



SUMMARY NOTE

dated 18 July 2019

This Summary Note is issued in accordance with the provisions of Chapter 4 of the Listing Rules issued 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.

In respect of an issue of:

€80,000,000 3.80% Unsecured Bonds 2029

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

HILI FINANCE COMPANY P.L.C.

A PUBLIC LIMITED LIABILITY COMPANY REGISTERED IN MALTA
WITH COMPANY REGISTRATION NUMBER C 85692

with the joint and several Guarantee* of Hili Ventures Limited (C 57902)

ISIN:- MT0001891218

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

Sponsor

Legal Counsel

Manager & Registrar



Carmelo sive Melo Hili

Geoffrey Camilleri

Dorian Desira

Jacqueline Camilleri

Mario Vella

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

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

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



IMPORTANT INFORMATION

THIS SUMMARY NOTE CONSTITUTES PART OF A PROSPECTUS AND CONTAINS INFORMATION IN RELATION TO HILI FINANCE COMPANY P.L.C. IN ITS CAPACITY AS ISSUER AND HILI VENTURES LIMITED AS GUARANTOR. THIS DOCUMENT INCLUDES INFORMATION GIVEN IN COMPLIANCE WITH: (A) THE COMPANIES ACT, (CAP. 386 OF THE LAWS OF MALTA) AND 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); AND (B) THE RULES AND REGULATIONS APPLICABLE TO THE ADMISSION OF SECURITIES ON THE OFFICIAL LIST OF THE MSE.

NO BROKER, DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORISED BY THE ISSUER, THE GUARANTOR OR THEIR RESPECTIVE DIRECTORS TO ISSUE ANY ADVERTISEMENT OR TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THE SALE OF 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, THE GUARANTOR, THEIR RESPECTIVE DIRECTORS, OR ADVISORS.

IT IS THE RESPONSIBILITY OF ANY PERSON IN POSSESSION OF THIS DOCUMENT 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 SECURITIES AND ANY APPLICABLE EXCHANGE CONTROL REQUIREMENTS AND TAXES IN THE COUNTRIES OF THEIR NATIONALITY, RESIDENCE OR DOMICILE.

A COPY OF THIS DOCUMENT HAS BEEN SUBMITTED TO THE LISTING AUTHORITY AND THE MSE, AND HAS BEEN DULY FILED WITH THE REGISTRAR OF COMPANIES. APPLICATION HAS BEEN MADE TO THE MSE FOR THE BONDS TO BE ADMITTED TO THE OFFICIAL LIST OF THE MSE. **A PROSPECTIVE INVESTOR SHOULD BE AWARE OF THE POTENTIAL RISKS IN INVESTING IN THE ISSUER AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION AND CONSULTATION WITH HIS OR HER OWN INDEPENDENT FINANCIAL ADVISOR.**

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

ALL THE ADVISORS TO THE ISSUER AND GUARANTOR HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER AND GUARANTOR IN RELATION TO THIS PROSPECTUS AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION OR RESPONSIBILITY TOWARDS ANY OTHER PERSON. NONE OF THE ADVISORS ACCEPT ANY RESPONSIBILITY TO ANY INVESTOR OR ANY OTHER PERSON WHOMSOEVER IN RELATION TO THE CONTENTS OF, AND ANY INFORMATION CONTAINED IN, THE PROSPECTUS, ITS COMPLETENESS OR ACCURACY OR ANY OTHER STATEMENT MADE IN CONNECTION THEREWITH.

THE DIRECTORS OF THE ISSUER CONFIRM THAT WHERE INFORMATION INCLUDED IN THIS PROSPECTUS HAS BEEN SOURCED FROM A THIRD PARTY, SUCH INFORMATION HAS BEEN ACCURATELY REPRODUCED, AND AS FAR AS THE DIRECTORS OF THE ISSUER ARE AWARE AND ARE ABLE TO ASCERTAIN FROM INFORMATION PUBLISHED BY THAT THIRD PARTY, NO FACTS HAVE BEEN OMITTED WHICH WOULD RENDER THE REPRODUCED INFORMATION INACCURATE OR MISLEADING.

THE VALUE OF INVESTMENTS CAN RISE OR FALL AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. IF YOU NEED ADVICE WITH RESPECT TO THE BOND ISSUE, YOU SHOULD CONSULT A LICENSED STOCKBROKER OR AN INVESTMENT ADVISOR LICENSED UNDER THE INVESTMENT SERVICES ACT, CAP. 370 OF THE LAWS OF MALTA.

THIS DOCUMENT AND ALL AGREEMENTS, ACCEPTANCES AND CONTRACTS RESULTING THEREFROM SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF MALTA, AND ANY PERSON ACQUIRING ANY BONDS PURSUANT TO THE PROSPECTUS SHALL SUBMIT TO THE JURISDICTION OF THE MALTESE COURTS, WITHOUT LIMITING IN ANY MANNER THE RIGHT OF THE ISSUER AND/OR GUARANTOR TO BRING ANY ACTION, SUIT OR PROCEEDING, IN ANY OTHER COMPETENT JURISDICTION, ARISING OUT OF OR IN CONNECTION WITH ANY PURCHASE OF BONDS, OR AGREEMENT, ACCEPTANCE OR CONTRACT RESULTING HEREFROM, OR THE PROSPECTUS AS A WHOLE.

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

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

This Summary Note is prepared in accordance with the requirements of the Regulation.

Summaries are made up of disclosure requirements known as 'Elements'. These elements are numbered in Sections A – E (A.1– E.7). This summary contains all the Elements required to be included in a summary for this type of securities and Issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in the summary because of the type of securities and Issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of 'not applicable'.

Except where the context otherwise requires, the capitalised words and expressions used in this Summary Note shall bear the meanings assigned to them in the Registration Document and the Securities Note, as the case may be.



SECTION A INTRODUCTION AND WARNINGS

A.1 Prospective investors are hereby warned that:

- i. This summary is being provided to convey the essential characteristics and risks associated with the Issuer and the securities being offered pursuant to this document. This part is merely a summary and therefore should only be read as an introduction to the Prospectus. It is not and does not purport to be exhaustive and investors are warned that they should not rely on the information contained in this summary in making a decision as to whether to invest in the securities described in this document. Any decision to invest in the securities should be based on consideration of the Prospectus as a whole by the investor;
- ii. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under the national legislation of Malta, have to bear the costs of translating the Prospectus before the legal proceedings are initiated; and
- iii. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, and who applied for its notification, but only if the summary, when read together with the other parts of the Prospectus is misleading, inaccurate or inconsistent; or does not provide key information in order to aid investors when considering whether to invest in such securities.

A.2 Consent required in connection with the use of the Prospectus by the Authorised Financial Intermediaries

Prospective investors are hereby informed that:

- i. for the purposes of any subscription for Bonds through any of the Authorised Financial Intermediaries and any subsequent resale, placement or other offering of Bonds by such Authorised Financial Intermediaries in circumstances where there is no exemption from the requirement to publish a prospectus under the Prospectus Directive, the Issuer consents to the use of this Prospectus (and accepts responsibility for the information contained therein) with respect to any such subsequent resale or placement or other offering of Bonds, provided this is limited only:
 - a. in respect of Bonds subscribed for through Authorised Financial Intermediaries;
 - b. to any resale or placement of Bonds taking place in Malta;
 - c. to any resale or placement of Bonds taking place within the period of 60 days from the date of the Prospectus.
- ii. **in the event of a resale, placement or other offering of Bonds by an Authorised Financial Intermediary, the Authorised Financial Intermediary shall be responsible to provide information to investors on the terms and conditions of the resale, placement or other offering at the time such is made.**

SECTION B ISSUER AND GUARANTOR

B.1 (B.19) The legal and commercial name of the Issuer is Hili Finance Company p.l.c. The legal and commercial name of the Guarantor is Hili Ventures Limited.

B.2 (B.19) The Issuer was registered in Malta in terms of the Act on 6 April 2018 as a public limited liability company. The Issuer is domiciled in Malta. Hili Ventures Limited was registered in Malta in terms of the Act on 17 October 2012 as a private limited liability company and is domiciled in Malta.

B.4b (B.19) The following is an overview of the most significant recent trends affecting the Issuer and the Guarantor and the market in which Hili Ventures operates:

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

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

Premier Capital p.l.c. – The principal objective of Premier Capital p.l.c. and its Subsidiaries (“Premier Capital”) is to focus on the expansion of the McDonald’s restaurant network within existing and new markets, given the belief of Premier Capital’s management that there is significant market potential to continue to develop the McDonald’s concept in Malta, the Baltic countries, Romania and Greece and, possibly, other territories (subject to franchisor’s approval and granting of the associated licenses).

The outlook for Premier Capital’s business across all six markets is positive. In the Baltic States, Malta and Romania, the McDonald’s brand remains a market leader within the informal eating-out sector and Premier Capital continues to grow its market share and broaden its user base through improving overall customers’ restaurant experience. This indication provides Premier Capital with opportunities to continue to expand the business in such markets in the coming years.

As to the Greek market, McDonald’s still faces strong competition from key players in the informal eating-out sector which have a larger market share. Notwithstanding, Premier Capital has registered an increase in its share of the market and the financial results from the Greek operations have improved.

1923 Investments p.l.c. – The principal objective of 1923 Investments p.l.c. is to operate and manage Hili Ventures’ investments (through iSpot, Harvest and Hili Logistics), other than the operation of McDonald’s restaurants and the property division, which are managed by Premier Capital p.l.c. and Hili Properties p.l.c. respectively.

iSpot – The market in Poland and Hungary for Apple products and services is highly competitive. iSpot competes with other resellers of Apple products and services, and therefore competing factors include mainly price of products, as well as location of stores, quality of service provided and share of the business-to-business (‘B2B’) market. The challenge of the Apple Premium Reseller stores is to differentiate the total service experience beyond the product. Apple is, however, designing new ways to expand the



business generated from its retail platforms beyond the current business-to-consumer ('B2C') activity, which will likely create growth opportunities for the company's already strong portfolio in the market. iSpot is continuously driven to obtain the ultimate store portfolio and looking for ways to increase cost efficiencies.

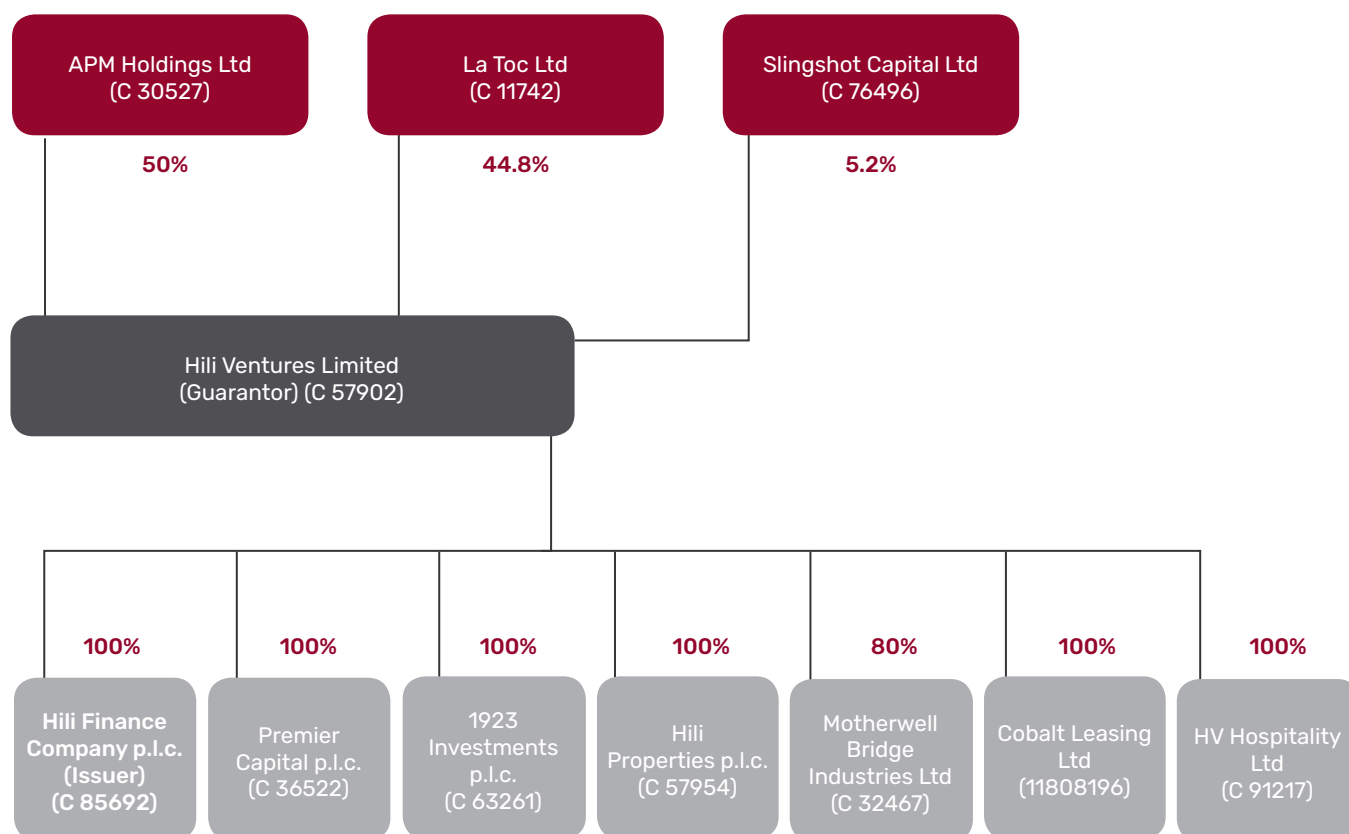
Harvest – The IT hardware, software and services industry is very fragmented and highly competitive. Harvest competes with a large number and wide variety of marketers and resellers of IT hardware, software and services. With reference to payment gateway solutions, management believes that electronic transactions will expand further in the future and that an increasing percentage of these transactions will be processed through emerging technologies. As such, the continued development of new products and services and the emergence of new vertical markets will provide opportunities for Harvest to expand its business in the years to come.

Hili Logistics – The logistics services industry is intensely competitive and is expected to remain so for the foreseeable future. The industry continues to experience consolidations into larger firms aiming for stronger and more complete multinational and multi-service networks. However, regional and local competitors still maintain a strong market presence in certain areas. Management has a strategy to grow Hili Logistics through the development of its current core activities and, in particular, endeavours to add new geographic territories, enhance the current base of customers, and/or add new services.

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

Motherwell Bridge Industries Limited – The company and its Subsidiaries ("Motherwell Bridge") operate in the engineering industry, particularly in construction and maintenance of port-handling equipment as well as other related business operations. The afore-mentioned industry is highly competitive and Motherwell Bridge competes with both large as well as many mid-sized and smaller companies. Competitive position is based on a multitude of factors, including pricing, backlog, financial strength, and availability of partners, suppliers and workforce. Through the acquisition of Techniplus S.A. in 2016, Motherwell Bridge has considerably expanded its geographic markets, client base and scale of operation. As such, looking ahead, Motherwell Bridge expects to materially grow its work pipeline and achieve profitable growth by continuing to progress in operational excellence with a performance-driven culture.

B.5 (B.19) The diagram below illustrates the principal Subsidiaries within the organisational structure of Hili Ventures:





B.9 (B.19) Not Applicable: the Registration Document does not contain any profit forecasts or estimates.

B.10 (B.19) Not Applicable: the audit reports on the audited financial statements for the years ended 31 December 2016 to 2018 of the Guarantor do not contain any material qualifications.

B.12 (B.19) The historical financial information of the Issuer is set out in the audited financial statements for the period 6 April 2018 to 31 December 2018. The historical financial information of the Guarantor is set out in the audited financial statements for the financial years ended 31 December 2016 to 2018. In relation to each of the Issuer and Guarantor, there were no significant changes to the financial or trading position since the date up to which the latest audited financial statements were prepared.

Extracts of the financial statements of the Issuer for the period 6 April 2018 to 31 December 2018

Hili Finance Company p.l.c. Statement of Comprehensive Income for the period 6 April 2018 to 31 December 2018

	€000
Finance income	817
Finance costs	(686)
Gross profit	131
Administrative expense	(30)
Profit before tax	101
Taxation	(46)
Total comprehensive income	55

Hili Finance Company p.l.c. Balance Sheet as at 31 December 2018

	€000
ASSETS	
Non-current assets	
Loans owed by parent company	41,931
	41,931
Current assets	
Trade and other receivables	829
Cash and cash equivalents	60
	889
Total assets	42,820
EQUITY	
Equity and reserves	2,055
LIABILITIES	
Non-current liabilities	
Debt securities	40,000
Current liabilities	
Trade and other payables	765
	40,765
Total equity and liabilities	42,820



Hili Finance Company p.l.c.
Cash Flow Statement
for the period 6 April 2018 to 31 December 2018

	€000
Net cash from operating activities	(9)
Net cash from investing activities	(41,931)
Net cash from financing activities	42,000
Net movement in cash and cash equivalents	60
Cash and cash equivalents at beginning of period	-
Cash and cash equivalents at end of period	60

The Issuer was incorporated in April 2018 with an issued share capital of €2 million. In July 2018, the Issuer successfully raised €40 million through the issuance of 3.85% unsecured bonds 2028 and thereafter, the amount of €41.2 million (being the net proceeds from the bond issue together with the accumulated cash balance) was on-lent to the Guarantor. During the six months ended 31 December 2018, interest receivable on the loan granted to the Guarantor amounted to €816,727, whilst accrued interest on outstanding debt securities and other finance costs amounted to €685,595. After accounting for administrative expenses and taxation, total comprehensive income amounted to €55,183.

Extracts of the consolidated financial statements of the Guarantor for the years ended 31 December 2016 to 2018

Hili Ventures Limited
Consolidated Statement of Comprehensive Income
for the year ended 31 December

	2016	2017	2018
	€000	€000	€000
Revenue	341,239	396,488	427,410
Earnings before interest, tax, depreciation & amortisation	36,687	39,538	42,854
Total comprehensive income	3,537	10,973	13,706

Hili Ventures Limited
Consolidated Cash Flow Statement
for the year ended 31 December

	2016	2017	2018
	€000	€000	€000
Net cash from operating activities	27,835	10,875	36,261
Net cash from investing activities	(71,351)	(56,813)	(34,516)
Net cash from financing activities	105,007	2,582	8,484
Net movement in cash and cash equivalents	61,491	(43,356)	10,229
Cash and cash equivalents at beginning of year	6,415	67,544	23,707
Effect of movements in exchange	(362)	(481)	(104)
Cash and cash equivalents at end of year	67,544	23,707	33,832

Hili Ventures Limited
Consolidated Statement of Financial Position
as at 31 December

	2016	2017	2018
	€000	€000	€000
Non-current assets	283,602	330,497	358,438
Current assets	118,637	77,707	96,674
Total assets	402,239	408,204	455,112
Equity and reserves	72,768	82,870	86,390
Non-current liabilities	204,967	234,377	274,336
Current liabilities	124,504	90,957	94,386
Total equity and liabilities	402,239	408,204	455,112



Revenue generated by Hili Ventures in FY2018 amounted to €427.4 million, a y-o-y increase of €30.9 million (8%) from FY2017, of which, circa 89% (FY2017: 88%) represented 'restaurant operations' revenue (being income derived from the operation of McDonald's restaurants through Premier Capital) and 'Sale of Apple products' revenue (primarily being income from retailing Apple products under the iSpot brand). Other than 'logistics and transport services' and 'engineering services', all business activities reported y-o-y increases (net of intra-group transactions which are eliminated on consolidation) as follows:

- (i) revenue generated from 'restaurant operations' increased by €30.1 million (+11%) to €293.6 million, principally due to an increase in restaurants from 140 outlets in 2017 to 146 in 2018 and growth in revenue per restaurant;
- (ii) turnover derived from 'Sale of Apple products', which includes 30 Apple stores in Poland, Hungary and Romania, increased by €5.8 million (+7%) to €89.8 million in FY2018;
- (iii) IT solutions and security systems increased by 21% y-o-y from €12.8 million in 2017 to €15.5 million, mainly on account of software sales, maintenance & support services and payment solutions;
- (iv) income from 'rental operations' increased from €4.6 million in FY2017 to €5.3 million, reflecting a full year's lease from a property in Romania acquired in Q2 2017;
- (v) turnover from 'logistics and transport services' decreased from €22.9 million in FY2017 to €16.4 million, mainly reflecting a decline in revenue generated from Allcom Sp. z.o.o.;
- (vi) income generated from 'engineering services' decreased by €2.0 million (y-o-y) to €6.8 million, due to the discontinuation of the marine division and company restructuring.

