bank overdrafts	217	21	22
Borrowings and other financial liabilities	2,735	7,088	1,706
Other current liabilities	1,698	2,041	1,318
	<u>4,650</u>	<u>9,149</u>	<u>3,046</u>
	<b><u>8,388</u></b>	<b><u>9,149</u></b>	<b><u>3,046</u></b>
<b>Total equity and liabilities</b>	<b><u>7,629</u></b>	<b><u>13,407</u></b>	<b><u>8,765</u></b>

In FY2013, GDL was engaged in the development of two projects situated in Qawra and Gharghur (which are unrelated to the Qawra and Gharghur Developments described in sections 4.2 and 4.4 of this report). The former project comprised 32 residential units and 34 garages, and the latter project included 84 residential units and 75 garages. Both projects were completed during FY2013. In FY2015, development on the Qawra Development (which is co-owned by GDL and GHL) was initiated. This Project is described in section 4.2 above.

Total revenue generated by GDL in FY2014 and FY2015 amounted to €5.1 million (in aggregate), and principally related to the disposal of residential units and garages in the above-mentioned Qawra and Gharghur projects. By the end of 2015, practically all units of these two projects were sold.

GDL generated a profit after tax in FY2014 of €0.6 million, but incurred a loss of €51,000 in FY2015 and €1,000 in FY2016.

By the end of FY2017, the Qawra Development was almost fully completed, and a number of units were subject to the final deeds of sale. 51 apartments and 29 garages were contracted during 2017 which amounts to 82% and 50% of the total available units, respectively. All waiver funds were deposited with the Security Trustee in line with the terms of the Prospectus. The remaining apartments are all subject to preliminary agreements, whilst 55% of the remaining garages are committed. During FY2017, GDL generated a profit after tax of €1.4 million on revenues of €6.3 million.

As at 31 December 2017, stock amounted to €1.4 million (31 December 2016: €4.1 million), primarily consisting of the land cost and construction works relating to Blocks A, B and C of the Qawra Development. Outstanding borrowings and other financial liabilities as at 31 December 2017 amounted to €1.7 million (31 December 2016: €7.1 million).

### 6.3 GAP MELLIEHA (I) LIMITED

Financial information has been included in section 7.1 below.

### 6.4 GAP GHARGHUR LIMITED

The following financial information is extracted from the audited financial statements of GGL for the period 26 August 2015 (date of incorporation) to 31 December 2016 and for the year ended 31 December 2017.

Gap Gharghur Limited Income Statement for the year 31 December	2016*	2017
	Audited	Audited
	(€'000)	(€'000)
Revenue	-	-
Cost of sales	-	-
Administrative expenses	(2)	(3)
<b>EBITDA</b>	<b>(2)</b>	<b>(3)</b>
Net finance costs	-	-
<b>Loss before tax</b>	<b>(2)</b>	<b>(3)</b>
Taxation	-	-
<b>Total comprehensive expense for the period</b>	<b>(2)</b>	<b>(3)</b>

\* Income Statement for the period 26 August 2015 to 31 December 2016

**Gap Gharghur Limited****Cash Flow Statement****for the year to 31 December**

	<b>2016*</b>	<b>2017</b>
	<b>Audited</b>	<b>Audited</b>
	<b>(€'000)</b>	<b>(€'000)</b>
Net cash from operating activities	(2,177)	(135)
Net cash from investing activities	-	-
Net cash from financing activities	2,279	52
<b>Net movement in cash and cash equivalents</b>	<b>102</b>	<b>(83)</b>
Cash and cash equivalents at beginning of period	-	102
<b>Cash and cash equivalents at end of period</b>	<b>102</b>	<b>19</b>

\* Cash Flow Statement for the period 26 August 2015 to 31 December 2016

**Gap Gharghur Limited****Balance Sheet****As at 31 December**

	<b>2016</b>	<b>2017</b>
	<b>Audited</b>	<b>Audited</b>
	<b>(€'000)</b>	<b>(€'000)</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Inventory - development project	2,825	4,894
Trade and other receivables	204	372
Cash and cash equivalents	102	19
<b>Total assets</b>	<b>3,131</b>	<b>5,284</b>
<b>EQUITY</b>		
<b>Capital and reserves</b>		
Called up share capital	3	3
Share premium account	2,298	2,298
Retained earnings	(2)	(5)
	<b>2,299</b>	<b>2,296</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Other financial liabilities	26	30
Other current liabilities	806	2,958
	<b>832</b>	<b>2,988</b>
<b>Total equity and liabilities</b>	<b>3,131</b>	<b>5,284</b>

In February 2016, GGL acquired the legal title of a portion of land in Gharghur measuring *circa* 2,585m<sup>2</sup>. As at 31 December 2017, inventory (development project) amounted to €4.9 million (2016: €2.8 million) and comprised the cost of land, excavation and construction up to garage level. Further details on the project are included in section 4.4 above.