EBITDA for the year under review amounted to €42.9 million compared to €39.5 million reported in FY2017, being an increase of €3.4 million (+8%). The principal contributor to EBITDA is Premier Capital as it accounted for 90% of total EBITDA in FY2018 (FY2017: 89%). Net investment income amounted to €644,000 and principally comprised net gains on disposal of investment property of €1.0 million, interest income of €0.5 million and a net decrease in fair value of investment property of €0.9 million. In FY2018, the Group reported a net profit of €11.8 million compared to €6.9 million in FY2017, while total comprehensive income amounted to €13.7 million as compared to €11.0 million achieved in the prior year.

Non-current assets in the statement of financial position as at 31 December 2018 amounted to €358.4 million (2017: €330.5 million). Notable items include: (i) goodwill and other intangibles amounting to €101.4 million (2017: €104.5 million), which principally relate to goodwill on acquisitions of going concerns, support services license, acquired rights, franchise fees for restaurant operations, patents and trademarks for Apple products and computer software licenses; and (ii) property, plant and equipment and investment property amounting to €210.9 million (2017: €185.8 million), which comprises improvements to leased properties, equipment and properties owned by Hili Properties p.l.c.

Current assets as at 31 December 2018 amounted to €96.7 million (2017: €77.7 million) and primarily include inventory, trade receivables, other assets and cash balances. Current liabilities amounted to €94.4 million (2017: €91.0 million), made up of borrowings as to €20.0 million (2017: €30.0 million) and other liabilities of €74.4 million (2017: €60.9 million). Hili Ventures' liquidity ratio (which is measured by dividing current assets by current liabilities and indicates a company's ability to pay its current liabilities from its current assets), as at 31 December 2018, stood at 1.02 times (2017: 0.85 times).

Non-current liabilities at year end amounted to €274.3 million (2017: €234.3 million) and mainly comprised borrowings and bonds. The equity value of Hili Ventures as at 31 December 2018 totalled €86.4 million (2017: €82.9 million).

B.13 (B.19) Not Applicable: neither the Issuer nor the Guarantor are aware of any recent events which are to a material extent relevant to the evaluation of their solvency.

B.14 (B.19) The Issuer was established on 6 April 2018 as a wholly-owned subsidiary of the Guarantor (the ultimate parent of Hili Ventures), save for 1 Ordinary Share which is held by APM Holdings Limited (C 30527). The Issuer's intended purpose is to raise finance for the business of the Group through the Guarantor. In this respect, the Issuer is mainly dependent on the business prospects of the Guarantor and Hili Ventures. The Issuer operates exclusively in and from Malta.

B.15 (B.19) The principal objects of the Issuer are set out in clause 4 of the Issuer's Memorandum of Association. The principal object of the Issuer is to purchase or otherwise acquire, under any title whatsoever, to hold and manage, by any title, assets including but not limited to securities and other financial interests. The issue of bonds falls within the objects of the Issuer.

The Guarantor was established in 2012 and principally acts as the investment holding company of Hili Ventures to which it provides management and consultancy services. The Guarantor is principally engaged, through Subsidiaries, in investments that are predominantly involved in the business sectors described below:

- Premier Capital p.l.c. is involved in the operations of McDonald's restaurants in Estonia, Greece, Latvia, Lithuania, Malta and Romania.
- 1923 Investments p.l.c. (formerly PTL Holdings p.l.c.) is the investment operating division of Hili Ventures, other than the operation of McDonald's restaurants as described hereinabove and the property division which is managed by Hili Properties p.l.c., 1923 Investments p.l.c. is presently engaged in the sale and distribution of Apple products as an Apple Premium Reseller in Poland and Hungary; the sale, maintenance and servicing of information technology solutions, security systems and the provision of electronic payment solutions; and transport and logistics in Malta and Poland, including air, road, sea and rail freight forwarding, clearances and deliveries, customs brokerage, parcel services, warehousing, ship agency, ship-to-ship operations and project cargo.
- Hili Properties p.l.c. is the parent company of the property division of Hili Ventures, and owns and manages a property portfolio comprising commercial and retail property in Europe.
- Motherwell Bridge Industries Limited ("Motherwell Bridge") is primarily engaged in providing engineering services related to port equipment and crane assembly. Through the acquisition of Techniplus S.A. in 2016, Motherwell Bridge is now also involved in providing maintenance services of port equipment and crane assembly in Morocco and neighbouring North African countries.



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

- B.16 (B.19) The Issuer is a wholly owned subsidiary of the Guarantor, save for 1 Ordinary Share which is held by APM Holdings Limited (C 30527). The ultimate controlling beneficial owner of the Guarantor is Melo Hili.
- B.17 Not Applicable: neither the Issuer nor the Guarantor have sought the credit rating of an independent rating agency, and there has been no assessment by any independent rating agency of the Bonds issued by the Issuer.
- B.18 (B.19) For the purposes of the Guarantee, the Guarantor irrevocably and unconditionally guarantees to each Bondholder that if for any reason the Issuer fails to pay any sum payable by it to such Bondholder pursuant to the terms and conditions of the Bonds as and when the same shall become due under any of the foregoing, the Guarantor will pay to such Bondholder on written demand the amount payable by the Issuer to such Bondholder.

The obligations of the Guarantor under the Guarantee shall remain in full force and effect until no sum remains payable to any Bondholder pursuant to the issue of the Bonds.

SECTION C SECURITIES

- C.1 The Issuer shall issue an aggregate of €80,000,000 in Bonds having a face value of €100 per bond, subject to a minimum subscription of €2,000 in Bonds. The Bonds will be issued in fully registered and dematerialised form and will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the CSD. On admission to trading, the Bonds will have the following ISIN: MT0001891218. The Bonds shall bear interest at the rate of 3.80% per annum.
- C.2 The Bonds are denominated in Euro (€).
- C.5 The Bonds are freely transferable and, once admitted to the Official List, shall be transferable only in whole (that is, in multiples of €100) in accordance with the rules and regulations of the MSE applicable from time to time.
- C.8 A Bondholder shall have such rights as are attached to the Bonds, including:
- the repayment of capital;
 - the payment of interest;
 - ranking with respect to other indebtedness of the Issuer and the Guarantor;
 - seeking recourse from the Guarantor pursuant to the Guarantee, in case of failure by the Issuer to pay any sum payable by it to Bondholders pursuant to the Terms and Conditions of the Bonds;
 - the right to attend, participate in and vote at meetings of Bondholders in accordance with the Terms and Conditions of the Bond Issue; and
 - enjoy all such other rights attached to the Bonds emanating from the Prospectus.

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

As at the date of this Summary Note, the Issuer does not have any subordinated indebtedness. As at 31 December 2018, Hili Ventures' indebtedness amounted to €287.7 million and comprised bank facilities, debt securities and other financial liabilities. As such, the indebtedness being created by the Bonds shall rank after the afore-mentioned bank facilities. In addition, the Bonds will also rank after any future debts which may be secured by a cause of preference such as a privilege and/or a hypothec.

- C.9 The Bonds shall bear interest from and including 27 August 2019 at the rate of 3.80% per annum on the nominal value thereof, payable annually in arrears on each Interest Payment Date. The nominal value of the Bonds will be repayable in full upon maturity on the redemption date unless the Bonds are previously re-purchased and cancelled. The first interest payment will be effected on 27 August 2020 (covering the period 27 August 2019 to 26 August 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. The gross yield calculated on the basis of the interest, the Bond Issue Price and the Redemption Value of the Bonds is 3.80% per annum. The remaining component of Element C.9 is Not Applicable, given that no representative of debt security holders has been appointed.
- C.10 Not Applicable: there is no derivative component in the interest payments on the Bonds.
- C.11 The Listing Authority has authorised the Bonds as admissible to Listing pursuant to the Listing Rules by virtue of a letter dated 18 July 2019. Application has been made to the MSE for the Bonds being issued pursuant to the Prospectus to be listed and traded on its Official List. The Bonds are expected to be admitted to the Malta Stock Exchange with effect from 4 September 2019 and trading is expected to commence on 5 September 2019.

SECTION D RISKS

D.2 Key information on the key risks specific to the Issuer:

Holding of a Bond involves certain risks. 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 acquire Bonds. Prospective investors are warned that by investing in the Bonds they may be exposing themselves to significant risks that may have the consequence of losing a substantial part or all of their investment.

This document contains statements that are, or may be deemed to be, "forward-looking statements", which relate to matters that are not historical facts and which may involve projections of future circumstances. They appear in a number of places throughout



the Prospectus and include statements regarding the intentions, beliefs or current expectations of the Issuer and/or its' Directors. 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.

Prospective investors are advised to read the Prospectus in its entirety and, in particular, the sections entitled "Risk Factors" in the Registration Document and Securities Note, for an assessment of the factors that could affect the Issuer's and the Guarantor's future performance. In the light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in the Prospectus may not occur.

The value of investments can go up or down and past performance is not necessarily indicative of future performance. The nominal value of the Bonds will be repayable in full upon maturity, unless the Bonds are previously re-purchased and cancelled. An investment in the Bonds involves certain risks, including those described below.

An investment in the Issuer and the Bonds may not be suitable for all recipients of the Prospectus and Authorised Financial Intermediaries are to determine the suitability or otherwise of prospective investors' investment in the Bonds before making an investment decision.

The risk factors set out below are a summary of the principal risks associated with an investment in the Issuer and the Bonds – there may be other risks which are not mentioned in this summary.

i. Risks relating to the Issuer and its business:

Issuer's dependence on Hili Ventures and its business

The Issuer is a Subsidiary of the Guarantor forming part of Hili Ventures and given its recent incorporation does not itself have any trading history. It was set up primarily as a finance and investment company with one of its purposes being that of financing or re-financing the funding requirements of the business of Hili Ventures. In this respect, the Issuer is dependent on the business prospects of Hili Ventures, and consequently, the operating results of Hili Ventures have a direct effect on the Issuer's financial position and performance. As such, the risks intrinsic in the business and operations of Hili Ventures shall have a direct effect on the financial position of the Issuer.

Issuer's exposure to Hili Ventures

As a finance company, the assets of the Issuer will comprise loans issued to the Guarantor and/or other Hili Ventures Companies. Consequently, the Issuer will be dependent on the operating results, cash flows and financial position of the Guarantor and/or other Hili Ventures Companies for the punctual receipt of interest payments and capital repayments from the afore-mentioned entities. The occurrence of any such factors could in turn negatively affect the ability of the Issuer to meet its obligations in respect of the repayment of principal and interest under the Bonds punctually when due.

Risks inherent in forecasts

The forecasts set out in the Prospectus are dependent on a number of assumptions and future expectations that may or may not occur. The non-occurrence of those future expectations could have material adverse effects on the financial position and results of Hili Ventures and the Issuer.

ii. Risks relating to the business of Hili Ventures:

Hili Ventures' business is subject to market and economic conditions generally

The business activities of Hili Ventures are subject to general market and economic conditions, both locally and overseas. Any further expansion of Hili Ventures' operations into other markets would further increase its susceptibility to adverse economic developments and trends affecting such other markets. In the event that general market and economic conditions were to experience a downturn, these weakened conditions may have an adverse impact on the financial position and operational performance of Hili Ventures' business activities, potentially having a negative effect on the Issuer's financial position, cash flows, operational performance and its ability to fulfil its obligations under the Bonds.

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

Hili Ventures has a trading history in the technology and engineering industries; distribution of Apple products and services; transportation and logistics sector; ownership and management of properties; and operation of McDonald's restaurants. Each of the afore-mentioned business sectors are characterised by strong and increasing competition. Many of Hili Ventures' current and potential competitors' operating histories, name recognition, customer bases and financial and other resources are a competitive factor for Hili Ventures wherever it may have business. Severe competition in certain countries could adversely affect Hili Ventures' business and operating results.

Hili Ventures' key senior personnel and management have been and remain material to its growth

Hili Ventures believes that its growth is largely attributable to the efforts and abilities of the directors and members of its executive management team and other key personnel. If one or more of the members of this team were unable or unwilling to continue in their present position, Hili Ventures might not be able to replace them within the short term, which could have a material adverse effect on Hili Ventures' business, financial condition and results of operations.

Litigation risk

All industries are subject to legal claims, with or without merit. Defence and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation and dispute resolution process, there can be no assurance that the resolution of any particular legal proceeding or dispute will not have a material adverse effect on Hili Ventures' future cash flow, results of operations or financial condition.



Hili Ventures' insurance policies

Historically, Hili Ventures has maintained insurance at levels determined by Hili Ventures to be appropriate in light of the cost of cover and the risk profiles of the business in which Hili Ventures operates. With respect to losses for which Hili Ventures is covered by its policies, it may be difficult and may take time to recover such losses from insurers. In addition, Hili Ventures may not be able to recover the full amount from the insurer.

Risks relative to changes in laws

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

Hili Ventures' indebtedness could adversely affect its financial position

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

The agreements regulating Hili Ventures' bank debt may impose significant financial covenants on Hili Ventures, the covenants of which could limit Hili Ventures' ability to obtain future financing, make capital expenditure, withstand a future downturn in business or economic conditions generally or otherwise inhibit the ability to conduct necessary corporate activities.

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

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

Currency fluctuations may have a material adverse effect on Hili Ventures' business, financial condition and results of operations

Hili Ventures' operations are exposed, in the case of transactions not denominated in Euro, to foreign currency risk on transactions, receivables and borrowings that are denominated in a currency other than the Euro. As a result, exchange gains or losses may arise on the realisation of amounts receivable and the settlement of amounts payable in foreign currencies.

Hili Ventures' financial statements, which are presented in Euro, can be affected by foreign exchange fluctuations through both translation risk, which is the risk that the financial statements for a particular period or as at a certain date depend, although in part only, on the prevailing exchange rates of the various currencies against the Euro; and transaction risk, which is the risk that the currency of the costs and liabilities fluctuates in relation to the currency of its revenue and assets, which fluctuation may adversely affect its operating performance.

A portion of operating expenses are fixed

A portion of Hili Ventures' costs are fixed and operating results are vulnerable to short-term changes in its revenues. Hili Ventures' fixed operating expenses are not easily reduced to react to changes in its revenue by reducing its operating expenses, which could have a material adverse effect on its business, financial condition and results of operations.

Risks of integration and operation of acquired businesses

The integration and operation of businesses or additional franchises that may be acquired in the future, may disrupt Hili Ventures' business and create additional expenses, and Hili Ventures may not achieve the anticipated benefits of any such acquisitions and expansion. The success of integration of acquired businesses or additional franchises typically assumes certain synergies, economies of scale and other benefits. There is no assurance that these risks or other unforeseen factors will not offset the intended benefits of the acquisitions or expansion, in whole or in part.

Reliance on non-proprietary software systems and third-party IT providers

To varying degrees, Hili Ventures is reliant upon technologies and operating systems (including IT systems) developed by third parties for the running of its business, and are exposed to the risk of failures in such systems.

The business of 1923 Investments p.l.c. and its operating subsidiaries ("1923 Investments") is reliant on key suppliers

1923 Investments has established strategic relationships with its key suppliers. These relationships support 1923 Investments' product and service offerings, and sales activities generally. There is no guarantee that 1923 Investments will be able to maintain these alliances, enter into further alliances or that existing suppliers will not enter into relationships with 1923 Investments' competitors. The loss of any of these relationships, in particular, the agreement with Apple that authorises 1923 Investments to engage in the sale and distribution of Apple products as an Apple Premium Reseller in Poland, Hungary and Romania, could have a material adverse effect on 1923 Investments' business, results of operations and financial condition and in turn, could have a negative effect on the financial performance and position of Hili Ventures.

The business of Premier Capital p.l.c. and its operating subsidiaries ("Premier Capital Group") is highly dependent on its licensor/franchisor

The McDonald's system in Malta, the Baltic countries, Greece and Romania is developed pursuant to the terms of franchises issued by McDonald's Corporation (in the case of Malta and Romania) or by McDonald's International Property Company Ltd, a subsidiary of McDonald's Corporation (in the case of the Baltic countries and Greece). Premier Capital Group has undertaken to develop restaurants under and in accordance with the McDonald's brand and standards as prescribed by the said master franchise (or franchise)

agreements. Furthermore, pursuant to master franchise (or franchise) agreements entered into with McDonalds Corporation (or its subsidiary McDonald's International Property Company Ltd, as applicable), Premier Capital Group has been granted the right to adopt and use the McDonald's restaurant system in accordance with the terms of such agreements.

In light of the aforesaid, Premier Capital Group's revenues are dependent on the continued existence of its contractual relationships with McDonald's, and in turn, of its right to operate McDonald's-branded restaurants in Malta, the Baltic countries, Greece and Romania. Furthermore, many factors and decisions in the business of Premier Capital Group are subject to restrictions, specifications or approval.

As already mentioned, the development and operation of Premier Capital Group's business in Malta, the Baltic countries, Greece and Romania is regulated by agreements which require the Premier Capital Group to comply with a comprehensive set of terms and conditions. By their very nature, agreements of this kind contain terms and conditions that are prescriptive. Moreover, the success of a franchise significantly depends on the relationship between the franchisor and the franchisee. While every effort is expected to be made to ensure a positive relationship between Premier Capital Group and its franchisor, there is no assurance that events or circumstances in the future may not adversely affect that relationship or that its franchisor will not enforce its contractual rights under any of the said agreements in a manner that is adverse to Premier Capital Group and in turn adverse to Hili Ventures.

Risks relating to property investments and operations

Hili Properties p.l.c., a Hili Ventures Company, is involved in managing and maintaining a portfolio of properties. Property values are affected by and may fluctuate, *inter alia*, as a result of changing demand, changes in general economic conditions, changing supply within a particular area of competing space and attractiveness of real estate relative to other investment choices. The value of the property portfolios of Hili Properties p.l.c. may also fluctuate as a result of other factors outside the company's control. The operating performance of Hili Properties p.l.c. could be adversely affected by a downturn in the property market in terms of capital values.

Hili Properties p.l.c. is also subject to the risk that tenants may terminate or elect not to renew their respective lease, either due to the expiration of the lease term or due to an early termination of the lease. A decline in occupancy levels and/or the re-letting of property at less favourable terms than the current lease terms, could adversely impact rental income and operating performance of Hili Properties p.l.c.

The business of Motherwell Bridge is subject to global and regional economic conditions and is affected by trends in global transportation and port investment cycles

Motherwell Bridge is principally involved in the provision of engineering services related to port equipment and crane assembly. Demand for such services is affected by the conditions of the global economy, as well as regional economies in which Motherwell Bridge operates, including the Mediterranean region, Morocco and neighbouring countries. A decline in revenue as a result of a fall in demand may reduce planned growth of Motherwell Bridge and otherwise hinder its ability to improve its performance in connection with its long term strategy.

Demand for port-handling equipment and related engineering services generally follow trends in global transportation and, over the shorter term, port investment cycles. Demand for maintenance services is driven by customers' capacity utilisation rates. In addition to risks relating to changes in demand, increased competition can also result in overcapacity and adversely affect market prices, which could have a material adverse effect on the business of Motherwell Bridge, its financial condition and results of operations.