During FY2017, the construction up to garage levels was progressing well whilst excavation of the entire site was completed. Construction of the residential floors is due to commence in the beginning of 2018. The progress of works is in line with projected timelines and full completion of this development is expected to be accomplished by Q3 2018.

## 7. FINANCIAL INFORMATION RELATING TO THE GUARANTORS

### 7.1 GAP MELLIEHA (I) LIMITED

The historical financial information about GML is included in the audited financial statements for the financial period 26 August 2015 (being the date of incorporation) to 31 December 2016 and the financial year ended 31 December 2017. The interim financial information about GML is extracted from the unaudited financial information for the 6 month period 1 January 2018 to 30 June 2018.

#### Gap Mellieha (I) Limited

##### Income Statement

	for the year ended 31 December		for the 6-mth period ended 30 June	
	2016*	2017	2017	2018
	Audited	Audited	Unaudited	Unaudited
	(€'000)	(€'000)	(€'000)	(€'000)
Revenue	-	-	-	3,612
Cost of sales	-	-	-	(2,618)
Administrative expenses	(4)	(4)	(1)	(223)
<b>EBITDA</b>	<b>(4)</b>	<b>(4)</b>	<b>(1)</b>	<b>771</b>
Net finance costs	-	2	-	-
<b>Profit/(loss) before tax</b>	<b>(4)</b>	<b>(2)</b>	<b>(1)</b>	<b>771</b>
Taxation	-	-	-	(278)
<b>Total comprehensive income for the period/year</b>	<b>(4)</b>	<b>(2)</b>	<b>(1)</b>	<b>493</b>

\* Income Statement for the period 26 August 2015 to 31 December 2016

#### Gap Mellieha (I) Limited

##### Cash Flow Statement

	for the year ended 31 December		for the 6-mth period ended 30 June	
	2016*	2017	2017	2018
	Audited	Audited	Unaudited	Unaudited
	(€'000)	(€'000)	(€'000)	(€'000)
Net cash from operating activities	(11,192)	(1,862)	794	7,986
Net cash from investing activities	-	99	-	50
Net cash from financing activities	11,440	1,528	(959)	(7,521)
<b>Net movement in cash and cash equivalents</b>	<b>248</b>	<b>(234)</b>	<b>(165)</b>	<b>515</b>
Cash and cash equivalents at beginning of period/year	-	248	248	14
<b>Cash and cash equivalents at end of period/year</b>	<b>248</b>	<b>14</b>	<b>83</b>	<b>529</b>

\* Cash Flow Statement for the period 26 August 2015 to 31 December 2016

<b>Gap Mellieha (I) Limited</b>			
<b>Balance Sheet</b>			
<b>As at</b>	<b>31 Dec'16</b>	<b>31 Dec'17</b>	<b>30 Jun'18</b>
	<b>Audited</b>	<b>Audited</b>	<b>Unaudited</b>
	<b>(€'000)</b>	<b>(€'000)</b>	<b>(€'000)</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Loans and other receivables	2,303	2,303	2,353
	<u>2,303</u>	<u>2,303</u>	<u>2,353</u>
<b>Current assets</b>			
Inventory - development project	12,268	16,419	22,556
Trade and other receivables	19	23	18
Cash and cash equivalents	248	14	529
	<u>12,535</u>	<u>16,455</u>	<u>23,103</u>
<b>Total assets</b>	<b><u>14,838</u></b>	<b><u>18,758</u></b>	<b><u>25,456</u></b>
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Called up share capital	1	1	1
Retained earnings	(4)	(6)	487
	<u>(3)</u>	<u>(5)</u>	<u>488</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Other financial liabilities	13,742	15,270	7,799
Other current liabilities	1,099	3,493	17,169
	<u>14,841</u>	<u>18,763</u>	<u>24,968</u>
<b>Total equity and liabilities</b>	<b><u>14,838</u></b>	<b><u>18,758</u></b>	<b><u>25,456</u></b>

In FP2016, GML acquired the site known as Ta' Masrija in Mellieħa for the development of the Mellieħa Development. During FP2016, the site was fully excavated and construction commenced on the first two blocks (Blocks I & J). As at 31 December 2017, the cost of land and development costs amounted to €16.4 million (2016: €12.3 million). During FP2016, the amount of €2.3 million was advanced to GLL to acquire the site earmarked for the Luqa Development, which loan remained unchanged in the subsequent financial year. The said loan bears interest at 4.5% annually and is repayable by 2021.