Growth strategy

Hili Ventures' growth plans envisage the continued optimisation of Hili Ventures' operations, with a business strategy that looks to enhance Hili Ventures' mainstream business locally and overseas. There is a risk that Hili Ventures may not be able to execute its long-term business strategy. There is no assurance that Hili Ventures will be able to drive growth to the extent desired through its focus of efforts and resources on its sales or to enhance profitability to the extent desired through continuous improvement. Furthermore, Hili Ventures' theoretical growth projections may, in practice, and potentially for reasons over which it has little or no control, be considerably slower or quicker than anticipated, in turn disrupting Hili Ventures' envisioned strategy and consequently the results of its operations.

iii. Risks relating to the acquisition of the Comino Hotel and Bungalows:

Hili Ventures is subject to certain risks common to the hotel industry, certain of which are beyond its control

Hili Ventures plans to utilise part of the net proceeds from the Bond Issue to acquire the Comino Hotel and Bungalows. The business operations of the Comino Hotel and Bungalows and the results thereof are subject to a number of external factors that could adversely affect Hili Ventures' business, many of which are common to the hotel industry and beyond Hili Ventures' control. The impact of any of these factors (or a combination of them) may adversely affect room rates and occupancy levels at the Comino Hotel and Bungalows, or otherwise cause a reduction in Hili Ventures' income, which would have a material adverse impact on Hili Ventures' business, financial condition and results of operations.

Furthermore, the hotel industry is characterised by strong and increasing competition. Many of Hili Ventures' existing and potential competitors may have longer operating histories, greater name recognition, larger customer bases and greater financial and other resources than Hili Ventures. Severe competition in Malta and changes in economic and market conditions could adversely affect Hili Ventures' business and operating results.

Project risk

The acquisition of the Comino Hotel and Bungalows is being made with a view to developing the site into a mixed-use hospitality project including a luxury hotel and upmarket serviced bungalows. In this respect, Hili Ventures will be subject to a number of specific risks normally encountered in similar developments, including: the risk of delays in obtaining the necessary planning permissions; the risk of cost overruns; the risk of construction delays which particularly may entail logistical issues due to the unique location of the Comino Hotel and Bungalows on the island of Comino; and the risk of insufficiency of resources to complete.



Furthermore, Hili Ventures will be subject to various counter-party risks, such as contractors and subcontractors engaged in the demolition, excavation, construction and finishing of the subject development. Such parties may default or fail to perform on their obligations to Hili Ventures due to insolvency, lack of liquidity, market or economic downturns, operational failure or other reasons which are beyond Hili Ventures' control. If such risks were to materialise, they could have an adverse impact on Hili Ventures' revenue generation, cash flows and financial performance.

iv. Risks relating to the container leasing business:

Container leasing demand can be negatively affected by numerous market factors as well as external political and economic events that are beyond Hili Ventures' control

Hili Ventures has incorporated Cobalt Leasing Ltd, a company registered in the United Kingdom, which will be engaged in the acquisition and leasing of containers. Demand for containers depends largely on the rate of world trade and economic growth. Demand for leased containers is also driven by customers' "lease vs. buy" decisions. Cyclical recessions can negatively affect the operating results of container lessors, due to the fact that during economic downturns or periods of reduced trade, shipping lines and other customers tend to lease fewer containers, or lease containers only at reduced rates, and tend to rely more on their own fleets to satisfy a greater percentage of their requirements.

As a result, during periods of weak global economic activity, container lessors, such as Hili Ventures' proposed container leasing business, will typically experience lower leasing demand and consequently lower revenue, a decline in equipment utilisation, lower average rental rates, lower used container resale prices and significantly decreased profitability. The impact thereof could have a material adverse effect on Hili Ventures' business, financial condition and results of operations.

Competition in the container leasing business

Competition among container leasing companies depends upon many factors, including, among others, lease rates, lease terms (including lease duration, drop-off restrictions and repair provisions) and customer service. New entrants may be more aggressive in pricing and structuring leases and as a result, the entry of new market participants together with the already highly competitive nature of the container leasing industry, may undermine Hili Ventures' ability to maintain a high level of asset utilisation or, alternatively, could force Hili Ventures to reduce the pricing and accept lower revenue and profit margins in order to achieve its growth plans, which could adversely affect Hili Ventures' business and operating results.

v. Risks inherent in property valuations:

The valuation of property is inherently subjective, due to, among other things, the individual nature of the subject property and the assumptions upon which the valuation is carried out. Accordingly, there can be no assurance that the valuation of the Comino Hotel and Bungalows reflects actual values that could be achieved on a sale, even where any such sale were to occur shortly after the valuation date. Actual values may be materially different from any future values that may be expressed or implied by forward-looking statements set out in the valuation or anticipated on the basis of historical trends, as reality may not match the assumptions made. There can be no assurance that such valuation of property will reflect actual market values.

D.3 Key information on the key risks specific to the Bonds:

An investment in the Issuer and the Bonds may not be suitable for all recipients of the Prospectus and prospective investors are urged to consult an independent investment 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 Bonds before making an investment decision.

An investment in the Bonds involves certain risks, including those set out below in this section. In deciding whether to make an investment in the Bonds, prospective investors are advised to carefully consider, with their own independent financial and other (including tax, accounting, credit, legal and regulatory) professional advisors, the following risk factors (not listed in order of priority) and other investment considerations, together with all the other information contained in the Prospectus:

- i. there can be no assurance that an active secondary market for the Bonds will develop, or, if it develops, that it will continue. Nor can there be any assurance that an investor will be able to sell or otherwise trade in the Bonds at or above the Bond Issue Price or at all. A public trading market depends on a number of factors over which the Issuer has no control;
- ii. investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely effect the value of the Bonds;
- iii. a Bondholder will bear the risk of any fluctuations in exchange rates between the currency of denomination of the Bonds (€) and the Bondholder's currency of reference, if different;
- iv. no prediction can be made about the effect which any future public offerings of the Issuer's securities, or any takeover or merger activity involving the Issuer, will have on the market price of the Bonds prevailing from time to time;
- v. even after the Bonds are admitted to trading on the MSE, the Issuer is required to remain in compliance with certain requirements relating, *inter alia*, to the free transferability, clearance and settlement of the Bonds in order to remain a listed company in good standing. Moreover, the Listing Authority has the authority to suspend trading or listing of the Bonds if, *inter alia*, it comes to believe that such a suspension is required for the protection of investors or the integrity or reputation of the market. The Listing Authority may discontinue the listing of the Bonds on the MSE. Any such trading suspensions or listing revocations / discontinuations could have a material adverse effect on the liquidity and value of the Bonds;
- vi. the Terms and Conditions of the 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 the Prospectus;
- vii. in the event that the Issuer wishes to amend any of the Terms and Conditions of the Bond Issue, it shall call a meeting of Bondholders. 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;

- viii. the Bonds, as and when issued and allotted, shall constitute the general, direct, unsecured and unconditional obligations of the Issuer and shall be guaranteed in respect of both the interest due and the principal amount under said Bonds by the Guarantor jointly and severally. The Bonds shall at all times rank *pari passu* without any priority or preference among themselves and, in respect of the Guarantor, they shall rank without any priority or preference over its unsecured indebtedness, if any. In view of the fact that the Bonds are being guaranteed by the Guarantor on a joint and several basis, the Bondholders shall be entitled to request the Guarantor to pay both the interest due and the principal amount under said Bonds if the Issuer fails to meet any amount, when due in terms of the Prospectus; and
- ix. the joint and several Guarantee also entitles the Bondholders to take action against the Guarantor without having to first take action against the Issuer. The strength of this undertaking on the part of the Guarantor and therefore, the level of recoverability by the Bondholders from the Guarantor of any amounts due under any of the Bonds, is dependent upon and directly linked to the financial position and solvency of the Guarantor.

SECTION E OFFER

E.2b Following the Bond Issue, the Issuer shall enter into a loan agreement with the Guarantor pursuant to which the Issuer shall advance to the Guarantor the proceeds of Bond Issue which are expected to amount to *circa* €80,000,000. Accordingly, the Bond Issue expenses shall be borne by the Guarantor. The proceeds from the Bond Issue, which net of Bond Issue expenses are expected to amount to approximately €79,000,000, will be used by the Guarantor for the following purposes, in the amounts and order of priority set out below:

- i. an amount of *circa* €59,000,000 will be used for the purpose of financing the acquisition of 100% shareholding in Kemmuna Limited (C 15344), a company which owns the Comino Hotel and Bungalows. In terms of a share purchase agreement dated 24 May 2019, the final execution of the deed of purchase is dependent on a number of conditions precedent, including *inter alia* the successful completion of a due diligence exercise which is presently being conducted by Hili Ventures. Accordingly, in the event that the purchaser decides not to proceed with the transaction for any reason as contemplated in the share purchase agreement, the above amount of *circa* €59,000,000 shall be used to repay a number of bank loans of Hili Ventures;
- ii. the amount of €10,000,000 shall be advanced to Cobalt Leasing Ltd (a container leasing company forming part of Hili Ventures) in exchange for the issue and allotment of ordinary shares in favour of the Guarantor. The said company will utilise the funds to part-finance the acquisition of new containers for the purpose of leasing same to container shipping lines on a long term basis;
- iii. the remaining balance will be applied to fund Group-wide investment opportunities presently being considered, or which may arise in the near term, by the board of directors of the Guarantor, including, but not limited to, the setting up of a marine division.

In the event that the Bond Issue is not fully subscribed, the Issuer will proceed with the listing of the amount of Bonds subscribed for. Accordingly, the Guarantor shall apply the net proceeds received from the Issuer in the manner and order of priority set out in (i) to (iii) above. Any residual amounts required by the Guarantor for the purposes of the uses specified in (i) to (iii) above which shall not have been raised through the Bond Issue, shall be financed from the Group's general cash flow and/or bank financing.

E.3 The Bonds are open for subscription to all categories of investors, as follows:

- (i) The Issuer has reserved an aggregate amount of Bonds amounting to €40 million for subscription by Hili Ventures Bondholders and Hili Ventures Stakeholders ("Preferred Applicants"). In the event that the amount of €40 million reserved for the general public (detailed in clause (ii) below) is not fully taken up, the unutilised portion of this reserved amount shall become available for allocation to Preferred Applicants;
- (ii) The remaining balance of €40 million in Bonds shall be made available for subscription by the general public. In the event that the amount of €40 million reserved for Preferred Applicants (detailed in clause (i) above) is not fully taken up, the unutilised portion of this reserved amount shall become available for allocation to the general public.

The following is a synopsis of the general terms and conditions applicable to the Bonds. A Bondholder is deemed to have invested only after having received, read and understood the contents of the Prospectus, including the full terms and conditions contained in the annexes thereto:

1. Form, Denomination and Title

The Bonds will be issued in fully registered and dematerialised form and will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the CSD. The Bonds will be issued without interest coupons, in denominations of any integral multiple of €100 provided that on subscription the Bonds will be issued for a minimum of €2,000 per individual Bondholder. Authorised Financial Intermediaries subscribing to the Bonds through nominee accounts, for and on behalf of clients, shall apply the minimum subscription amount of €2,000 to each underlying client. Any person in whose name a Bond is registered may (to the fullest extent permitted by applicable law) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute owner of such Bond. Title to the Bonds may be transferred as provided in the Securities Note.

2. Interest

Details of interest payable on the Bonds are provided in Element C.9 of this Summary Note.

3. Status of the Bonds

The Bonds, as and when issued and allotted, shall constitute the general, direct, unsecured and unconditional obligations of the Issuer and shall be guaranteed in respect of both the interest due and the principal amount under said Bonds by the Guarantor jointly and severally. The Bonds shall at all times rank *pari passu* without any priority or preference among themselves and, in respect of the Guarantor, they shall rank without any priority or preference over its unsecured indebtedness, if any.



4. Payments

Payment of the principal amount of a Bond will be made in Euro by the Issuer to the person in whose name such Bonds are registered, with interest accrued up to 27 August 2029 (the "Redemption Date"), by means of direct credit transfer into such bank account as the Bondholder may designate from time to time. Such payment shall be effected within seven (7) days of the Redemption Date. 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. Such payment shall be effected within seven (7) days of the Interest Payment Date.

5. Redemption

Unless previously re-purchased and cancelled, the Bonds will be redeemed at their nominal value (together with interest accrued to the date fixed for redemption) on 27 August 2029.

6. Events of Default

The Bonds shall become immediately due and repayable at their principal amount together with accrued interest, upon the happening of any of the following events:

- i. the Issuer shall fail to pay any interest on any Bond when due and such failure shall continue for thirty (30) days after written notice thereof shall have been given to the Issuer by any Bondholder; or
- ii. the Issuer shall fail duly to perform or shall otherwise be in breach of any other material obligation contained in the Terms and Conditions of the Bonds and such failure shall continue for sixty (60) days after written notice thereof shall have been given to the Issuer by any Bondholder; or
- iii. an order is made or resolution passed or other action taken for the dissolution, termination of existence, liquidation, winding-up or bankruptcy of the Issuer and/or Guarantor; or
- iv. the Issuer stops or suspends payments (whether of principal or interest) with respect to all or any class of its debts or announces an intention to do so or ceases or threatens to cease to carry on its business or a substantial part of its business; or
- v. the Issuer is unable, or admits in writing its inability, to pay its debts as they fall due or otherwise becomes insolvent; or
- vi. there shall have been entered against the Issuer and/or the Guarantor a final judgment by a court of competent jurisdiction from which no appeal may be or is made for the payment of money in excess of five million Euro (€5,000,000) or its equivalent and ninety (90) days shall have passed since the date of entry of such judgment without its having been satisfied or stayed; or
- vii. any default occurs and continues for ninety (90) days under any contract or document relating to any Financial Indebtedness of the Issuer and/or the Guarantor in excess of five million Euro (€5,000,000) or its equivalent at any time.

7. Transferability of the Bonds

The Bonds are freely transferable and, once admitted to the Official List, shall be transferable only in whole in accordance with the rules and regulations of the MSE applicable from time to time. 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 15 days preceding the due date for any payment of interest on the Bonds.

8. Register of Bondholders

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

9. 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.

10. Meetings of Bondholders

The Terms and Conditions of the Bonds may be amended or waived with the approval of the Bondholders at a meeting called for that purpose by the Issuer.

11. Governing Law and Jurisdiction

The Bonds shall be governed by and shall be construed in accordance with Maltese law. Any legal action, suit, action or proceeding against the Issuer and/or the Guarantor arising out of or in connection with the Bonds shall be brought exclusively before the Maltese Courts and the Bondholder shall be deemed to acknowledge that it is submitting to the exclusive jurisdiction of the Maltese Courts as aforesaid.



E.4 Jesmond Mizzi, a member of the board of directors of the Guarantor, is also a director of Jesmond Mizzi Financial Advisors Limited, which is included as an Authorised Financial Intermediary. In light of his appointment to the board of directors of the Guarantor, Jesmond Mizzi will not personally provide any investment advice on the Bonds to the clients of the aforesaid investment firm.

Save for the above and the subscription for Bonds by Authorised Financial Intermediaries (which include the Sponsor and Manager & Registrar), and any fees payable in connection with the Bond Issue to MeDirect Bank (Malta) plc as Sponsor and to Bank of Valletta p.l.c. as Manager & Registrar, so far as the Issuer is aware, no person involved in the Bond Issue has an interest material to the Bond Issue.

E.7 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 €1,000,000.

EXPECTED TIME-TABLE OF THE BOND ISSUE

1. Application Forms mailed to Hili Ventures Bondholders	23 July 2019
2. Application Forms available to Hili Ventures Stakeholders	24 July 2019
3. Application Forms available to the general public	30 July 2019
4. Closing of Preferred Applicants Offer Period	13 August 2019
5. Closing of Public Offer Period	20 August 2019
6. Commencement of interest on the Bonds	27 August 2019
7. Expected date of announcement of results of the Bond Issue	27 August 2019
8. Refunds of unallocated monies	3 September 2019
9. Expected date of notification of registration	4 September 2019
10. Expected date of admission of the securities to listing	4 September 2019
11. Expected date of commencement of trading in the securities	5 September 2019

The Issuer reserves the right to close the Public Offer Period before 20 August 2019 in the event of over-subscription, in which case, the events set out in steps 7 to 11 above shall be brought forward, although the number of workings days between the respective events shall not also be altered.



NOTES



REGISTRATION DOCUMENT

dated 18 July 2019

This Registration Document is issued in accordance with the provisions of Chapter 4 of the Listing Rules issued 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 Registration Document is issued pursuant to the requirements of Listing Rule 4.13 of the Listing Rules and contains information about Hili Finance Company p.l.c.

Issue of €80,000,000 3.80% Unsecured Bonds 2029

by

HILI FINANCE COMPANY P.L.C.

A PUBLIC LIMITED LIABILITY COMPANY REGISTERED IN MALTA
WITH COMPANY REGISTRATION NUMBER C 85692

with the joint and several Guarantee* of Hili Ventures Limited

A PRIVATE LIMITED LIABILITY COMPANY REGISTERED IN MALTA
WITH COMPANY REGISTRATION NUMBER C 57902

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

Sponsor

Legal Counsel

Manager & Registrar



Carmelo sive Melo Hili

Geoffrey Camilleri

Dorian Desira

Jacqueline Camilleri

Mario Vella

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

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

A PROSPECTIVE INVESTOR SHOULD ALWAYS SEEK INDEPENDENT FINANCIAL ADVICE BEFORE DECIDING TO INVEST IN ANY LISTED FINANCIAL INSTRUMENT. 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.



IMPORTANT INFORMATION

THIS REGISTRATION DOCUMENT CONTAINS INFORMATION ON HILI FINANCE COMPANY P.L.C. IN ITS CAPACITY AS ISSUER AND HILI VENTURES LIMITED AS GUARANTOR IN ACCORDANCE WITH THE REQUIREMENTS OF THE LISTING RULES OF THE LISTING AUTHORITY, THE COMPANIES ACT (CAP. 386 OF THE LAWS OF MALTA) AND 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).

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

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

THE DIRECTORS OF THE ISSUER, AS IDENTIFIED UNDER THE HEADING "DIRECTORS" IN SECTION 3.1 OF THIS REGISTRATION DOCUMENT, ARE THE PERSONS RESPONSIBLE FOR THE INFORMATION CONTAINED IN THIS REGISTRATION DOCUMENT. TO THE BEST OF THE KNOWLEDGE AND BELIEF OF THE DIRECTORS OF THE ISSUER (WHO HAVE ALL TAKEN REASONABLE CARE TO ENSURE SUCH IS THE CASE), THE INFORMATION CONTAINED IN THIS REGISTRATION DOCUMENT IS IN ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION. THE DIRECTORS OF THE ISSUER ACCEPT RESPONSIBILITY ACCORDINGLY.

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

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

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

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

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

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



ALL THE ADVISORS TO THE ISSUER AND THE GUARANTOR NAMED IN THIS REGISTRATION DOCUMENT UNDER THE HEADING “ADVISORS” IN SECTION 3.2 OF THIS REGISTRATION DOCUMENT HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER AND THE GUARANTOR, AS THE CASE MAY BE, IN RELATION TO THIS PUBLIC OFFER AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION TOWARDS ANY OTHER PERSON AND WILL ACCORDINGLY NOT BE RESPONSIBLE TO ANY INVESTOR OR ANY OTHER PERSON WHOMSOEVER IN RELATION TO THE TRANSACTIONS PROPOSED IN THE PROSPECTUS.

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

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



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1. DEFINITIONS

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

Act	the Companies Act (Cap. 386 of the Laws of Malta);
Bond Issue	the issue of the Bonds;
Bondholders	a holder of Bonds to be issued by the Issuer in terms of the Prospectus;
Bond(s)	a maximum of €80,000,000 unsecured bonds due 2029 of a face value of €100 per bond bearing interest at the rate of 3.80% per annum and redeemable at their nominal value, as detailed in the Securities Note;
Company or Issuer	Hili Finance Company p.l.c., a company registered under the laws of Malta with company registration number C 85692 and having its registered office at Nineteen Twenty Three, Valletta Road, Marsa MRS 3000, Malta;
Directors or Board	the directors of the Issuer whose names are set out under the heading "Directors" found in section 3.1 of this Registration Document;
EBIT	an abbreviation used for earnings before interest and tax;
EBITDA	an abbreviation used for earnings before interest, tax, depreciation and amortisation;
Euro or €	the lawful currency of the Republic of Malta;
Guarantee	the joint and several guarantee dated 18 July 2019 granted by the Guarantor as security for the punctual performance of all the obligations undertaken by the Issuer under the Bonds and, without prejudice to the generality of the foregoing, the undertaking on the part of the Guarantor to pay all amounts of principal and interest which may become due and payable by the Issuer to Bondholders under the Bonds, within 60 days from the date such amount falls due and remains unpaid by the Issuer. A copy of the Guarantee and a description of the nature, scope and terms of the Guarantee are appended to the Securities Note as Annex III thereto;
Guarantor	Hili Ventures Limited, a company registered under the laws of Malta with company registration number C 57902 and having its registered office at Nineteen Twenty Three, Valletta Road, Marsa MRS 3000, Malta;
Hili Ventures or Group	the Guarantor (as ultimate parent company) and its direct and indirect Subsidiaries;
Hili Ventures Company	any one of the companies forming part of Hili Ventures. The term " Hili Ventures Companies " shall be construed accordingly;
Listing Authority	the Board of Governors of the Malta Financial Services Authority, appointed as the Listing Authority for the purposes of the Malta Financial Services Authority Act (Cap. 330 of the Laws of Malta);
Listing Rules	the listing rules issued by the Listing Authority, as may be amended from time to time;
Malta Stock Exchange or MSE	Malta Stock Exchange p.l.c., as originally constituted in terms of the Financial Markets Act (Cap. 345 of the Laws of Malta) with company registration number C 42525 and having its registered office at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta;
Memorandum and Articles of Association	the memorandum and articles of association of the Issuer in force at the time of publication of the Prospectus;
Prospectus	collectively, this Registration Document, the Securities Note and the Summary Note all dated 18 July 2019;
Registration Document	this document in its entirety;
Regulation	Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in a prospectus and dissemination of advertisements, as amended;
Securities Note	the securities note issued by the Issuer dated 18 July 2019, forming part of the Prospectus;



Sponsor	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 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;
Subsidiaries	means all entities (including structured entities) over which the Issuer has control. In terms of International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), a group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. The term ' Subsidiary ' shall be construed accordingly;
Summary Note	the summary note issued by the Issuer dated 18 July 2019, forming part of the Prospectus.

Unless it appears otherwise from the context:

- (a) words importing the singular shall include the plural and *vice-versa*;
- (b) words importing the masculine gender shall include the feminine gender and *vice-versa*;
- (c) the word 'may' shall be construed as permissive and the word 'shall' shall be construed as imperative.

2. RISK FACTORS

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 MAKING ANY INVESTMENT DECISION WITH RESPECT TO THE ISSUER.

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

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.

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

NEITHER THE PROSPECTUS NOR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH SECURITIES ISSUED BY THE ISSUER: (I) IS INTENDED TO PROVIDE THE BASIS OF ANY CREDIT OR OTHER EVALUATION NOR (II) SHOULD BE CONSIDERED AS A RECOMMENDATION BY THE ISSUER OR THE SPONSOR OR AUTHORISED FINANCIAL INTERMEDIARIES THAT ANY RECIPIENT OF THIS PROSPECTUS OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION THEREWITH, SHOULD PURCHASE ANY SECURITIES ISSUED BY THE ISSUER. PROSPECTIVE INVESTORS SHOULD MAKE THEIR OWN INDEPENDENT EVALUATION OF ALL RISK FACTORS, AND SHOULD CONSIDER ALL OTHER SECTIONS IN THIS DOCUMENT.

2.1 FORWARD-LOOKING STATEMENTS

The Prospectus and the documents incorporated therein by reference or annexed thereto contain forward-looking statements that include, among others, statements concerning the Issuer's and Guarantor's strategies and plans relating to the attainment of their respective objectives, capital requirements and other statements of expectations, beliefs, future plans and strategies, anticipated developments and other matters that are not historical facts and which may involve predictions of future circumstances. Investors can generally identify forward-looking statements by the use of terminology such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "believe", or similar phrases. These forward-looking statements are inherently subject to a number of risks, uncertainties and assumptions. Important factors that could cause actual results to differ materially from the expectations of the Issuer's and Guarantor's directors include those risks identified under the heading "Risk Factors" and elsewhere in the Prospectus.

Important factors that could cause actual results to differ materially from the expectations of the Issuer's and Guarantor's directors include those risks identified under this section 2 and elsewhere in the Prospectus. As mentioned above, if any of the risks described were to materialise, they could have a material effect on the Issuer's and Guarantor's financial results and trading prospects and the ability of the Issuer to fulfil its obligations under the securities to be issued in terms of the Prospectus and of the Guarantor to honour its obligations under the Guarantee.

Accordingly, the Issuer and Guarantor caution prospective investors that these forward-looking statements are subject to risks and uncertainties that could cause actual events or results to differ materially from those expressed or implied by such

statements, that such statements do not bind the Issuer and Guarantor with respect to future results and no assurance is given that the projected future results or expectations covered by such forward-looking statements will be achieved. All forward-looking statements contained in the Prospectus are made only as at the date hereof. The Issuer, Guarantor and their respective directors expressly disclaim any obligations to update or revise any forward-looking statements contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.

Prospective investors are advised to read the Prospectus in its entirety and, in particular, the sections entitled “Risk Factors”, for an assessment of the factors that could affect the Issuer’s and Guarantor’s future performance. In the light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in the Prospectus may not occur.

The value of investments can go up or down and past performance is not necessarily indicative of future performance. The nominal value of the Bonds will be repayable in full upon maturity, unless the Bonds are previously re-purchased and cancelled. An investment in the Bonds involves certain risks, including those described below.

2.2 GENERAL

An investment in the Issuer and the Bonds may not be suitable for all recipients of the Prospectus and prospective investors are urged to consult an independent investment 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 Bonds before making an investment decision. In particular, such advice should be sought with a view to ascertaining that each prospective investor:

- (i) has sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference to the Prospectus or any applicable supplement;
- (ii) has sufficient financial resources and liquidity to bear all the risks of an investment in the Bonds, including where the currency for principal or interest payments is different from the prospective investor’s currency;
- (iii) understands thoroughly the terms of the Bonds and is familiar with the behaviour of any relevant indices and financial markets; and
- (iv) is 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 ISSUER AND ITS BUSINESS

Issuer’s dependence on Hili Ventures and its business

The Issuer is a Subsidiary of the Guarantor forming part of Hili Ventures and given its recent incorporation does not itself have any trading history. It was set up primarily as a finance and investment company with one of its purposes being that of financing or re-financing the funding requirements of the business of Hili Ventures. In this respect, the Issuer is dependent on the business prospects of Hili Ventures, and consequently, the operating results of Hili Ventures have a direct effect on the Issuer’s financial position and performance. As such, the risks intrinsic in the business and operations of Hili Ventures shall have a direct effect on the financial position of the Issuer.

Issuer’s exposure to Hili Ventures

As a finance company, the assets of the Issuer will comprise loans issued to the Guarantor and/or other Hili Ventures Companies. Consequently, the Issuer will be dependent on the operating results, cash flows and financial position of the Guarantor and/or other Hili Ventures Companies for the punctual receipt of interest payments and capital repayments from the afore-mentioned entities. Moreover, such interest payments and capital repayments may be restricted by *inter alia*: changes in applicable laws and regulations; by the terms of agreements to which the Guarantor and/or other Hili Ventures Companies are or may become party; or by other factors beyond the control of the Issuer and/or Hili Ventures.

The occurrence of any such factors could in turn negatively affect the ability of the Issuer to meet its obligations in respect of the repayment of principal and interest under the Bonds punctually when due.

Risks inherent in forecasts

The forecasts set out in the Prospectus are dependent on a number of assumptions and future expectations that may or may not occur. The non-occurrence of those future expectations could have material adverse effects on the financial position and results of Hili Ventures and the Issuer. The said forecasts are therefore merely an illustration of a possible future outcome which may or may not occur and the Issuer, its directors, officers and advisors make no representation as to their accuracy or likelihood of occurrence. Forecasts are inherently subject to the risks of adverse unexpected events which may affect the revenue streams and profitability of Hili Ventures and/or the Issuer.

2.4 RISKS RELATING TO THE BUSINESS OF HILI VENTURES

Hili Ventures’ business is subject to market and economic conditions generally

The business activities of Hili Ventures are subject to general market and economic conditions, both locally and overseas. These conditions include, *inter alia*, consumer demand, financial market volatility, inflation, fluctuations in interest rates, exchange rates, direct and indirect taxation, unemployment, credit markets, government spending and other general market and economic conditions. Any further expansion of Hili Ventures’ operations into other markets would further increase its susceptibility to adverse economic developments and trends affecting such other markets.

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



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

Hili Ventures has a trading history in the technology and engineering industries; distribution of Apple products and services; transportation and logistics sector; ownership and management of properties; and operation of McDonald's restaurants. Each of the afore-mentioned business sectors are characterised by strong and increasing competition. Many of Hili Ventures' current and potential competitors' operating histories, name recognition, customer bases and financial and other resources are a competitive factor for Hili Ventures wherever it may have business. Severe competition in certain countries could adversely affect Hili Ventures' business and operating results.

Hili Ventures' key senior personnel and management have been and remain material to its growth

Hili Ventures believes that its growth is largely attributable to the efforts and abilities of the directors and members of its executive management team and other key personnel. If one or more of the members of this team were unable or unwilling to continue in their present position, Hili Ventures might not be able to replace them within the short term, which could have a material adverse effect on Hili Ventures' business, financial condition and results of operations.

In common with many businesses, Hili Ventures will be relying heavily on the contacts and expertise of its directors and senior management teams and other key personnel. Although no single person is solely instrumental in fulfilling Hili Ventures' business objectives, there is no guarantee that these objectives will be achieved to the degree expected following the possible loss of key personnel. The loss of the services of any of the key personnel could have, in the short term, a material adverse effect on Hili Ventures' business.

Litigation risk

All industries are subject to legal claims, with or without merit. Defence and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation and dispute resolution process, there can be no assurance that the resolution of any particular legal proceeding or dispute will not have a material adverse effect on Hili Ventures' future cash flow, results of operations or financial condition.

Hili Ventures' insurance policies

Historically, Hili Ventures has maintained insurance at levels determined by Hili Ventures to be appropriate in light of the cost of cover and the risk profiles of the business in which Hili Ventures operates. With respect to losses for which Hili Ventures is covered by its policies, it may be difficult and may take time to recover such losses from insurers. In addition, Hili Ventures may not be able to recover the full amount from the insurer. No assurance can be given that Hili Ventures' current insurance coverage would be sufficient to cover all potential losses, regardless of the cause, nor can any assurance be given that an appropriate coverage would always be available at acceptable commercial rates.

Risks relative to changes in laws

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

Hili Ventures' indebtedness could adversely affect its financial position

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

The agreements regulating Hili Ventures' bank debt may impose significant financial covenants on Hili Ventures, the covenants of which could limit Hili Ventures' ability to obtain future financing, make capital expenditure, withstand a future downturn in business or economic conditions generally or otherwise inhibit the ability to conduct necessary corporate activities.

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

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

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

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

Currency fluctuations may have a material adverse effect on Hili Ventures' business, financial condition and results of operations

Hili Ventures' operations are exposed, in the case of transactions not denominated in Euro, to foreign currency risk on transactions, receivables and borrowings that are denominated in a currency other than the Euro. As a result, exchange gains or losses may arise on the realisation of amounts receivable and the settlement of amounts payable in foreign currencies.



Hili Ventures' financial statements, which are presented in Euro, can be affected by foreign exchange fluctuations through both translation risk, which is the risk that the financial statements for a particular period or as at a certain date depend, although in part only, on the prevailing exchange rates of the various currencies against the Euro; and transaction risk, which is the risk that the currency of the costs and liabilities fluctuates in relation to the currency of its revenue and assets, which fluctuation may adversely affect its operating performance.

A portion of operating expenses are fixed

A portion of Hili Ventures' costs are fixed and operating results are vulnerable to short-term changes in its revenues. Hili Ventures' fixed operating expenses are not easily reduced to react to changes in its revenue by reducing its operating expenses, which could have a material adverse effect on its business, financial condition and results of operations.

In addition, Hili Ventures' operating and other expenses could increase without a corresponding increase in turnover or revenue. The factors which could materially increase operating and other expenses include:

- increases in the rate of inflation;
- increases in payroll expenses;
- increases in property taxes and other statutory charges;
- changes in laws, regulations or government policies;
- increases in insurance premiums;
- unforeseen increases in the costs of maintaining properties; and
- unforeseen capital expenditure.

Such increases could have a material adverse effect on Hili Ventures' financial position and its ability to make distributions to its shareholders.

Risks of integration and operation of acquired businesses

The integration and operation of businesses or additional franchises that may be acquired in the future may disrupt Hili Ventures' business and create additional expenses, and Hili Ventures may not achieve the anticipated benefits of any such acquisitions and expansion.

Integration of an acquired business or additional franchise involves numerous challenges and risks, including assimilation of operations of the acquired business and difficulties in the convergence of IT systems, the diversion of management's attention from other business concerns, risks of entering markets in which Hili Ventures have had no or only limited direct experience, assumption of unknown or unquantifiable liabilities, the potential loss of key personnel and/or clients, difficulties in completing strategic initiatives already underway in the acquired companies, and unfamiliarity with partners and clients of the acquired company, each of which could have a material adverse effect on Hili Ventures' business, results of operations and financial condition.

The success of integration of acquired businesses or additional franchises typically assumes certain synergies, economies of scale and other benefits. There is no assurance that these risks or other unforeseen factors will not offset the intended benefits of the acquisitions or expansion, in whole or in part.

Reliance on non-proprietary software systems and third-party IT providers

To varying degrees, Hili Ventures is reliant upon technologies and operating systems (including IT systems) developed by third parties for the running of its business, and are exposed to the risk of failures in such systems. Whilst Hili Ventures has service level agreements and disaster recovery plans to ensure continuity and stability of these systems, there can be no assurance that the service or systems will not be disrupted. Disruption to those technologies or systems and/or lack of resilience in operational availability could adversely affect the efficiency of Hili Ventures' business, financial condition and/or operating performance.

The business of 1923 Investments p.l.c. and its operating subsidiaries ("1923 Investments") is reliant on key suppliers

1923 Investments has established strategic relationships with its key suppliers. These relationships support 1923 Investments' product and service offerings, and sales activities generally. There is no guarantee that 1923 Investments will be able to maintain these alliances, enter into further alliances or that existing suppliers will not enter into relationships with 1923 Investments' competitors. The loss of any of these relationships, in particular, the agreement with Apple that authorises 1923 Investments to engage in the sale and distribution of Apple products as an Apple Premium Reseller in Poland and Hungary, could have a material adverse effect on 1923 Investments' business, results of operations and financial condition and in turn, could have a negative effect on the financial performance and position of Hili Ventures.

The business of Premier Capital p.l.c. and its operating subsidiaries ("Premier Capital Group") is highly dependent on its licensor/franchisor

The McDonald's system in Malta, the Baltic countries, Greece and Romania is developed pursuant to the terms of franchises issued by McDonald's Corporation (in the case of Malta and Romania) or by McDonald's International Property Company Ltd, a subsidiary of McDonald's Corporation (in the case of the Baltic countries and Greece). Premier Capital Group has undertaken to develop restaurants under and in accordance with the McDonald's brand and standards as prescribed by the said master franchise (or franchise) agreements. Furthermore, pursuant to master franchise (or franchise) agreements entered into with McDonalds Corporation (or its subsidiary McDonald's International Property Company Ltd, as applicable), Premier Capital Group has been granted the right to adopt and use the McDonald's restaurant system in accordance with the terms of such agreements.



In light of the aforesaid, Premier Capital Group's revenues are dependent on the continued existence of its contractual relationships with McDonald's, and in turn, of its right to operate McDonald's branded restaurants in Malta, the Baltic countries, Greece and Romania. Furthermore, many factors and decisions in the business of Premier Capital Group are subject to restrictions, specifications or approval. In view of the nature of franchising and the said franchise agreements entered into with the franchisor, the long-term success of Premier Capital Group will depend, to a significant extent, on:

- the continued vitality of the McDonald's concepts and the overall success of the franchise system;
- the ability of Premier Capital Group and its franchisor to identify and react to new trends in the restaurant industry, including the development of popular menu items;
- the ability of Premier Capital Group and its franchisor to develop and pursue appropriate marketing strategies in order to maintain and enhance the name recognition, reputation and market perception of McDonald's restaurants and to introduce and develop new products;
- the goodwill associated with the McDonald's trademarks;
- the quality, consistency and management of the franchisor's overall systems; and
- a continued cooperative franchise relationship with its franchisor.

As already mentioned, the development and operation of Premier Capital Group's business in Malta, the Baltic countries, Greece and Romania is regulated by agreements which require the Premier Capital Group to comply with a comprehensive set of terms and conditions. By their very nature, agreements of this kind contain terms and conditions that are prescriptive. Moreover, the success of a franchise significantly depends on the relationship between the franchisor and the franchisee. While every effort is expected to be made to ensure a positive relationship between Premier Capital Group and its franchisor, there is no assurance that events or circumstances in the future may not adversely affect that relationship or that its franchisor will not enforce its contractual rights under any of the said agreements in a manner that is adverse to Premier Capital Group and in turn adverse to Hili Ventures.

Risks relating to property investments and operations

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

Hili Properties p.l.c. is also subject to the risk that tenants may terminate or elect not to renew their respective lease, either due to the expiration of the lease term or due to an early termination of the lease. A decline in occupancy levels and/or the re-letting of property at less favourable terms than the current lease terms could adversely impact rental income and operating performance of Hili Properties p.l.c.

The business of Motherwell Bridge is subject to global and regional economic conditions and is affected by trends in global transportation and port investment cycles

Motherwell Bridge is principally involved in the provision of engineering services related to port equipment and crane assembly. Demand for such services is affected by the conditions of the global economy, as well as regional economies in which Motherwell Bridge operates, including the Mediterranean region, Morocco and neighbouring countries. A decline in revenue as a result of a fall in demand may reduce planned growth of Motherwell Bridge and otherwise hinder its ability to improve its performance in connection with its long term strategy.

Demand for port-handling equipment and related engineering services generally follow trends in global transportation and, over the shorter term, port investment cycles. Demand for maintenance services is driven by customers' capacity utilisation rates. In addition to risks relating to changes in demand, increased competition can also result in overcapacity and adversely affect market prices, which could have a material adverse effect on the business of Motherwell Bridge, its financial condition and results of operations.

Growth strategy

Hili Ventures' growth plans envisage the continued optimisation of Hili Ventures' operations, with a business strategy that looks to enhance Hili Ventures' mainstream business locally and overseas. There is a risk that Hili Ventures may not be able to execute its long-term business strategy. There is no assurance that Hili Ventures will be able to drive growth to the extent desired through its focus of efforts and resources on its sales or to enhance profitability to the extent desired through continuous improvement. Furthermore, Hili Ventures' theoretical growth projections may, in practice, and potentially for reasons over which it has little or no control, be considerably slower or quicker than anticipated, in turn disrupting Hili Ventures' envisioned strategy and consequently the results of its operations.