Due to the completion of a number of units as of Q4 2017, the company entered into sales contracts amounting to €3.6 million during the initial two quarters of 2018. EBITDA for the period under review amounted to €0.8 million and the company reported a comprehensive income of €0.5 million.

The asset side of the balance sheet as at 30 June 2018 includes inventory (work-in-progress on development projects) amounting to €22.6 million, whilst liabilities mainly comprise capital creditors of €14.6 million (payable to third party contractors and GGCL) and advance deposits amounting to €3.3 million.

## 7.2 GAP LUQA LIMITED

The historical financial information about GLL is included in the audited financial statements for the financial years ended 31 December 2015 to 2017. The interim financial information about GLL is extracted from the unaudited financial information for the 6 month period 1 January 2018 to 30 June 2018.

### Gap Luqa Limited (formerly Qawra Investments Limited) Income Statement

	for the year ended			for the 6-mth	
	31 December			period ended 30 June	
	2015	2016	2017	2017	2018
	Audited	Audited	Audited	Unaudited	Unaudited
	(€'000)	(€'000)	(€'000)	(€'000)	(€'000)
Revenue	97	-	3,571	304	1,940
Cost of sales	(62)	-	(2,642)	(297)	(1,141)
Administrative expenses	(9)	(6)	(76)	(1)	(29)
<b>EBITDA</b>	<b>26</b>	<b>(6)</b>	<b>853</b>	<b>6</b>	<b>770</b>
Net finance costs	(7)	-	-	-	-
<b>Profit/(loss) before tax</b>	<b>19</b>	<b>(6)</b>	<b>853</b>	<b>6</b>	<b>770</b>
Taxation	(8)	-	(214)	(25)	(140)
<b>Total comprehensive income for the period/year</b>	<b>11</b>	<b>(6)</b>	<b>639</b>	<b>(19)</b>	<b>630</b>

### Gap Luqa Limited (formerly Qawra Investments Limited) Cash Flow Statement

	for the year ended			for the 6-mth	
	31 December			period ended 30 June	
	2015	2016	2017	2017	2018
	Audited	Audited	Audited	Unaudited	Unaudited
	(€'000)	(€'000)	(€'000)	(€'000)	(€'000)
Net cash from operating activities	(1,040)	(8,408)	(2,162)	(6,348)	1,165
Net cash from investing activities	-	-	-	-	1
Net cash from financing activities	1,046	8,422	2,339	6,628	(1,193)
<b>Net movement in cash and cash equivalents</b>	<b>6</b>	<b>14</b>	<b>177</b>	<b>280</b>	<b>(27)</b>
Cash and cash equivalents at beginning of period/year	-	6	20	22	197
<b>Cash and cash equivalents at end of period/year</b>	<b>6</b>	<b>20</b>	<b>197</b>	<b>302</b>	<b>170</b>

<b>Gap Luqa Limited (formerly Qawra Investments Limited)</b>				
<b>Balance Sheet</b>				
<b>As at</b>	<b>31 Dec'15</b>	<b>31 Dec'16</b>	<b>31 Dec'17</b>	<b>30 Jun'18</b>
	<b>Audited</b>	<b>Audited</b>	<b>Audited</b>	<b>Unaudited</b>
	<b>(€'000)</b>	<b>(€'000)</b>	<b>(€'000)</b>	<b>(€'000)</b>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Loans and other receivables	-	-	-	9,179
	-	-	-	9,179
<b>Current assets</b>				
Inventory - development project	1,210	3,736	9,555	9,607
Trade and other receivables	53	3,920	1,651	151
Cash and cash equivalents	6	22	197	170
	1,269	7,678	11,403	9,928
<b>Total assets</b>	<b>1,269</b>	<b>7,678</b>	<b>11,403</b>	<b>19,107</b>
<b>EQUITY</b>				
<b>Capital and reserves</b>				
Called up share capital	1	1	1	1
Retained earnings	106	100	740	1,369
	107	101	741	1,370
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Bank loans and other financial liabilities	700	3,338	8,504	16,216
	700	3,338	8,504	16,216
<b>Current liabilities</b>				
Bank loans and other financial liabilities	421	3,903	1,172	-
Other current liabilities	41	336	986	1,521
	462	4,239	2,158	1,521
	1,162	7,577	10,662	17,737
<b>Total equity and liabilities</b>	<b>1,269</b>	<b>7,678</b>	<b>11,403</b>	<b>19,107</b>