2.5 RISKS RELATING TO THE ACQUISITION OF THE COMINO HOTEL AND BUNGALOWS

Hili Ventures is subject to certain risks common to the hotel industry, certain of which are beyond its control

Hili Ventures plans to utilise part of the net proceeds from the Bond Issue to acquire the Comino Hotel and Bungalows, as further described in section 6 of this Registration Document. The business operations of the Comino Hotel and Bungalows and

the results thereof are subject to a number of external factors that could adversely affect Hili Ventures' business, many of which are common to the hotel industry and beyond Hili Ventures' control, including the following:

- changes in travel patterns, any increase in or the imposition of new taxes on air travel and fuel, and cutbacks and stoppages on Malta-bound airline routes;
- changes in governmental laws and regulations, employment, the preparation and sale of food and beverages, smoking, health and alcohol licensing laws and environmental concerns, fiscal policies and zoning and development regulations and the related costs of compliance;
- the impact of increased threats of terrorism or actual terrorist events, impediments to means of transportation (including airline strikes and border closures), extreme weather conditions, natural disasters, travel-related accidents, outbreaks of diseases and health concerns, or other factors that may affect travel patterns and reduce the number of business and leisure travellers;
- the termination, non-renewal and/or the renewal on less favourable terms of material contracts and management agreements.

The impact of any of these factors (or a combination of them) may adversely affect room rates and occupancy levels at the Comino Hotel and Bungalows, or otherwise cause a reduction in Hili Ventures' income, which would have a material adverse impact on Hili Ventures' business, financial condition and results of operations.

Furthermore, the hotel industry is characterised by strong and increasing competition. Many of Hili Ventures' existing and potential competitors may have longer operating histories, greater name recognition, larger customer bases and greater financial and other resources than Hili Ventures. Severe competition in Malta and changes in economic and market conditions could adversely affect Hili Ventures' business and operating results.

Project risk

The acquisition of the Comino Hotel and Bungalows is being made with a view to developing the site into a mixed-use hospitality project including a luxury hotel and upmarket serviced bungalows. In this respect, Hili Ventures will be subject to a number of specific risks normally encountered in similar developments, including: the risk of delays in obtaining the necessary planning permissions; the risk of cost overruns; the risk of construction delays which particularly may entail logistical issues due to the unique location of the Comino Hotel and Bungalows on the island of Comino; and the risk of insufficiency of resources to complete.

Furthermore, Hili Ventures will be subject to various counter-party risks, such as contractors and subcontractors engaged in the demolition, excavation, construction and finishing of the subject development. Such parties may default or fail to perform on their obligations to Hili Ventures due to insolvency, lack of liquidity, market or economic downturns, operational failure or other reasons which are beyond Hili Ventures' control. If such risks were to materialise, they could have an adverse impact on Hili Ventures' revenue generation, cash flows and financial performance.

2.6 RISKS RELATING TO THE CONTAINER LEASING BUSINESS

Container leasing demand can be negatively affected by numerous market factors as well as external political and economic events that are beyond Hili Ventures' control

Hili Ventures has incorporated Cobalt Leasing Ltd, a company registered in the United Kingdom, which will be engaged in the acquisition and leasing of containers. Demand for containers depends largely on the rate of world trade and economic growth. Demand for leased containers is also driven by customers' "lease vs. buy" decisions. Cyclical recessions can negatively affect the operating results of container lessors, due to the fact that during economic downturns or periods of reduced trade, shipping lines and other customers tend to lease fewer containers, or lease containers only at reduced rates, and tend to rely more on their own fleets to satisfy a greater percentage of their requirements.

As a result, during periods of weak global economic activity, container lessors, such as Hili Ventures' proposed container leasing business, will typically experience lower leasing demand and consequently lower revenue, a decline in equipment utilisation, lower average rental rates, lower used container resale prices and significantly decreased profitability. The impact thereof could have a material adverse effect on Hili Ventures' business, financial condition and results of operations.

Competition in the container leasing business

Competition among container leasing companies depends upon many factors, including, among others, lease rates, lease terms (including lease duration, drop-off restrictions and repair provisions) and customer service. New entrants may be more aggressive in pricing and structuring leases and as a result, the entry of new market participants together with the already highly competitive nature of the container leasing industry, may undermine Hili Ventures' ability to maintain a high level of asset utilisation or, alternatively, could force Hili Ventures to reduce the pricing and accept lower revenue and profit margins in order to achieve its growth plans, which could adversely affect Hili Ventures' business and operating results.

2.7 RISKS INHERENT IN PROPERTY VALUATIONS

The valuation of property is inherently subjective, due to, among other things, the nature of the subject property and the assumptions upon which the valuation is carried out. Accordingly, there can be no assurance that the valuation referred to in this Registration Document reflects actual values that could be achieved on a sale, even where any such sale were to occur shortly after the valuation date. Actual values may be materially different from any future values that may be expressed or implied by forward-looking statements set out in the valuation or anticipated on the basis of historical trends, as reality may not match the assumptions made. There can be no assurance that such valuation of property will reflect actual market values.



2.8 RISKS RELATING TO THE GUARANTEE

The Bonds, as and when issued and allotted, shall constitute the general, direct, unsecured and unconditional obligations of the Issuer and shall be guaranteed in respect of both the interest due and the principal amount under said Bonds by the Guarantor. The Bonds shall at all times rank *pari passu* without any priority or preference among themselves and, in respect of the Guarantor, they shall rank without any priority or preference over all its unsecured indebtedness, if any. In view of the fact that the Bonds are being guaranteed by the Guarantor on a joint and several basis, the Bondholders shall be entitled to request the Guarantor to pay both the interest due and the principal amount under said Bonds if the Issuer fails to meet any amount, when due in terms of the Prospectus.

The joint and several Guarantee also entitles the Bondholders to take action against the Guarantor without having to first take action against the Issuer. The strength of this undertaking on the part of the Guarantor and therefore, the level of recoverability by the Bondholders from the Guarantor of any amounts due under any of the Bonds, is dependent upon and directly linked to the financial position and solvency of the Guarantor.

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

3.1 DIRECTORS

3.1.1 DIRECTORS OF THE ISSUER

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

Carmelo sive Melo Hili (395765M)	2, Immaculate Conception Street, Lija, Malta	Chairman; Non-Executive Director
Geoffrey Camilleri (569579M)	299, Ithaca, Triq Frans Sammut, Zebbug, Malta	Executive Director
Dorian Desira (442281M)	Sayonara, Fl 6, Triq iz-Zebbuga, Gudja, Malta	Non-Executive Director
Jacqueline Camilleri (340768M)	63, Alta Vista, Triq Claudette Agius, Dingli, Malta	Independent Non-Executive Director
Mario Vella (672753M)	Sivellier, Triq is-Siegh, Swieqi, Malta	Independent Non-Executive Director

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

THE DIRECTORS OF THE ISSUER ARE THE PERSONS RESPONSIBLE FOR THE INFORMATION CONTAINED IN THIS REGISTRATION DOCUMENT. TO THE BEST OF THE KNOWLEDGE AND BELIEF OF THE DIRECTORS OF THE ISSUER (WHO HAVE ALL TAKEN REASONABLE CARE TO ENSURE SUCH IS THE CASE), THE INFORMATION CONTAINED IN THIS REGISTRATION DOCUMENT IS IN ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION. THE DIRECTORS ACCEPT RESPONSIBILITY ACCORDINGLY.

The entities identified under the sub-heading "Advisors" in section 3.2 below have advised and assisted the Directors in the drafting and compilation of the Prospectus.

3.1.2 DIRECTORS OF THE GUARANTOR

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

Steve Tarr (British passport number 800150906)	9 Hyde Park, Park Towers, Gorg Borg Olivier Street, St Julians, Malta	Chairman
Carmelo sive Melo Hili (395765M)	2, Immaculate Conception Street, Lija, Malta	Chief Executive Officer
Richard Abdilla Castillo (267256M)	Il-Girna, Notabile Road, Mriehel, B'Kara, Malta	Director
Victor Tedesco (594964M)	16, Triq Ghajn Zejtuna, Mellieha, Malta	Director
Jesmond Mizzi (328065M)	Campbell Close G2, Triq San Pawl, Attard, Malta	Independent Non-Executive Director

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



3.2 ADVISORS

Legal Counsel

Name: GVZH Advocates
Address: 192, Old Bakery Street, Valletta VLT 1455 – MALTA

Sponsor

Name: Charts (a division of MeDirect Bank (Malta) plc)
Address: The Centre, Tigné Point, Sliema TPO 0001 – MALTA

Manager & Registrar

Name: Bank of Valletta p.l.c.
Address: BOV Centre, Cannon Road, Zone 4, Central Business District, Santa Venera CBD 4060 – MALTA

Financial Advisors

Name: Deloitte Services Limited
Address: Deloitte Place, Mriehel Bypass, Mriehel BKR 3000 – MALTA

As at the date of the Prospectus the advisors named under this sub-heading have no beneficial interest in the share capital of the Issuer or the Guarantor. Additionally, save for the terms of engagement relative to their respective services provided in connection with the preparation of the Prospectus, no material transactions have been entered into by the Issuer or Guarantor with any of the advisors referred to above.

3.3 AUDITORS

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

The financial statements of the Issuer for the period 6 April 2018 (being the date of incorporation) to 31 December 2018 were audited by Grant Thornton, Fort Business Centre, Floor 2, Mriehel Bypass, Mriehel BKR 3000, Malta.

The annual statutory financial statements of the Guarantor for the financial years ended 31 December 2016 and 2017 were audited by Deloitte Audit Limited, Deloitte Place, Mriehel Bypass, Mriehel BKR 3000, Malta. The annual statutory financial statements of the Guarantor for the financial year ended 31 December 2018 were audited by Grant Thornton, Fort Business Centre, Floor 2, Mriehel Bypass, Mriehel BKR 3000, Malta.

Each of Deloitte Audit Limited and Grant Thornton is a firm of certified public accountants holding a warrant to practice the profession of accountant in terms of the Accountancy Profession Act, 1979 (Cap. 281 of the laws of Malta). The Accountancy Board registration number of Deloitte Audit Limited and Grant Thornton is AB/26/84/81 and AB/26/84/22 respectively.

4. INFORMATION ABOUT THE ISSUER AND GUARANTOR

4.1 THE ISSUER

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



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

In July 2018, the Company issued €40,000,000 3.85% unsecured bonds 2028, the net proceeds of which were on-lent to the Guarantor to repay bank borrowings and related party balances, and to part-finance various acquisitions and development of investment property, in terms of a prospectus dated 4 July 2018.

Save for the above, the Issuer itself has no other trading history.

4.2 THE GUARANTOR

Full Legal and Commercial Name of the Guarantor:	Hili Ventures Limited
Registered Address:	Nineteen Twenty Three, Valletta Road, Marsa MRS 3000, Malta
Place of Registration and Domicile:	Malta
Registration Number:	C 57902
Date of Registration:	17 October 2012
Legal Form:	The Guarantor is lawfully existing and registered as a private limited liability company
Telephone Number:	+356 2568 1200
Email:	info@hiliventures.com
Website:	www.hiliventures.com

The Guarantor was established in 2012 and principally acts as the investment holding company of Hili Ventures to which it provides management and consultancy services. The Guarantor is principally engaged, through Subsidiaries, in investments that are predominantly involved in the business sectors described below:

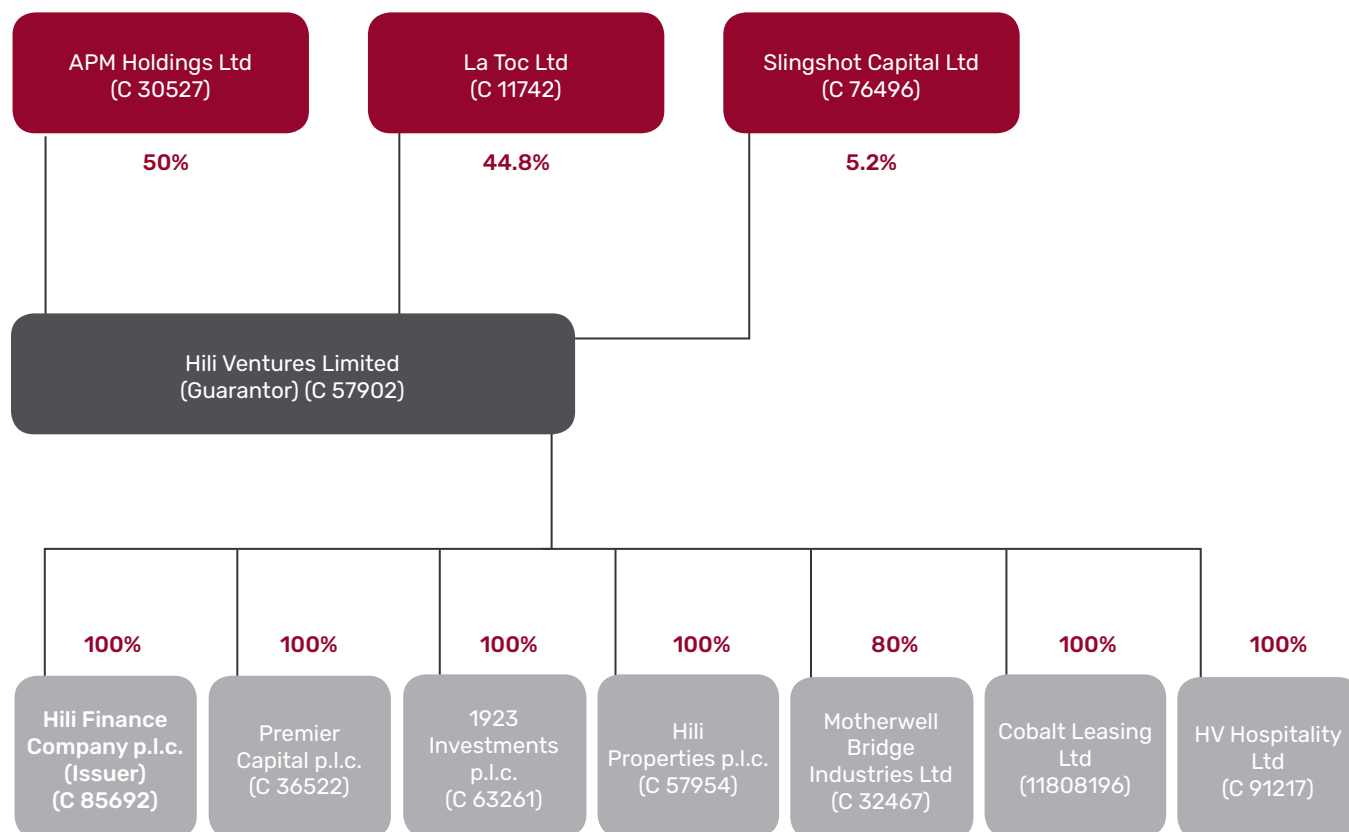
- **Premier Capital p.l.c.** is involved in the operations of McDonald's restaurants in Estonia, Greece, Latvia, Lithuania, Malta and Romania.
- **1923 Investments p.l.c.** (formerly PTL Holdings p.l.c.) is the investment operating division of Hili Ventures, other than the operation of McDonald's restaurants as described hereinabove and the property division which is managed by Hili Properties p.l.c.

1923 Investments p.l.c. is presently engaged in the sale and distribution of Apple products as an Apple Premium Reseller in Poland and Hungary; the sale, maintenance and servicing of information technology solutions, security systems and the provision of electronic payment solutions; and transport and logistics in Malta and Poland, including air, road, sea and rail freight forwarding, clearances and deliveries, customs brokerage, parcel services, warehousing, ship agency, ship-to-ship operations and project cargo.

- **Hili Properties p.l.c.** is the parent company of the property division of Hili Ventures, and owns and manages a property portfolio comprising commercial and retail property in Europe.
- **Motherwell Bridge Industries Limited** ("Motherwell Bridge") is primarily engaged in providing engineering services related to port equipment and crane assembly. Through the acquisition of Techniplus S.A. in 2016, Motherwell Bridge is also involved in providing maintenance services of port equipment and crane assembly in Morocco and neighbouring North African countries.
- **Cobalt Leasing Ltd** was established in the UK on 5 February 2019 as a private limited liability company, with company registration number 11808196 and having its registered office at 2, Kingdom Street, London, United Kingdom. The company's principal objective is to operate a container leasing business, as further described in section 6 below.
- **HV Hospitality Limited** was registered in Malta on 17 April 2019 as a private limited liability company in terms of the Act, with company registration number C 91217 and having its registered office at Nineteen Twenty Three, Valletta Road, Marsa MRS 3000, Malta. The company's principal objective is to own, design, build, construct, develop, alter, refurbish, furnish, equip, maintain, provide, promote, finance, supervise, control, lease, rent, buy, sell, manage, operate or otherwise deal in any type of properties, including but not limited to hotels, residential units, retail and shopping outlets and areas, catering establishments, leisure and entertainment centres and amenities. HV Hospitality Limited is a single-member company with an authorised and issued share capital of €2,000,000 divided into 2,000,000 ordinary shares having a nominal value of €1 each, fully paid up and held by the Guarantor. The primary objective of the company is to operate and manage the hospitality business of Hili Ventures. It is expected that the initial transaction of this company will be the acquisition of Kemmuna Limited (the owner of the Comino Hotel and Bungalows) described in section 6 below.



As the holding company of Hili Ventures, the Guarantor is ultimately dependent upon the operations, performance and business prospects of the above-mentioned Subsidiaries. The diagram below illustrates the principal Subsidiaries within the organisational structure of Hili Ventures.



The complete list of Hili Ventures Companies is included in the consolidated audited financial statements of the Guarantor for the year ended 31 December 2018. The said financial statements are available for inspection as indicated in section 17 below.

In the last published prospectus of the Issuer dated 4 July 2018, it was mentioned that the Guarantor was considering listing the ordinary shares of 1923 Investments p.l.c. on the Official List of the Malta Stock Exchange and to offer up to 40% of its shareholding in the afore-mentioned company to the general public in Malta through an initial public offering. Since then, the Guarantor has reconsidered its plans and timing for a stock exchange listing.