As at 31 December 2016, GLL held a development property in Lija and the site related to the Luqa Development. No material income was generated in FY2015 and FY2016.

Revenue in FY2017 amounted to €3.6 million, which was generated from the sale of *circa* 70% of units from phase A of the Lija project. The remaining units of Phase A, together with all units in Phase B, were subject to promise of sale agreements. EBITDA in FY2017 amounted to €0.9 million and total comprehensive income amounted to €0.6 million, the difference of which represented tax charge for the year.

During the six-month period ended 30 June 2018, revenue amounted to €1.9 million and comprised further sales of units from the Lija project and the disposal of a plot within the Luqa Development. GLL registered total comprehensive income for the interim period of €0.6 million.

Total assets as at 30 June 2018 amounted to €19.1 million and principally included inventory (work-in-progress on development project) of €9.6 million and related party loans receivable of €9.2 million. Liabilities mainly comprised related party loans amounting to €11.1 million, bank loan of €5.1 million and other creditors amounting to €1.5 million.

## 8. FINANCIAL INFORMATION RELATING TO THE ISSUER

The following financial information is extracted from the audited consolidated financial statements of the Issuer for the period 1 June 2016 (date of incorporation) to 31 December 2016 and the year ended 31 December 2017. The projected consolidated financial information for the years ending 31 December 2018 and 2019 of the Gap Group has been provided by management of the Issuer. **The projected financial statements relate to events in the future and are based on assumptions which the Issuer believes to be reasonable. Consequently, the actual outcome may be adversely affected by unforeseen situations and the variation between forecast and actual results may be material.**

GAP Group p.l.c.	FP2016	FY2017	FY2018	FY2019
Consolidated Income Statement	Actual	Actual	Forecast	Projection
	(€'000)	(€'000)	(€'000)	(€'000)
Revenue	14,804	14,982	30,661	41,162
Cost of sales	(10,595)	(11,154)	(21,483)	(29,200)
Administrative expenses	(748)	(935)	(590)	(280)
<b>EBITDA</b>	<b>3,461</b>	<b>2,893</b>	<b>8,588</b>	<b>11,682</b>
Depreciation	(4)	-	-	-
Exchange offer premium	-	-	-	(1,500)
Net finance costs	(1,393)	(1,111)	(844)	(500)
<b>Profit/(loss) before tax</b>	<b>2,064</b>	<b>1,782</b>	<b>7,744</b>	<b>9,682</b>
Taxation	(1,161)	(1,197)	(2,489)	(3,293)
<b>Profit/(loss) for the year</b>	<b>903</b>	<b>585</b>	<b>5,255</b>	<b>6,389</b>
<b>Other comprehensive income</b>				
Movement in fair value of financial assets	101	107	53	-
<b>Total comprehensive income for the year</b>	<b>1,004</b>	<b>692</b>	<b>5,308</b>	<b>6,389</b>