4.3 OVERVIEW OF HILI VENTURES' REVENUE SEGMENTS

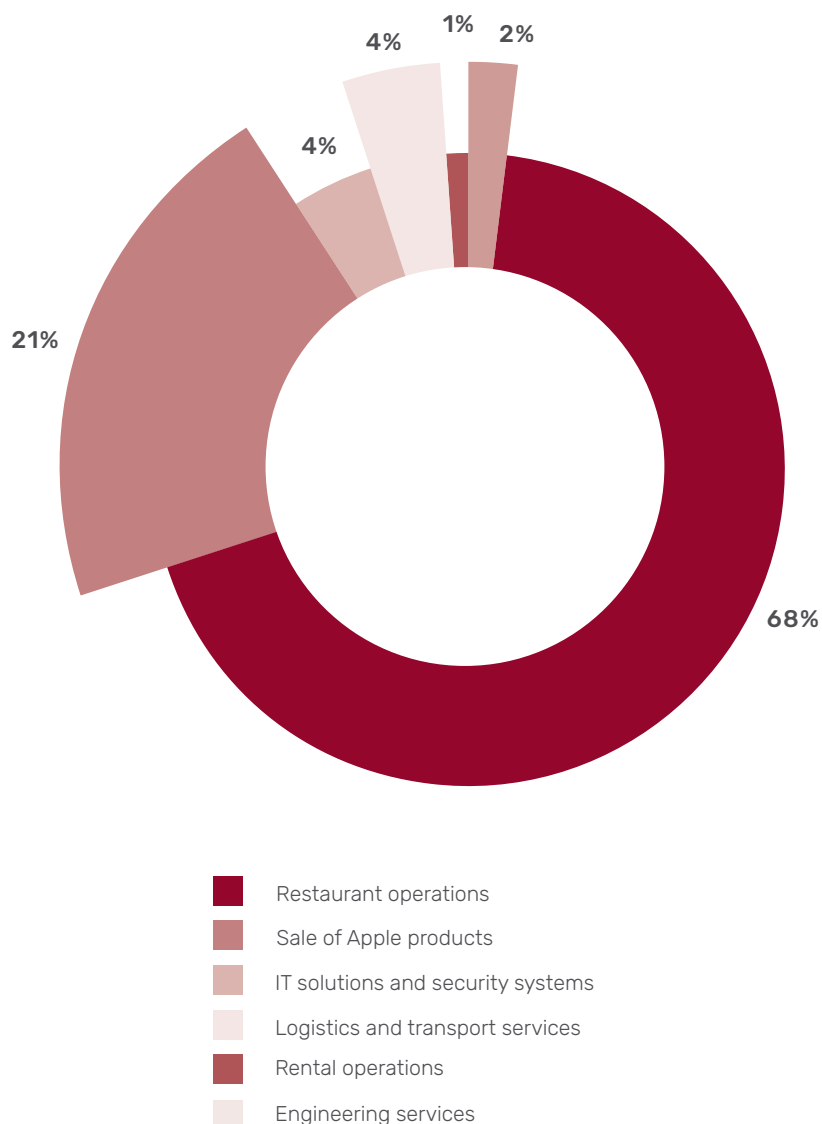
The following information on Hili Ventures is extracted from the audited consolidated financial statements of the Guarantor for the years ended 31 December 2016 to 2018, which are available for inspection as indicated in section 17 below.

Hili Ventures Limited Group Revenue by Activity for the year ended 31 December

	2016	2017	2018
	€000	€000	€000
Restaurant operations	230,161	263,419	293,650
Sale of Apple products	75,623	83,974	89,793
IT solutions and security systems	10,065	12,765	15,482
Logistics and transport services	15,522	22,907	16,397
Rental operations	3,152	4,589	5,250
Engineering services	6,716	8,835	6,838
Total revenue	341,239	396,488	427,410



HILI VENTURES GROUP REVENUE BY ACTIVITY (FY2018)



'Restaurant operations' revenue is generated by Premier Capital p.l.c. and comprises the operation of McDonald's restaurants in Estonia, Greece, Latvia, Lithuania, Malta and Romania. The McDonald's franchise for Malta was awarded in 1995 and that of the Baltic States in 2007. Four years later, in 2011, Premier Capital p.l.c. was awarded the developmental license for McDonald's in Greece and on 22 January 2016, Premier Capital p.l.c. acquired 90% shareholding in Premier Capital SRL, which indirectly operates the McDonald's restaurants in Romania. During the past 3 financial years, the average number of restaurants increased from 133 restaurants in FY2016 to 146 in 2018. In FY2018, 'restaurant operations' revenue represented circa 68% of Hili Ventures' total revenue (FY2017: 66%).

Revenue activities entitled **'Sale of Apple products'**, **'IT solutions and security systems'** and **'logistics and transport services'** principally relate to the business operations of iSpot Poland Sp. z o.o., Harvest Technology Limited and Hili Logistics Limited respectively. The afore-mentioned companies are Subsidiaries of 1923 Investments p.l.c.

'Sale of Apple products' primarily refers to the business operations of iSpot Poland Sp. z o.o. and its Subsidiary ("iSpot"), and in 2018 operated 26 stores involved in retailing Apple products in Poland under the iSpot brand (2017: 26 stores), together with a well-developed online proposition. In Q1 2019, iSpot closed 1 retail store and thereby reduced its complement of stores to 25 stores. As an Apple Premium Reseller and Apple Authorised Service Provider, iSpot outlets carry a full range of Apple products, including software and accessories, and through its trained staff also offer support and repair services to customers regardless of where they originally purchased the Apple product. In addition to Apple solutions, iSpot stores offer an extensive range of third-party products and software. iSpot also operates, through a joint venture, 4 stores in Hungary under the iCentre brand.



Up to Q1 2019, iSpot was also present in Bucharest, Romania, through the operation of 1 store. In April 2019, the business operation of iSpot Premium Romania s.r.l. was sold to a third party.

Furthermore, iSpot is involved in turnkey solutions for business customers, and its services comprise the design and construction of networks, data security, and the supply of hardware and software. As a certified Apple Authorised Training Centre, iSpot participates on an ongoing basis in various projects relating to the implementation of Apple technology in higher education.

'IT solutions and security systems' comprises the activities of Harvest Technology Limited and its Subsidiaries ("**Harvest**"), which primarily focuses on delivering business solutions and e-commerce systems to diverse clients in Malta, parts of Europe and North Africa. Harvest has four main revenue segments - networking, integration and hardware solutions, and product engineering; payment solutions (through the brand name 'APCOPAY') and security solutions; business applications; and business analytics and intelligence.

'Logistics and transport services' refers to the business of Hili Logistics Limited and its Subsidiaries in Malta and Poland ("**Hili Logistics**") and involves air, road, sea and rail freight forwarding, clearances and deliveries, customs brokerage, parcel services, warehousing, ship agency, ship-to-ship operations and project cargo. In the latter part of FY2016, Hili Logistics acquired Allcom Sp. z.o.o., an intermodal freight forwarding company and customs agency in Poland. The main sectors serviced by Allcom Sp. z.o.o. include the food, chemical and construction material industries.

In FY2018, operations undertaken by 1923 Investments p.l.c. namely 'IT retail operations', 'software and payment services' and 'logistics and transport services' represented *circa* 29% of Hili Ventures' total revenue (FY2017: 30%).

'**Rental operations**' revenue is generated by Hili Properties p.l.c. and its Subsidiaries ("**Hili Properties**"), which principally manages a property portfolio comprising commercial and retail property in Europe. The company relies on active asset management to maximise operating efficiency and profitability at the property level. As at 31 December 2018, the property portfolio of Hili Properties amounted to €119.5 million (31 December 2017: €104.0 million), of which, *circa* 68% and 32% of such property value is rented to third parties and intra-Group tenants respectively.

'**Engineering services**' revenue is derived from the operations of Motherwell Bridge Industries Limited and its Subsidiaries ("**Motherwell Bridge**"). Operating from a *circa* 15,000m² property in Hal Far Industrial Park, Malta, Motherwell Bridge principally provides customised engineering services and maintenance of port handling equipment and crane assembly. In FY2016, Motherwell Bridge acquired Techniplus S.A., a company engaged in the provision of maintenance services of port equipment and crane assembly in Morocco and neighbouring countries. In FY2018, revenue decreased from €8.8 million in FY2017 to €6.8 million (-23%) due to the suspension of marine division trading activities and restructuring efforts so as to improve the company's profitability.

5. OPERATING AND KEY FINANCIAL REVIEW

5.1 THE ISSUER

The Issuer was registered and incorporated on 6 April 2018 as a special purpose vehicle to act as a finance and investment company for the Guarantor and Hili Ventures. The financial information included below is extracted from the audited financial statements of the Issuer for the period 6 April 2018 to 31 December 2018. There were no significant changes to the financial or trading position of the Issuer since 31 December 2018.

Hili Finance Company p.l.c. Statement of Comprehensive Income for the period 6 April 2018 to 31 December 2018

	€000
Finance income	817
Finance costs	(686)
Gross profit	131
Administrative expense	(30)
Profit before tax	101
Taxation	(46)
Total comprehensive income	55



Hili Finance Company p.l.c.
Cash Flow Statement
for the period 6 April 2018 to 31 December 2018

	€000
Net cash from operating activities	(9)
Net cash from investing activities	(41,931)
Net cash from financing activities	42,000
Net movement in cash and cash equivalents	60
Cash and cash equivalents at beginning of period	-
Cash and cash equivalents at end of period	60

Hili Finance Company p.l.c.
Balance Sheet
as at 31 December 2018

	€000
ASSETS	
Non-current assets	
Loans owed by parent company	41,931
	41,931
Current assets	
Trade and other receivables	829
Cash and cash equivalents	60
	889
Total assets	42,820
EQUITY	
Equity and reserves	2,055
LIABILITIES	
Non-current liabilities	
Debt securities	40,000
Current liabilities	
Trade and other payables	765
	40,765
Total equity and liabilities	42,820

The Issuer was incorporated in April 2018 with an issued share capital of €2 million. In July 2018, the Issuer successfully raised €40 million through the issuance of 3.85% unsecured bonds 2028 and thereafter, the amount of €41.2 million (being the net proceeds from the bond issue together with the accumulated cash balance) was on-lent to the Guarantor.

During the six months ended 31 December 2018, interest receivable on the loan granted to the Guarantor amounted to €816,727, whilst accrued interest on outstanding debt securities and other finance costs amounted to €685,595. After accounting for administrative expenses and taxation, total comprehensive income amounted to €55,183.

5.2 THE GUARANTOR

The financial information included hereinafter is extracted from the audited consolidated financial statements of the Guarantor for the financial years ended 31 December 2016 to 2018.

The tables and discussion included in this section 5.2 contain certain alternative performance measures (as defined by the European Securities and Markets Authority (ESMA)), including EBITDA, that Hili Ventures' management and other competitors in the industry use. These non-IFRS financial measures are presented as supplemental information as (i) they represent measures that the Directors believe may be relevant for certain investors,



securities analysts and other parties in assessing Hili Ventures' operating and financial performance and may contribute to a fuller understanding of Hili Ventures' cash generation capacity and the growth of the combined business; and (ii) they may be used by Hili Ventures' management as a basis for strategic planning and forecasting.

Hili Ventures Limited

Consolidated Statement of Comprehensive Income for the year ended 31 December

	2016	2017	2018
	€000	€000	€000
Revenue	341,239	396,488	427,410
Cost of sales	(275,404)	(320,344)	(343,430)
Gross profit	65,835	76,144	83,980
Net operating expenses	(29,148)	(36,606)	(41,126)
EBITDA¹	36,687	39,538	42,854
Depreciation and amortisation	(14,120)	(14,148)	(15,731)
Net investment income/(loss)	1,585	(3,928)	644
Net finance costs	(11,080)	(12,102)	(11,996)
Profit before tax	13,072	9,360	15,771
Taxation	(7,984)	(2,461)	(3,959)
Profit for the year (continuing operations)	5,088	6,899	11,812
Loss from discontinued operations	(233)	(5)	-
Profit for the year	4,855	6,894	11,812
Other comprehensive income			
Movement on available-for-sale investments	39	(361)	(39)
Exchange differences - foreign operations	(1,402)	1,313	(2,311)
Gain on revaluation of assets	45	3,127	4,244
	(1,318)	4,079	1,894
Total comprehensive income	3,537	10,973	13,706

¹EBITDA - Earnings before Interest, Tax, Depreciation and Amortisation.

Hili Ventures Limited

Consolidated Statement of Financial Position as at 31 December

	2016	2017	2018
	€000	€000	€000
ASSETS			
Non-current assets			
Goodwill and other intangibles	108,265	104,545	101,432
Property, plant and equipment	104,917	111,948	124,760
Investment property	43,102	73,802	86,132
Investments and financial assets	2,207	2,199	1,840
Deposit on acquisition of investments	12,500	24,500	26,800
Loans and receivables	10,388	10,897	13,928
Deferred tax asset and restricted cash	2,223	2,606	3,546
	283,602	330,497	358,438
Current assets			
Inventory	14,376	17,845	22,684
Trade and other receivables	22,040	22,469	20,751
Other assets	10,370	10,109	12,885
Cash and cash equivalents	71,851	27,284	40,354
	118,637	77,707	96,674
Total assets	402,239	408,204	455,112



EQUITY

Equity and reserves

LIABILITIES

Non-current liabilities

Borrowings and bonds

Other non-current liabilities

Current liabilities

Bank overdrafts

Borrowings

Other current liabilities

Total equity and liabilities

Hili Ventures Limited

Consolidated Cash Flow Statement for the year ended 31 December

	2016	2017	2018
	€000	€000	€000
Net cash from operating activities	27,835	10,875	36,261
Net cash from investing activities	(71,351)	(56,813)	(34,516)
Net cash from financing activities	105,007	2,582	8,484
Net movement in cash and cash equivalents	61,491	(43,356)	10,229
Cash and cash equivalents at beginning of year	6,415	67,544	23,707
Effect of movements in exchange	(362)	(481)	(104)
Cash and cash equivalents at end of year	67,544	23,707	33,832

Hili Ventures reported a turnover of €341.2 million in **FY2016** (FY2015: €252.4 million), representing an increase of *circa* 35% over the prior year. Further analysis shows that 'restaurant operations' revenue increased by €130.2 million (+130%) from €99.9 million in FY2015 to €230.2 million in FY2016, mainly as a consequence of the acquisition in January 2016 of the business operating 67 McDonald's restaurants in Romania. As at year end (2016), Premier Capital operated a total of 133 restaurants (FY2015: 63 outlets). In FY2016, revenue generated from restaurant operations comprised 67% of aggregate Group revenue. In contrast, the other revenue items decreased y-o-y by €41.4 million to €111.1 million (-27%), principally due to the cessation of B2B operations at iSpot.

FY2016 EBITDA increased by 97% from a year earlier to €36.7 million (FY2015: €18.6 million). As explained above, the new acquisition at Premier Capital more than doubled the number of restaurants under operation and is the primary reason for the y-o-y increase in EBITDA. Profit for the year amounted to €4.9 million as compared to €3.4 million in FY2015 (+44%), which takes into account depreciation and amortisation of €14.1 million (FY2015: €8.6 million), net finance costs of €11.1 million (FY2015: €7.0 million) and taxation amounting to €8.0 million (FY2015: €0.7 million).

Revenue generated in **FY2017** amounted to €396.5 million, an increase of €55.2 million (+16%) when compared to the prior year. All business activities reported y-o-y increases (net of intra-group transactions which are eliminated on consolidation) as follows:

- (i) revenue derived from 'restaurant operations' increased by €33.3 million (+14%) to €263.4 million, principally due to an increase in restaurants from 133 outlets in 2016 to 140 in 2017 and growth in revenue per restaurant;
- (ii) turnover from 'Sale of Apple products' increased by €8.4 million (+11%) to €84.0 million in FY2017, wherein iSpot relocated 2 stores and opened 1 new store;
- (iii) an increase of 27% or €2.7 million was registered in 'IT solutions and security systems', particularly due to significant growth in new APCOPAY clients (payment gateway solutions);

- (iv) income from 'rental operations' increased from €3.2 million in FY2016 to €4.6 million (+44%), on account of a newly acquired property in Romania in Q2 2017, which property is fully leased;
- (v) turnover from 'logistics and transport services' increased from €15.5 million in FY2016 to €22.9 million (+48%), mainly reflecting a full year's income generated from Allcom Sp. z.o.o. which was acquired in the latter part of FY2016;
- (vi) income generated from 'engineering services' increased by 32% y-o-y to €8.8 million, primarily as a result of the acquisition of Techniplus S.A., a company with operations in Morocco and neighbouring countries involved in maintenance and servicing of port cargo handling equipment.

EBITDA for the year under review amounted to €39.5 million, an increase of 8% from a year earlier (FY2016: €36.7 million). Premier Capital's portion of EBITDA amounted to €35.1 million (FY2016: €32.7 million), representing 89% of aggregate EBITDA in FY2017 (FY2016: 89%). Depreciation and amortisation amounted to €14.1 million in each of FY2016 and FY2017. Net finance costs, on the other hand, increased by €1.0 million from €11.1 million in FY2016 to €12.1 million. In FY2017, Hili Ventures reported a net investment loss of €3.9 million, primarily as a consequence of goodwill write-offs amounting to €5.2 million, which was partly mitigated by an increase in fair value of investment property of €2.0 million. Taxation was considerably lower in FY2017 at €2.5 million when compared to the FY2016 tax charge of €8.0 million. After accounting for exchange differences and revaluation gains, the Group reported total comprehensive income amounting to €11 million as compared to €3.5 million registered in FY2016.

Revenue generated by Hili Ventures in **FY2018** amounted to €427.4 million, a y-o-y increase of €30.9 million (8%) from FY2017, of which, *circa* 89% (FY2017: 88%) represented 'restaurant operations' revenue (being income derived from the operation of McDonald's restaurants through Premier Capital) and 'Sale of Apple products' revenue (primarily being income from retailing Apple products under the iSpot brand). Other than 'logistics and transport services' and 'engineering services', all business activities reported y-o-y increases (net of intra-group transactions which are eliminated on consolidation) as follows:

- (i) revenue generated from 'restaurant operations' increased by €30.1 million (+11%) to €293.6 million, principally due to an increase in restaurants from 140 outlets in 2017 to 146 in 2018 and growth in revenue per restaurant;
- (ii) turnover derived from 'Sale of Apple products', which includes 30 Apple stores in Poland, Hungary and Romania, increased by €5.8 million (+7%) to €89.8 million in FY2018;
- (iii) IT solutions and security systems increased by 21% y-o-y from €12.8 million in 2017 to €15.5 million, mainly on account of software sales, maintenance & support services and payment solutions;
- (iv) income from 'rental operations' increased from €4.6 million in FY2017 to €5.3 million, reflecting a full year's lease from a property in Romania acquired in Q2 2017;
- (v) turnover from 'logistics and transport services' decreased from €22.9 million in FY2017 to €16.4 million, mainly reflecting a decline in revenue generated from Allcom Sp. z.o.o.;
- (vi) income generated from 'engineering services' decreased by €2.0 million (y-o-y) to €6.8 million, due to the discontinuation of the marine division and company restructuring.

EBITDA for the year under review amounted to €42.9 million compared to €39.5 million reported in FY2017, being an increase of €3.4 million (+8%). The principal contributor to EBITDA is Premier Capital as it accounted for 90% of total EBITDA in FY2018 (FY2017: 89%). Net investment income amounted to €644,000 and principally comprised net gains on disposal of investment property of €1.0 million, interest income of €0.5 million and a net decrease in fair value of investment property of €0.9 million. In FY2018, the Group reported a net profit of €11.8 million compared to €6.9 million in FY2017, while total comprehensive income amounted to €13.7 million as compared to €11.0 million achieved in the prior year.

Non-current assets in the statement of financial position as at 31 December 2018 amounted to €358.4 million (2017: €330.5 million). Notable items include: (i) goodwill and other intangibles amounting to €101.4 million (2017: €104.5 million), which principally relate to goodwill on acquisitions of going concerns, support services license, acquired rights, franchise fees for restaurant operations, patents and trademarks for Apple products and computer software licenses; and (ii) property, plant and equipment and investment property amounting to €210.9 million (2017: €185.8 million), which comprises improvements to leased properties, equipment and properties owned by Hili Properties p.l.c.

Current assets as at 31 December 2018 amounted to €96.7 million (2017: €77.7 million) and primarily include inventory, trade receivables, other assets and cash balances. Current liabilities amounted to €94.4 million (2017: €91.0 million), made up of borrowings as to €20.0 million (2017: €30.0 million) and other liabilities of €74.4 million (2017: €60.9 million). Hili Ventures' liquidity ratio (which is measured by dividing current assets by current liabilities and indicates a company's ability to pay its current liabilities from its current assets), as at 31 December 2018, stood at 1.02 times (2017: 0.85 times).

Non-current liabilities at year end amounted to €274.3 million (2017: €234.3 million) and mainly comprised borrowings and bonds. The equity value of Hili Ventures as at 31 December 2018 totalled €86.4 million (2017: €82.9 million).



Net cash flows from operating activities in FY2018, as presented in the statements of cash flows for the year ended 31 December 2018, amounted to €36.3 million as compared to €10.9 million in the prior year. The majority of cash generated from operating activities pertains to the restaurant and Sale of Apple products operations, which is offset by net cash outflows in working capital movements and interest and tax payments.