GAP Group p.l.c.	31 Dec'16	31 Dec'17	31 Dec'18	31 Dec'19
Consolidated Balance Sheet	Actual	Actual	Forecast	Projection
	(€'000)	(€'000)	(€'000)	(€'000)
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	3	10	8	8
Investments - available for sale	10,600	6,072	-	-
Loans and other receivables	6,688	10,249	8,426	8,426
Sinking fund	311	4,813	18,283	16,625
	<u>17,602</u>	<u>21,144</u>	<u>26,717</u>	<u>25,059</u>
<b>Current assets</b>				
Inventory - development project	34,213	33,701	47,786	36,519
Trade and other receivables	1,548	858	682	683
Cash and cash equivalents	3,722	1,203	7,547	21,986
	<u>39,483</u>	<u>35,762</u>	<u>56,015</u>	<u>59,188</u>
<b>Total assets</b>	<b><u>57,085</u></b>	<b><u>56,906</u></b>	<b><u>82,732</u></b>	<b><u>84,247</u></b>
<b>EQUITY</b>				
<b>Capital and reserves</b>				
Called up share capital	2,500	2,500	2,500	2,500
Other capital	2,601	2,708	2,761	2,761
Retained earnings	903	1,488	6,720	13,109
	<u>6,004</u>	<u>6,696</u>	<u>11,981</u>	<u>18,370</u>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Amounts due on acquisition of GLL	-	-	12,776	-
Other financial liabilities	2,503	5	-	-
Debt securities	39,310	39,362	39,476	49,492
	<u>41,813</u>	<u>39,367</u>	<u>52,252</u>	<u>49,492</u>
<b>Current liabilities</b>				
Bank overdrafts	21	22	-	-
Borrowings and other financial liabilities	-	3	5,118	-
Other current liabilities	9,247	10,818	13,381	16,385
	<u>9,268</u>	<u>10,843</u>	<u>18,499</u>	<u>16,385</u>
	<b><u>51,081</u></b>	<b><u>50,210</u></b>	<b><u>70,751</u></b>	<b><u>65,877</u></b>
<b>Total equity and liabilities</b>	<b><u>57,085</u></b>	<b><u>56,906</u></b>	<b><u>82,732</u></b>	<b><u>84,247</u></b>

GAP Group p.l.c.	FP2016	FP2017	FY2018	FY2019
Consolidated Cash Flow Statement	Actual	Actual	Forecast	Projection
	(€'000)	(€'000)	(€'000)	(€'000)
Net cash from operating activities	(25,559)	3,250	16,668	24,978
Net cash from investing activities	(10,554)	569	(6,350)	(10,852)
Net cash from financing activities	39,814	(6,339)	(3,952)	313
<b>Net movement in cash and cash equivalents</b>	<b>3,701</b>	<b>(2,520)</b>	<b>6,366</b>	<b>14,439</b>
Cash and cash equivalents at beginning of year	-	3,701	1,181	7,547
<b>Cash and cash equivalents at end of year</b>	<b>3,701</b>	<b>1,181</b>	<b>7,547</b>	<b>21,986</b>

Key Accounting Ratios	FP2016	FY2017	FY2018	FY2019
	Actual	Actual	Forecast	Projection
Operating profit margin (EBITDA/revenue)	23%	19%	28%	28%
Interest cover (times) (EBITDA/net finance cost)	2.48	2.60	3.89	5.30
Net profit margin (Profit(loss) after tax/revenue)	6%	4%	17%	16%
Earnings per share (€) (Profit(loss) after tax/number of shares)	0.36	0.23	2.10	2.56
Return on equity (Profit(loss) after tax/shareholders' equity)	15%	9%	44%	35%
Return on capital employed (EBITDA/total assets less current liabilities)	7%	6%	13%	17%
Return on assets (Profit(loss) after tax/total assets)	2%	1%	6%	8%
Gearing ratio (Total net debt/net debt and shareholders' equity)	82%	80%	61%	37%

During the financial period 1 June 2016 to 31 December 2016, Gap Group generated revenue amounting to €14.8 million, primarily from sales of the remaining units at Żebbuġ and Manikata. EBITDA for the period amounted to €3.5 million and after accounting for net finance costs of €1.4 million and taxation of €1.2 million, the Group reported a profit after tax of €0.9 million. In the period under review, Gap Group registered total comprehensive income of €1.0 million after accounting for a gain of €0.1 million in fair value of financial assets.

In October 2016, the Issuer raised €40 million through the issuance of secured bonds to the public. The amount of €25,759,748 out of net bond issue proceeds were utilised in terms of the prospectus dated 16 September 2016 as follows:

- The amount of €9,649,563 was used to finance the acquisition of the site in Mellieħa and related contract expenses;
- The aggregate amount of €13,110,185 was applied in part settlement and discharge of the acquisition consideration from Gap Group Investments (III) Limited of the entire share capital of GDL and all the ordinary 'A' shares of GHL; and
- The amount of €3,000,000 was used to refinance a bank loan which was made available by Mediterranean Corporate Bank Limited to GGF.

The remaining balance of net bond issue proceeds amounting to €13,525,119 is being applied towards the costs of construction and development of the Group's projects.

The balance sheet as at 31 December 2016 reflects the re-organisation of the Gap Group undertaken during the year, whereby the Issuer acquired the issued share capital of GML, GGL, GDL, GHL. As a result of such acquisitions, the Issuer indirectly obtained ownership of the Mellieħa Development, the Gharghur Development, the Żebbuġ Development and the Qawra Development.

Total assets of Gap Group as at 31 December 2016 amounted to €57.1 million and primarily included stock representing real estate property held for resale (€34.2 million), and cash and liquid assets amounting to €14.3 million. Furthermore, loans and other receivables totalling €6.7 million includes an amount of €2.3 million which was advanced to GLL (then being a related party) for the purpose to acquire the site on which the Luqa Development is being constructed.

Other than equity (€6.0 million), Gap Group is financed through debt securities (€39.3 million) and cumulative preference shares held by a third party in GHL amounting to €2.5 million. Other current liabilities comprise an amount of €2.8 million being deposits received from customers pursuant to promise of sale agreements.

During FY2017, Gap Group generated revenue amounting to €15.0 million, an increase of €0.2 million (+1.2%) compared to FP2016, primarily from sales of the remaining units at Żebbuġ and the Qawra Developments. EBITDA for the period amounted to €2.9 million, a decrease of €0.6 million (-16.4%) compared to FP2016. After accounting for net finance costs of €1.1 million and taxation of €1.2 million, the Group reported a profit after tax of €0.6 million. In FY2017, Gap Group registered total comprehensive income of €0.7 million after accounting for a gain of €0.1 million in fair value of financial assets.

Total assets of Gap Group as at 31 December 2017 amounted to €56.9 million and primarily included stock representing real estate property held for resale (€33.7 million), and cash and liquid assets amounting to €7.3 million. Furthermore, loans and other receivables totalling €10.2 million includes an amount of €2.3 million which was advanced to GLL (then being a related party) for the purpose to acquire a property the Luqa site.

Other than equity (€6.7 million), Gap Group is financed through debt securities (€39.4 million) with the cumulative preference shares held GHL amounting to €2.5 million being paid during FY2017.

In FY2018, the Group is expected to have generated €30.7 million in revenue, as compared to €15.0 million a year earlier, mainly from sales contracts for units in the Mellieħa Development as to €16.3 million, and the remaining amount from the Qawra Development and the Gharghur Development. EBITDA is forecasted to increase substantially from €2.9 million in FY2017 to €8.6 million, while comprehensive income is likewise set to increase from €0.7 million in FY2017 to €5.3 million in FY2018.

Inventory as at 31 December 2018 is estimated at €47.8 million, principally on account of progress works on the Mellieħa Development. Liquid assets (including sinking fund and cash) are forecasted at €25.8 million (FY2017: €12.1 million). Other assets comprise loans due from related parties of €8.4 million (FY2017: €10.2 million). As to liabilities, the Group had outstanding €40 million in 4.25% secured bonds due in 2023, advance deposits amounting to €5.1 million and capital creditor balances of €13.4 million. Furthermore, an amount of €12.8 million is due to Gap Group Investments (II) Limited, representing the settlement consideration for the acquisition of GLL.

During the projected financial year (FY2019), Gap Group will principally be involved in the construction and development of the following projects:

- Mellieħa Development – the whole project is expected to be completed in Q4 FY2019; and
- Luqa Development – Zone A and Zone B are projected to be completed in Q2 2019 and Q4 2019 respectively.

In the afore-mentioned financial year, the Group is projected to generate aggregate revenue of €41.2 million, an increase of €10.5 million when compared to the prior year. Revenue is expected to be split as follows: €25.1 million from the Mellieħa Development; €13.0 million for the Luqa Development; and the remaining balance of €3.1 million from other projects. Due to the growth in revenue, EBITDA is projected to increase from €8.6 million in FY2018 to €11.7 million in FY2019. Overall, GAP Group is projecting to register comprehensive income for FY0219 of €6.4 million (FY2018: €5.3 million).

The Group's balance sheet as at 31 December 2019 is projected to comprise total assets amounting to €84.2 million, made up of inventory (works-in-progress on property developments) of €36.5 million, related party balance of €8.4 million and cash balances amounting to €38.6 million. Liabilities are projected to include debt securities of €49.5 million and capital creditors amounting to €16.4 million.

#### Reserve Account

In terms of the Prospectus, the Issuer is required to build a sinking fund, the value of which will, by the redemption date of the bond, be equivalent to 100% of the outstanding value of bonds. Below is a table outlining the balance expected to be held in the reserve account as at the end of the financial years 31 December 2016 to 31 December 2019.