In FY2018, Hili Ventures used €34.5 million in investment activities, as compared to €56.8 million in FY2017, primarily to acquire investment property, property, plant and equipment, and other assets. Net cash flows from financing activities amounted to €8.5 million (FY2017: €2.6 million), which comprised the repayment of existing loans amounting to €50.3 million and the payment of €9.0 million in dividends. These cash outflows were mainly financed through a new bond issue of €40 million and proceeds from bank loans amounting to €28.9 million. Cash and cash equivalents at the end of 2018 amounted to €33.8 million, an increase of €10.1 million from a year earlier (FY2017: €23.7 million).

6. PRINCIPAL INVESTMENTS

The principal investments of Hili Ventures are described hereunder:

A) COMINO HOTEL AND BUNGALOWS

On 24 May 2019, HV Hospitality Limited, a Subsidiary of the Guarantor, entered into a share purchase agreement for the acquisition of 100% shareholding in Kemmuna Limited (C 15344), a company which owns the Comino Hotel and Bungalows situated in the vicinity of San Niklaw Bay and Santa Marija Bay on the Island of Comino. Subject to conditions precedent including *inter alia* the successful completion of a due diligence exercise, HV Hospitality Limited shall acquire the aggregate of 100% of the issued share capital of Kemmuna Limited, free and clear of any claim, charge and/or other encumbrances, and together with all rights and advantages attaching to the ordinary shares being acquired. The cash consideration for the said acquisition shall amount to €55 million and shall also include an amount as compensation for working capital balances, which shall be calculated in accordance with the terms of the share purchase agreement. A deposit amounting to €2 million has been paid to the sellers on signing of the share purchase agreement.

The shareholding of Kemmuna Limited is composed as follows:

Involved Party	Address	Issued Ordinary Shares	Class	% Paid Up	Normal Value Per Share (EUR)
Ropes Limited (C 45241)	Tumas Group Corporate Office, Portomaso Business Tower, Level 3, St Julians, Malta	551,470	B	100	2.329373
Ropes Limited (C 45241)	Tumas Group Corporate Office, Portomaso Business Tower, Level 3, St Julians, Malta	147,060	B	85	2.329373
Chrisanthony PTY Ltd (ACN 080223623) as Trustee for the Chrisanthony Trust	40A, Bay Street, Mosman, New South Wales 2088, Australia	73,529	C	100	2.329373
Alf. Mizzi & Sons Ltd (C 203)	Zachary House, Marsa Industrial Estate, Marsa MRS 3000, Malta	349,265	A2	100	2.329373
Consolidated Holdings Limited (C 1192)	Mizzi Organisation Corporate Office, Testaferrata Street, Ta' Xbiex XBX 1407, Malta	305,600	A1	100	2.329373
Festa Limited (C 799)	Industrial House, National Road, Hamrun, Malta	43,665	A1	100	2.329373

The above-mentioned acquisition will be funded from net proceeds of the Bond Issue in terms of the Securities Note. Further information on the subject property is provided in Annex I "Architect's Valuation Report".

Hili Ventures has initiated the design process to redevelop the existing properties into an exclusive five-star hotel and luxury serviced bungalows. The vision is to offer guests a one-of-a-kind experience through the creation of an eco-friendly secluded retreat, surrounded by pristine nature. The proposed project is subject to the issuance of necessary approvals and planning permits, and having the required funding in place.

B) CONTAINER LEASING BUSINESS OPERATION

The Group plans to initiate a container leasing operation through the newly incorporated company Cobalt Leasing Ltd. As such, the amount of €10 million from the net Bond Issue proceeds and *circa* an additional €10 million of bank borrowings will be utilised to finance the acquisition of new containers, which in turn will be leased to container shipping lines on a long term basis.



A significant percentage of containers used by shipping lines globally are leased from container leasing companies such as Cobalt Leasing Ltd, as it allows such shipping lines to adjust their container fleets both seasonally and over time and help to balance trade flows. The flexibility offered by container leasing assists container shipping lines in improving their overall fleet management and provides the container shipping lines with an alternative source of financing.

Save for the above, Hili Ventures is not party to any principal future investments, and has not entered into or committed for any such investments. However, a budget for capital expenditure has been allocated for the opening of new McDonald's restaurants, remodelling/upgrading of existing restaurants and general capital expenses. Such expenditure for FY2019 is projected to amount to circa €22.5 million, and will be financed from internally generated funds.

Furthermore, an amount of *circa* €10 million of net proceeds from the Bond Issue will be applied to fund Group-wide investment opportunities presently being considered, or which may arise in the near term, by the board of directors of the Guarantor, including, but not limited to, the setting up of a marine division.

In January 2018, Hili Ventures had submitted a bid, valued at €15.4 million, in relation to the proposed operation and management of the Gzira Gardens Yacht Marina. Hili Ventures has since received formal notification that the afore-mentioned bid was unsuccessful.

7. BUSINESS DEVELOPMENT STRATEGY AND TREND INFORMATION

There has been no material adverse change in the prospects of the Issuer since the date of publication of its latest audited financial statements.

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

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

7.1 THE GUARANTOR

There has been no material adverse change in the prospects of the Guarantor since the date of its last published audited consolidated financial statements.

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

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

7.2 PREMIER CAPITAL P.L.C.

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

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



In devising future strategy, Premier Capital's management takes an *ad hoc* regional view of: general macro-economic conditions; the social development of the population; competition; regulation; affluence; political and economic stability within each territory. Moreover, Premier Capital commissions regular market studies in each of the territories in which it operates restaurants in order to keep under review all the relevant market conditions that could have an impact on its development strategy and to enable it to react in a timely manner as and when market conditions so dictate.

The outlook for Premier Capital's business across all six markets is positive. In the Baltic States, Malta and Romania, the McDonald's brand remains a market leader within the informal eating-out sector and Premier Capital continues to grow its market share and broaden its user base through improving overall customers' restaurant experience. This indication provides Premier Capital with opportunities to continue to expand the business in such markets in the coming years.

As to the Greek market, McDonald's still faces strong competition from key players in the informal eating-out sector which have a larger market share. Notwithstanding, Premier Capital has registered an increase in its share of the market and the financial results from the Greek operations have improved.

7.3 1923 INVESTMENTS P.L.C.

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

7.3.1 THE BUSINESS OF iSPOT

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

iSpot is highly dependent on Apple to continuously introduce new and improved products and services ahead of competitors so as to maintain high demand for Apple offerings. Principal competitive factors important to iSpot include price, product features, relative price/performance, product quality and reliability, design innovation, a strong third-party software and peripherals ecosystem, marketing and reselling capability, service and support, and corporate reputation.

7.3.2 THE BUSINESS OF HARVEST

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

Harvest's value is rooted in enabling the customers of the companies within its fold to do more, faster, more efficiently. The entities within Harvest have helped many customers flourish thanks to the ideas, technologies and systems that have been implemented for them. As such, Harvest is passionate about supporting other technology companies to grow. Harvest is looking to partner ambitious founders to lead them to a brighter, prosperous future, driving the growth of Harvest's value in the process.

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

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



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

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

7.3.3 THE BUSINESS OF HILI LOGISTICS

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

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

Management has a strategy to grow Hili Logistics through the development of its current core activities and, in particular, endeavours to add new geographic territories, enhance the current base of customers, and/or add new services.

The acquisition of Allcom Sp. z.o.o. in 2016 has enabled Hili Logistics to expand its global reach by using available knowledge and range of services to grow the business. The operating companies forming part of Hili Logistics shall continue to exploit synergies, collaborate on projects and attract new clients by utilising existing logistical contacts and supply chains.

7.4 HILI PROPERTIES P.L.C.

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

With respect to the remaining portfolio, Hili Properties' strategy is to create a property portfolio consisting primarily of attractively-located, institutional and high quality, income-producing investment properties to deliver income and capital growth through active asset management. The Guarantor believes that Hili Properties' board of directors, with the support of external advisors and property experts, has appropriate knowledge and competence in order to capitalise on the opportunities presented by current and expected market conditions.

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

7.5 MOTHERWELL BRIDGE INDUSTRIES LIMITED

Motherwell Bridge Industries Limited and its Subsidiaries ("**Motherwell Bridge**") operate in the engineering industry, particularly in the construction and maintenance of port-handling equipment as well as other related business operations. The afore-mentioned industry is highly competitive and Motherwell Bridge competes with both large as well as many mid-size and smaller companies. Competitive position is based on a multitude of factors, including pricing, backlog management, financial strength, and availability of partners, suppliers and workforce.

Through the acquisition of Techniplus S.A. in 2016, Motherwell Bridge has considerably expanded its geographic markets, client base and scale of operation. As such, looking ahead, Motherwell Bridge expects to materially grow its work pipeline and achieve profitable growth by continuing to progress in operational excellence with a performance-driven culture.

8. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

8.1 THE ISSUER

8.1.1 EXECUTIVE AND NON-EXECUTIVE DIRECTORS

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



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

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

The Executive Director of the Issuer is entrusted with the company's day-to-day management and is also a director or officer of other companies within Hili Ventures. The main functions of the remaining four non-executive Directors comprising the Board, two of whom are also independent of the Issuer, are to monitor the operations of the executive Director and his performance, as well as to review any proposals tabled by the executive Director. In line with generally accepted principles of sound corporate governance, at least one of the Directors shall be a person independent of the Group. All of the Directors of the Issuer were elected by the shareholders upon the Issuer's incorporation and no Directors have been removed and no further Directors elected and appointed since the Issuer's inception.

The business address of each Director is the registered office of the Issuer.

None of the Directors have been:

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

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

Hereunder is a brief *curriculum vitae* of each of the current Directors:

Carmelo sive Melo Hili is Non-Executive Chairman of the Issuer and the Chief Executive Officer of the Guarantor. He joined the family business in 1988 and was appointed Managing Director of Motherwell Bridge, then a joint venture with Motherwell Bridge Group of Scotland. Mr Hili later also headed the company's Italian operation and was a board member of Motherwell Bridge Bhicam in the Bahamas. He was named Developmental Licencee for McDonald's in Malta in 2005, for Estonia, Latvia and Lithuania in 2007, for Greece in 2011 and for Romania in 2016. Mr Hili is also Chairman of Premier Capital p.l.c. (C 36522), Hili Properties p.l.c. (C 57954), Motherwell Bridge Industries Limited (C 32467) and HV Hospitality Limited (C 91217), and is Chief Executive Officer of 1923 Investments p.l.c. (C 63261).

Geoffrey Camilleri is a Certified Public Accountant. After obtaining an Honours degree in Accountancy from the University of Malta, he joined the Assurance and Business Advisory division of PricewaterhouseCoopers in Malta. He then moved into industry and joined Malta's Middlesea Insurance Group, and later Gasan Group. He joined Hili Ventures in 2014 and was appointed Chief Financial Officer of the Guarantor in January 2016. Mr Camilleri is also director of Hili Properties p.l.c. (C 57954), 1923 Investments p.l.c. (C 63261), Motherwell Bridge Industries Limited (C 32467), Cobalt Leasing Limited (11808196) and HV Hospitality Limited (C 91217).

Dorian Desira is a Non-Executive Director of the Issuer and a Certified Public Accountant. He joined the organisation in 1997 as an accounts clerk and later was appointed financial controller of the group's IT arm and Motherwell Bridge. In 2008, Mr Desira graduated as an accountant and a year later joined Premier Restaurants Malta as Finance Manager. On takeover of the Greek McDonald's operation in 2011, Mr Desira moved to Greece to support the new addition to Premier Capital p.l.c. (C 36522). He returned to Malta as General Manager overseeing the McDonald's operation of nine restaurants. In May 2014, Mr Desira was appointed Chief Financial Officer of Premier Capital p.l.c. (C 36522). Mr Desira is a director of various entities within Premier Capital p.l.c. (C 36522) and of Carmelo Caruana Company Limited (C 9616). He is a fellow member of the Malta Institute of Accountants and the Association of Chartered Certified Accountants.

Jacqueline Camilleri is a Certified Public Accountant and a fellow member of the Malta Institute of Accountants. She graduated from the University of Malta with a B.A (Hons) in Accountancy and holds an MBA from Heriot-Watt University's Edinburgh Business School. Ms Camilleri held various roles at AX Holdings between 1990 and 1998. She later joined the team at the Foundation for Medical Services responsible for the opening of Mater Dei Hospital, and served as Directorate Management Accountant at Stock Mandeville Hospital in the UK. Ms Camilleri has provided financial consultancy to the private and national health sector in Malta and worked on privatisation processes, strategic reviews and business evaluations during her time at MIMCOL. In 2010, she was appointed Director General Finance and Administration at the Ministry for Health, Elderly and Community Care. In 2014,



Ms Camilleri was appointed Chief Executive Officer of retirement village Hilltop Gardens, a subsidiary of AX Holdings. She served on the board of the Foundation for Medical Services between 2005 and 2010, and was Vice Chair of Malta International Airport between 2008 and 2013. Ms Camilleri now provides business advisory services.

Mario Vella joined Barclays Bank in Malta in 1969 and occupied several positions within the banking sector, concluding his career with HSBC Bank Malta p.l.c. (C 3177) in 2013 as Head of Corporate Banking, responsible for the major share of the bank's lending portfolio and its largest corporate customers. He has been involved in driving through major change in banking strategies especially on Mid-Med Bank's takeover by HSBC. Over the years, Mr Vella has arranged finance for a significant number of high profile projects, through a mix of bank and syndicated lending and capital markets. In 2013, after 43 years in banking, Mr Vella joined KPMG in Malta as Director, Deal Advisory, and served as consultant to several company boards, assisted in raising finance for new ventures, and supporting clients refinance their borrowing facilities. He retired from KPMG in 2017, but continues to provide consultancy services to various businesses. Mr Vella is a Non-Executive Director or Chairman on a number of corporate boards, including boards of companies with securities listed on the Malta Stock Exchange, namely AgriHoldings plc (C 57008) and Mercury Projects Finance p.l.c. (C 89117).

8.1.2 DIRECTORS' SERVICE CONTRACTS

The respective functions of each of the Issuer's non-executive Directors are regulated by service contracts. A copy of each of these service contracts is available for inspection at the registered office of the Issuer in accordance with the requirements of the Listing Rules. The executive Director of the Issuer does not have a service contract with the Issuer.

8.1.3 AGGREGATE EMOLUMENTS OF DIRECTORS

For the financial period 6 April 2018 to 31 December 2018, director emoluments amounted to €20,250 in aggregate. In terms of the Memorandum and Articles of Association of the Issuer, the aggregate emoluments of all Directors in any one financial year, and any increases thereto, shall be such amount as may from time to time be determined by the Issuer in General Meeting, and any notice convening the General Meeting during which an increase in the maximum limit of such aggregate emoluments shall be proposed, shall contain a reference to such fact. The Directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of the Directors or general meetings of the Issuer or in connection with the business of the Issuer.

8.1.4 LOANS TO DIRECTORS

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

8.1.5 REMOVAL OF DIRECTORS

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

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

8.1.6 POWERS OF DIRECTORS

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

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

8.1.7 EMPLOYEES

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

8.2 THE GUARANTOR

8.2.1 DIRECTORS

The Guarantor is managed by a board of directors consisting of five directors that is entrusted with the responsibility of the direction and management of the Guarantor within the strategic parameters established by the board. The business address of each director of the Guarantor is the registered office of the Guarantor.



Hereunder is a brief *curriculum vitae* of each of the current directors:

The *curriculum vitae* of Melo Hili is included in section 8.1.1 above.

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

Richard Abdilla Castillo is a Certified Public Accountant and is a Director of the Guarantor and Chief Executive Officer of 1923 Investments p.l.c. He joined the organisation in 1989 as a financial controller and has since been extensively involved in the growth of Hili Ventures' companies and serving on various boards across the group. In 2016, he was appointed Director (Transactions & Major Projects). Mr Abdilla Castillo previously occupied senior roles at KPMG Malta within the firm's consultancy division. He was responsible for several companies in diverse industries, based in Malta and overseas.

Victor Tedesco is the Managing Director of Premier Capital p.l.c. (C 36522). He joined the McDonald's team in Malta before the first restaurant opened in Valletta in 1995. He was part of the team that opened the Valletta, St Julian's and Sliema restaurants. He was St Julian's store manager for three years during which time he won a Manager of the Year award in the European market. He became Operations Manager and moved to head office. In 2007, he was appointed Director of Operations for the Baltics and moved to Riga for three and a half years. In 2011, he was entrusted with leading the operation in Greece. He returned to Malta in 2014 as Managing Director for Malta and Greece. He was appointed to the board of directors of Hili Properties p.l.c. (C 57954) in 2014. He assumed responsibility for all of Premier Capital p.l.c. (C 36522) in 2015. Mr Tedesco is also a director of HV Hospitality Limited (C 91217).

Jesmond Mizzi is Managing Director of Jesmond Mizzi Financial Advisors Limited (C 30176). He has a financial services career spanning 20 years. In 2002, he co-founded Jesmond Mizzi Financial Services after holding senior roles with a listed company in Malta. Mr Mizzi spent six years managing a family catering business and was at PricewaterhouseCoopers for seven years. He has also served as a director of Premier Capital p.l.c. (C 36522).

8.2.2 DIRECTORS' SERVICE CONTRACTS

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

8.2.3 AGGREGATE EMOLUMENTS OF DIRECTORS

For the financial year ended 31 December 2018, director emoluments amounted to €179,329 in aggregate (2017: €197,488).

8.2.4 LOANS TO DIRECTORS

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

8.2.5 REMOVAL OF DIRECTORS

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

8.2.6 POWERS OF DIRECTORS

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

8.2.7 EMPLOYEES

As at 31 December 2018, the average number of persons employed with Hili Ventures (on a group basis) and Hili Ventures Ltd (the company) amounted to 7,292 (2017: 7,003 employees) and 34 (2017: 38 employees) respectively.

8.2.8 BOARDS OF SUBSIDIARY COMPANIES

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

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



8.3 WORKING CAPITAL

As at the date of this Registration Document, the directors of the Issuer and Guarantor are of the opinion that working capital available to the Issuer and Guarantor is sufficient for the attainment of their objects and the carrying out of their respective business for the next 12 months of operations.

8.4 CONFLICT OF INTEREST

As at the date of this Prospectus, in addition to being a Director of the Issuer, Melo Hili is a director of the Guarantor and of HV Hospitality Limited, besides being a director of a number of other companies forming part of Hili Ventures. Moreover, Melo Hili is the controlling ultimate beneficial owner of Hili Ventures.

Geoffrey Camilleri and Dorian Desira are directors of the Issuer, besides being directors and officers of other companies forming part of Hili Ventures. Specifically, Geoffrey Camilleri is a director of HV Hospitality Limited.

Richard Abdilla Castillo and Victor Tedesco are directors of the Guarantor, besides being directors and officers of other companies forming part of Hili Ventures. Specifically, Geoffrey Camilleri is a director of HV Hospitality Limited.

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

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

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

To the extent known or potentially known to the Issuer and Guarantor as at the date of this Prospectus, there are no other potential conflicts of interest between any duties of the Directors of the Issuer, and/or the directors of the Guarantor, as the case may be, and their respective private interests and/or their other duties, which require disclosure in terms of the Regulation.

9. AUDIT COMMITTEE PRACTICES

The Audit Committee's primary objective is to assist the Board of the Issuer in fulfilling its oversight responsibilities over the financial reporting processes, financial policies and internal control structure. The Audit Committee oversees the conduct of the internal and external audit and acts to facilitate communication between the Board, management, the external auditors and the internal audit team. The internal and external auditors are invited to attend the Audit Committee meetings. The Audit Committee reports directly to the Board of Directors.