<b>Contributions to Reserve Account</b>				
<b>as at 31 December</b>				
	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
	<b>Actual</b>	<b>Actual</b>	<b>Forecast</b>	<b>Projection</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
4.25% Secured Bonds 2023	311	4,813	18,283	10,000
3.65% Secured Bonds 2022				6,625
	<b>311</b>	<b>4,813</b>	<b>18,283</b>	<b>16,625</b>

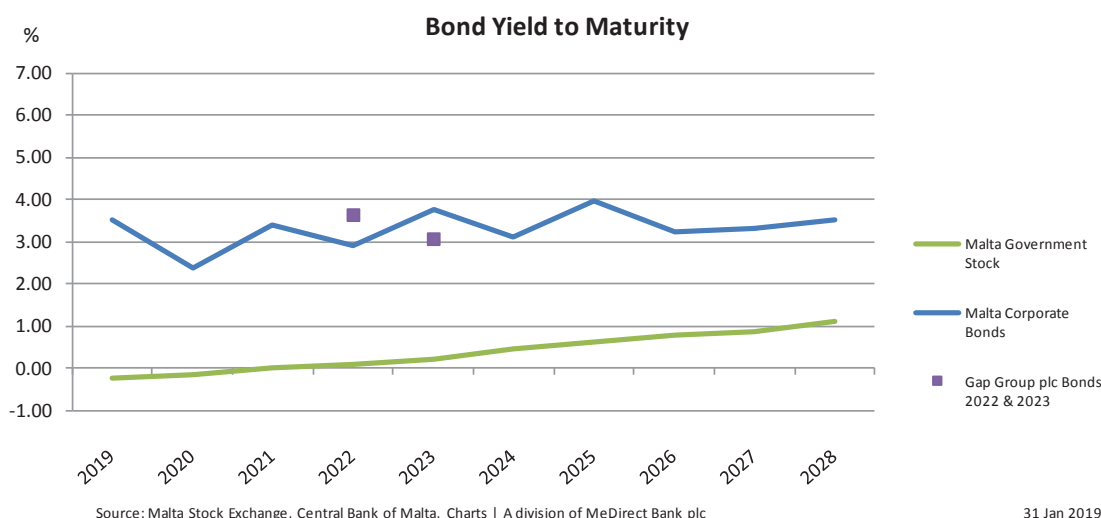
### PART 3 – COMPARABLES

The table below compares the Issuer and its bond issues to other debt issuers listed on the Malta Stock Exchange and their respective debt securities. The list includes issuers (excluding financial institutions) that have listed bonds. Although there are significant variances between the activities of the Issuer and other issuers (including different industries, principal markets, competition, capital requirements etc), and material differences between the risks associated with the Group's business and that of other issuers, the comparative analysis provides an indication of the financial performance and strength of the Gap Group.

Comparative Analysis	Nominal Value (€)	Yield to Maturity (%)	Interest Cover (times)	Total Assets (€'000)	Net Asset Value (€'000)	Gearing Ratio (%)
5.5% Pendergardens Dev. plc Secured € 2020 Series I	15,000,000	2.37	6.29	68,589	14,418	66.04
6.0% Pendergardens Dev. plc Secured € 2022 Series II	27,000,000	2.93	6.29	68,589	14,418	66.04
<b>3.65% Gap Group plc Secured € 2022</b>	<b>40,000,000</b>	<b>3.65</b>	<b>2.61</b>	<b>56,906</b>	<b>6,696</b>	<b>80.30</b>
<b>4.25% Gap Group plc Secured € 2023</b>	<b>40,000,000</b>	<b>3.08</b>	<b>2.61</b>	<b>56,906</b>	<b>6,696</b>	<b>80.30</b>
5.3% United Finance Plc Unsecured € Bonds 2023	8,500,000	3.77	1.19	21,625	4,844	69.04
6.0% AX Investments Plc Unsecured € 2024	40,000,000	3.49	6.97	325,243	214,590	18.66
5.3% Mariner Finance plc Unsecured € 2024	35,000,000	3.11	4.42	77,088	38,701	45.62
5.0% Hal Mann Vella Group plc Secured Bonds € 2024	30,000,000	3.81	3.05	107,801	39,813	54.01
4.25% Best Deal Properties Holding plc Secured 2024	16,000,000	3.48	4.02	25,986	3,432	82.64
5.1% 1923 Investments plc Unsecured € 2024	36,000,000	4.12	1.69	118,490	33,711	58.11
4.5% Hili Properties plc Unsecured € 2025	37,000,000	3.89	1.26	135,879	39,974	68.23
5.1% 6PM Holdings plc Unsecured € 2025	13,000,000	4.64	-	6,191	19,896	-
4.25% Corinthia Finance plc Unsecured € 2026	40,000,000	3.76	2.59	1,765,072	901,595	40.43
4.0% International Hotel Invest. plc Secured € 2026	55,000,000	3.56	3.03	1,602,317	884,632	36.36
4.0% MIDI plc Secured € 2026	50,000,000	3.23	0.98	235,302	86,621	39.27
3.75% Premier Capital plc € Unsecured Bonds 2026	65,000,000	3.31	7.90	161,128	47,607	57.32
4.35% Hudson Malta plc Unsecured 2026	12,000,000	3.94	39.11	17,088	5,835	30.63
4.35% SD Finance plc € Unsecured Bonds 2027	65,000,000	3.63	5.93	229,882	63,771	50.15
4.0% Eden Finance plc Unsecured 2027	40,000,000	3.30	4.46	169,936	90,162	36.52
4.0% Stivala Group Finance plc Secured 2027	45,000,000	3.42	6.21	199,560	121,041	31.54
3.85% Hili Finance Company plc Unsecured 2028	40,000,000	3.54	3.27	408,204	82,870	73.40

31 Jan '19

Source: Malta Stock Exchange, Audited Accounts of Listed Companies, Charts | A division of MeDirect Bank plc



To date, there are no corporate bonds which have a redemption date beyond 2028. The Malta Government Stock yield curve has also been included since it is the benchmark risk-free rate for Malta.

## PART 4 – EXPLANATORY DEFINITIONS

### Income Statement

Revenue Total revenue generated by the Issuer from its business activities during the financial year.

Cost of sales Operating expenses include the cost of construction and other related expenses.

EBITDA EBITDA is an abbreviation for earnings before interest, tax, depreciation and amortisation. EBITDA can be used to analyse and compare profitability between companies and industries because it eliminates the effects of financing and accounting decisions.

Profit after tax Profit after tax is the profit made by the Issuer during the financial year both from its operating as well as non-operating activities.

### Profitability Ratios

Operating profit margin Operating profit margin is operating income or EBITDA as a percentage of total revenue.

Net profit margin Net profit margin is profit after tax achieved during the financial year expressed as a percentage of total revenue.

### Equity Ratios

Earnings per share Earnings per share (EPS) is the amount of earnings per outstanding share of a company's share capital. It is computed by dividing net income available to equity shareholders by total shares outstanding as at balance sheet date.

### Cash Flow Statement

Cash flow from operating activities Cash generated from the principal revenue-producing activities of the Group.

Cash flow from investing activities Cash generated from activities dealing with the acquisition and disposal of long-term assets and other investments of the Issuer.

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

### Balance Sheet

Non-current assets Non-current asset are the Issuer's long-term investments, which full value will not be realised within the accounting year. Non-current assets are capitalised rather than expensed, meaning that the Issuer amortises the cost of the asset over the number of years for which the asset will be in use, instead of allocating the entire cost to the accounting year in which the asset was acquired. Such assets include property, plant & equipment, and loans & other receivables.

Current assets	Current assets are all assets of the Issuer, which are realisable within one year from the balance sheet date. Such amounts include development stock, accounts receivable, cash and bank balances.
Current liabilities	All liabilities payable by the Issuer within a period of one year from the balance sheet date, and include accounts payable and short-term debt, including current portion of bank loans.
Non-current liabilities	The Issuer's long-term financial obligations that are not due within the present accounting year. The Issuer's non-current liabilities include long-term borrowings and debt securities.
Total equity	Total equity includes share capital, reserves & other equity components, and retained earnings.

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### Financial Strength Ratios

Liquidity ratio	The liquidity ratio (also known as current ratio) is a financial ratio that measures whether or not a company has enough resources to pay its debts over the next 12 months. It compares a company's current assets to its current liabilities.
Interest cover	The interest coverage ratio is calculated by dividing a company's operating profit of one period by the company's interest expense of the same period.
Gearing ratio	The gearing ratio indicates the relative proportion of shareholders' equity and debt used to finance a company's assets, and is calculated by dividing a company's net debt by net debt plus shareholders' equity.

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