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

Briefly, the Committee is expected to deal with and advise the Board on:

- (a) its monitoring responsibility over the financial reporting processes, financial policies and internal control structures;
- (b) maintaining communications on such matters between the Board, management and the external auditors;
- (c) facilitating the independence of the external audit process and addressing issues arising from the audit process; and
- (d) preserving the Company's assets by assessing the Company's risk environment and determining how to deal with those risks.

In addition, the Audit Committee also has the role and function of evaluating any proposed transaction to be entered into by the Issuer and a related party, to ensure that the execution of any such transaction is at arm's length, on a commercial basis and ultimately in the best interests of the Issuer. Furthermore, the Audit Committee has the role of assessing any potential conflicts of interest between the duties of the Directors and their respective private interests or duties unrelated to the Issuer.

The Committee is made up entirely of non-executive Directors, two of whom are independent of the Issuer, and who are appointed for a period of one year. Mario Vella, an independent, non-executive Director of the Issuer, acts as Chairman, whilst Jacqueline Camilleri and Dorian Desira



act as members of the Audit Committee. In compliance with the Listing Rules, Jacqueline Camilleri is considered to be the member competent in accounting and/or auditing matters. The Issuer considers that the members of the Audit Committee have the necessary experience, independence and standing to hold office as members thereof.

10. COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS

10.1 THE ISSUER

The Issuer is subject to, and supports, the Code of Principles of Good Corporate Governance (the “Code”) forming part of the Listing Rules. The Board has taken such measures as are necessary in order for the Issuer to comply with the requirements of the Code to the extent that these were considered appropriate and complementary to the size, nature and operations of the Issuer.

As at the date of this Prospectus, the Board considers the Issuer to be in compliance with the Code, save for the following exceptions:

(i) Principle 7 “Evaluation of the Board’s Performance”

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

(ii) Principle 8 “Committees”

The Issuer does not have a Remuneration Committee or a Nomination Committee as recommended in Principle 8. Given that the Issuer does not have any employees other than the Directors and the company secretary, it is not considered necessary for the Issuer to maintain a remuneration committee. Also, the Issuer will not be incorporating a nomination committee. Appointments to the Board of Directors are determined by the shareholders of the Issuer in accordance with the Memorandum and Articles of Association of the Issuer. The Issuer considers that the current members of the Board provide the required level of skill, knowledge and experience expected in terms of the Code.

10.2 THE GUARANTOR

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

11. HISTORICAL FINANCIAL INFORMATION

The historical financial information relating to the Issuer for the period 6 April 2018 to 31 December 2018 have been audited by Grant Thornton and are available for inspection as set out in section 17 below. There have been no significant changes to the financial or trading position of the Issuer since the end of the financial period to which the last audited financial statements relate.

The historical financial information relating to the Guarantor for the three financial years ended 31 December 2016 to 2018 are set out in the consolidated financial statements of the Guarantor, which are available for inspection as set out in section 17 below. There have been no significant changes to the financial or trading position of the Guarantor since the end of the financial period to which the last audited financial statements relate.

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

12. LITIGATION

There are no governmental, legal or arbitration proceedings against the Issuer and/or the Guarantor, including any pending or threatened proceedings, of which the Issuer and/or the Guarantor are aware and which could have significant effects on the financial position or profitability of the Issuer and/or the Guarantor and/or Hili Ventures, taken as a whole.

13. ADDITIONAL INFORMATION

13.1 SHARE CAPITAL OF THE ISSUER

The authorised share capital of the Issuer is €2,000,000 divided into 2,000,000 Ordinary Shares of a nominal value of €1.00 each. The issued share capital of the Issuer is €2,000,000 divided into 2,000,000 Ordinary Shares of a nominal value of €1.00 each, being 100 per cent paid up and subscribed for, allotted and taken up by the Guarantor, other than 1 share which is subscribed for, allotted and taken up by APM Holdings Limited (C 30527).

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

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

The shares of the Issuer are not listed on the Malta Stock Exchange and no application for such listing has been made to date.

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

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

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

13.2 MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE ISSUER

13.2.1 OBJECTS

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

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

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

13.2.2 APPOINTMENT OF DIRECTORS

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

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



13.2.3 POWERS OF DIRECTORS

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

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

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

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

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

13.3 SHARE CAPITAL OF THE GUARANTOR

The authorised share capital of the Guarantor is €95,000,000 divided into 16,000,000 Ordinary Shares of a nominal value of €1 each and 79,000,000 Non-Cumulative 6.8% Redeemable Preference Shares of a nominal value of €1 each. The issued share capital of the Guarantor is €69,400,000 divided into 1,000,000 Ordinary Shares of a nominal value of €1 each and 68,400,000 Non-Cumulative 6.8% Redeemable Preference Shares of a nominal value of €1 each, which have been subscribed for, allotted and fully taken up as follows:

(i) APM Holdings Limited (C 30527)	500,000 Ordinary Shares
(ii) La Toc Limited (C 11742)	448,482 Ordinary Shares
(iii) Slingshot Capital Limited (C 76496)	51,518 Ordinary Shares
(iv) APM Holdings Limited (C 30527)	68,400,000 Non-Cumulative 6.8% Redeemable Preference Shares

The ultimate controlling beneficial owner of the Guarantor is Melo Hilli.

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

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

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

13.4 MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE GUARANTOR

13.4.1 OBJECTS

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

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

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

13.4.2 APPOINTMENT OF DIRECTORS

At present, in terms of the memorandum and articles of association of the Guarantor, the board of directors of Guarantor shall consist of not less than two (2) and not more than seven (7) directors. Directors shall be appointed by means of an ordinary resolution of the shareholders of the Guarantor in general meeting.



13.4.3 POWERS OF DIRECTORS

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

In terms of the Guarantor's memorandum and articles of association, the board of directors may exercise all the powers of the Guarantor to borrow money, and to hypothecate or charge its undertaking property and uncalled capital, or any part thereof, and to issue debentures, debenture stock, and other securities whether outright or as security for any debt, liability or obligations of the company or any third party.

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

14. MATERIAL CONTRACTS

Save for the share purchase agreement described in section 6 of this Registration Document in relation to the acquisition of Kemmuna Limited, each of the Issuer and the Guarantor has not entered into any material contracts which are not in the ordinary course of their respective business which could result in any member of Hili Ventures being under an obligation or entitlement that is material to the Issuer's or Guarantor's ability to meet their obligations to security holders in respect of the securities being issued pursuant to, and described in, the Securities Note.

15. PROPERTY VALUATION REPORT

In connection with the issue of the Bonds in accordance with the terms of the Prospectus, the Company commissioned DeMicoli & Associates to issue a property valuation report in relation to the Comino Hotel and Bungalows.

The following are the details of said independent valuer:

Name: Ray DeMicoli

Business address: DeMicoli & Associates, Capital Business Centre, Entrance A, Level 2, Triq Taz-Zwejt, San Gwann SGN 3000, Malta,

Listing Rule 7.4.3 provides that property valuations to be included in a prospectus must not be dated (or be effective from) more than 60 days prior to the date of publication of the prospectus in question. Accordingly, the property valuation report referred to herein is dated 21 May 2019.

A copy of said report dated 21 May 2019 compiled by Architect Ray DeMicoli in relation to the Comino Hotel and Bungalows, the aggregate value of which has been estimated at €56,500,000, is set out in Annex I to the Registration Document and is available for inspection as set out in section 17 below.

16. THIRD PARTY INFORMATION, STATEMENTS BY EXPERTS AND DECLARATIONS OF ANY INTEREST

Save for the property valuation report contained in Annex I to the Registration Document and the financial analysis summary set out as Annex IV to the Securities Note, the Prospectus does not contain any statement or report attributed to any person as an expert. The valuation report and the financial analysis summary have been included in the form and context in which they appear with the authorisation of DeMicoli & Associates of Capital Business Centre, Entrance A, Level 2, Triq Taz-Zwejt, San Gwann SGN 3000, Malta and Charts (a division of MeDirect Bank (Malta) plc) of The Centre, Tigné Street, Sliema TPO 0001, Malta respectively, which have given and have not withdrawn their consent to the inclusion of such reports herein.

DeMicoli & Associates and Charts (a division of MeDirect Bank (Malta) plc) do not have any beneficial interest in the Company or the Guarantor. The Company confirms that the valuation report and financial analysis summary have been accurately reproduced in the Prospectus and that there are no facts of which the Company is aware that have been omitted and which would render the reproduced information inaccurate or misleading.



17. DOCUMENTS AVAILABLE FOR INSPECTION

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

- (a) Memorandum and Articles of Association of the Issuer and the Guarantor;
- (b) Audited financial statements of the Issuer for the period 6 April 2018 to 31 December 2018;
- (c) Audited consolidated financial statements of the Guarantor for the financial years ended 31 December 2016 to 2018;
- (d) Financial analysis summary dated 28 June 2019 and prepared by Charts (a division of MeDirect Bank (Malta) plc);
- (e) Property valuation report prepared at the Issuer's request in respect of the Comino Hotel and Bungalows;
- (f) Directors' service contracts;
- (g) The Guarantee; and
- (h) The letter of confirmation drawn up by Deloitte Services Limited and dated 18 July 2019.

Documents (a) and (d) are also available for inspection in electronic form on the Issuer's website www.hilifinance.com

VALUATION OF COMINO HOTEL AND BUNGALOWS

dated 21st May 2019

Address of Property Valued:	Comino Hotel and Bungalows, Comino
Effective Date of Valuation:	21st May 2019
Party Requesting Valuation:	Hili Finance p.l.c
Purpose of Valuation:	This valuation is to be used for the purpose of inclusion in a prospectus relating to a bond issue of EUR 80,000,000 by Hili Finance Company p.l.c due in 2029.
Object:	To value the property comprising The Comino Hotel and Bungalows and its surrounding grounds, held by Kemmuna Limited under title of temporary emphyteusis (the "Property") including to conduct a site inspection of the Property, taking into account all technical, economic, visual and environment aspects in valuing the Property.
Compliance:	<p>We confirm that the independent valuation has been prepared in accordance with the appropriate sections of the Valuation Standards contained in the RICS Valuation – Professional Standards. There has been no departure from the above mentioned standards.</p> <p>As per MFSA listing rule LR7.3, we, the valuers confirm that we are independent from our client, Hili Finance Company p.l.c.</p> <p>The Property has been inspected and valued by DeMicoli and Associates, who are qualified for the purpose of the valuation in accordance with the RICS valuation standards. <i>"Valuers are independent and their work cannot be affected by any side".</i></p> <p>We have been engaged to provide an independent valuation for the Property based on Market Value. Market Value is defined by RICS Valuation – Professional Standards as:</p> <p><i>'The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.'</i></p>
Valuers Address:	Capital Business Centre, Entrance A, Level 2, Triq taz-Zwejt, San Gwann, SGN 3000, Malta
Site Inspection Date:	24th April 2019
Source of Information:	The information was supplied to us by the client and their consultants.
Basis of Valuation:	<p>This basis of value describes an exchange between parties that are unconnected and operating freely in the market place and ignores any price distortions caused by special value or synergistic value. This valuation has been based on open market value for existing use and a residual method has been used to arrive at our conclusion on value.</p> <p>The valuation has factored in a share purchase agreement to be executed on 24 May 2019 for the acquisition of 100% shareholding in Kemmuna Limited (C 15344), a company which owns the Comino Hotel and Bungalows for the cash consideration of EUR 55,000,000 (subject to conditions precedent including inter alia the successful completion of a due diligence exercise). Reliance has been placed on this share purchase agreement as it represents an arms-length transaction between willing sellers and a willing purchaser, and that all parties to the transaction are acting knowledgeably, prudently and without compulsion.</p> <p>The residual calculation carried out comprised of various exercises which calculated the potential return using a discounted EBITDA method that the Property could receive should the premises be fully redeveloped to a high standard. The various expenses involved in the redevelopment have been taken into account and an industry standard profit percentage was applied.</p> <p>We have estimated guest room rates, percentage occupancy, a suitable discount rate and other variables to arrive at an annualised EBITDA to perpetuity from which we deducted costs of redevelopment at current building rates, adjusted for logistical factors of sea travel to Comino. A deduction was also made for profit and finance resulting in a final value for the land under consideration.</p>
Tenure:	Temporary emphyteusis for a period of 150 years commencing from 11 March 1960 (expiring 10 March 2110). In 1989 additional plots were granted on temporary emphyteusis, also expiring on 10 March 2110. A nominal annual ground rent of EUR 11,768 is payable to the Maltese Government, otherwise the property is free and unencumbered with no other burdens.
Date Built:	The Hotel was built in circa 1965 and the Bungalows were built in circa 1970-1978.

Area of Land:

Areas as per government contract	Sq.m
Plot of land (including foreshore)	113,500
Plot of land	79,800
Plot of land	5,139
Plot of land	6,010
Plot of land (excluding foreshore)	77,489
Total land area	281,938

San Niklaw Approximate Areas	Sq.m
Built up area	7,473
Total disturbed land and building footprint	19,614
Disturbed land	15,738

Santa Marija Approximate Areas	Sq.m
Built up area	4,500
Total disturbed land and building footprint	13,821
Disturbed land*	10,256

* "Land is disturbed if it has been the subject of human activity that has changed the land's surface, being changes that remain clear and observable."

Relevant Planning Permissions

Listing rule 7.1.4.5:

The original permit for the hotel was lost.

The PA has set up two legislations that can assist establishing legal tenure in such cases:

A) This official document states that all buildings that showed up on the survey sheet or photos dating 1968, for all intents and purposes such property is considered to have a valid building permit. The buildings of the hotel in San Niklaw show below:



1978 Aerial Photo



1968 Survey Sheet

B) Quoting the Rural Policy and Design Guidance 2014, refer to glossary pg5.

"Legally established" is defined as follows:

"Unless specified otherwise in the policy document, the term 'legally-established' refers to any intervention, including land-use change and land reclamation covered by development permission or that which is visible on the 1978 aerial photographs."

The interpretation of this important clause does not mean that it recognises the building with a permit, however if an application is submitted to the Planning Authority for the demolition or substitution of sections of the building, by the enactment of this policy guidance the Planning Authority is bound to acknowledge these buildings as 'legally established.'

Here below is an aerial photo of 1978 showing that all the buildings that exist today were built or under construction.



Santa Marija 1978 Aerial Photo

In view of the legislation and having consulted with several legal and planning experts, the valuation may assume that the demolition and rebuilding of the existing built up area would be recognised as legally established.

Listing rule 7.4.1.6 - contain the details of "*any material contravention of statutory requirements;*" (see below)

There are three rooms that were served with an enforcement notice, however, these have no bearing on the value of the complex.

Planning Constraints:

Comino is a Rural Conservation Area and Natura 2000 site. This internationally recognised status means that: *"The entire Island of Comino, together with its associated minor islets, shall be afforded the same level of protection as scheduled property"* (Gozo and Comino Local Plan – GZ-COM-1).

The environmental importance of Comino necessitates protection from interventions that impact on its landscape, coast, marine life and habitats. Both the Local Plan and Natura 2000 guidelines express that further development should not be permitted on Comino.

"There shall be a general presumption against the further development of built facilities on Comino which entail additions in height, extent or intensity of use of existing or proposed facilities" (Gozo and Comino Local Plan – GZ-Ghjn-B).

New developments should therefore be kept to a minimum and directed towards improving existing degraded and disturbed areas. In an initial meeting with the Planning Authority it was outlined that current policy would permit the redevelopment of the hotel and bungalows, providing that the proposed total Gross Floor Area (GFA) be equivalent to the GFA of today (Rural Policy Guideline 6.2C). Therefore any new development is limited to 7,473 Sq.m for San Niklaw and 4,500 Sq.m for Santa Marija. In addition, the location of these new developments must remain within the footprint of already established, disturbed land.

The Gozo and Comino Local Plan and Natura 2000 guidelines highlight the requirement for a management agency to safeguard the long-term environmental protection of Comino (Gozo and Comino Local Plan – GZ-COM-3). In an initial meeting with the Environment and Resources Authority (ERA), we were guided on the importance of

establishing an autonomous group of stakeholders, involving both local inhabitants and its major uses in order to set out the parameters for the safeguarding and management of Comino.

In recent years, efforts to safeguard Comino have resulted in bulky waste being removed, sand dunes cordoned off for their protection and the removal of alien plants that threaten indigenous species. ERA has also introduced an afforestation programme that will contribute to the improvement and enhancement of Comino's landscape. Furthermore, ERA has designated an area close to the Blue Lagoon for use as a camping site, whilst banning camping in the former unofficial campsite at Santa Marija Bay. Rehabilitation works, including the restoration of sand dunes, marsh and footpaths are being proposed that will improve the quality and value of Santa Marija Bay and so subsequently heighten the value of a development here.

Existing Use:

The accommodation is divided into two areas, the primary area which includes the main part of the Hotel where 95 hotel rooms located at San Niklaw Bay and the Bungalow area containing 46 bungalows located at Santa Marija Bay. Both premises are currently operational.

On the main hotel side, there are two private sandy beaches for the exclusive use of the guests, as well as two large swimming pools, one for adults and another for children. The hotel and the 95 rooms along with all their amenities are located on the ground floor and first floor.

The bungalows are located within Santa Marija Bay and feature a private 'rocky' swimming area and a large swimming pool.

The amenities also include tennis courts, lounges, bars, restaurants, lobbies and water sport activities.

Site Potential:

Buildings at San Niklaw have gone through several upgrades and improvements throughout the years, however the potential of a secluded building on an island presents an opportunity for a development of low density and higher quality.

Based on this knowledge, it was therefore incorporated in the computation of the valuation methods adopted and potential of a new development applied.

The potential development would vary greatly depending upon quality, standards as well as the following:

- i. The estimated revenue of the operations
- ii. Operational costs
- iii. Costs of construction

Operational Challenges:

Santa Marija Bay is characterised by the beach and the camping site that is intended to be relocated. A historical chapel exists further inland where mass is celebrated and attended by the yachting fraternity in summer on days of obligation.

The bungalows located at the water's edge have severe exposure to the north easterly winds, consequently, upgrades were necessary. At the same time the uniqueness of having a building so close to the sea, presents opportunities to pitch the product to an exclusive level.

Weather: Since the island is only accessible by boat, transportation to and from Comino is heavily dependent on the weather. Currently during winter months, the hotel is closed for a short period due to adverse weather conditions. The passenger ferries can dock on two sides of the island, the main dock is on the north facing side of the island near the Hotel in Santa Marija Bay and the second dock is located on the south facing side in a sheltered bay called Crystal Lagoon or '*Taht il-Mazz*'. Depending on the wind direction and the severity of the weather the captain of the ferry boat will decipher which dock to use.

Logistics: It should be pointed out that aside from the hotel guests, all staff and other personnel relating to the hotel will need to use the ferry boat to access Comino. The result of which will reflect in higher operational costs. All building materials, waste and other operational substances will also need to be transported via sea using vessels catered for the particular cargo.

Seasonality: As mentioned above, the weather is a major contributing factor to the operations. Comino is most attractive in the summer months where guests will want to enjoy the sun and the sea on Comino's sublime beaches. Summers on the Maltese islands are dry and since the summer season is relatively predictable, it is safe to say that Comino will have mostly favorable weather from mid-April to mid-October.

Assumptions:

The following assumptions have been made in the preparation of our Report:

- The properties are not contaminated and no contaminative or potentially contaminative uses have ever been carried out on it;
- There are no abnormal ground conditions present which might adversely affect the present or future occupation, development or value of the property;
- We have relied upon sources of information provided to us by the clients;
- All areas quoted within this report are approximate;
- Potential to upgrade and remodel the standard of the product

Listing Rules:

Listing Rule 7.4.1.8: *"main terms of tenants' leases or sub-leases (including repairing obligations)":*

Not Applicable.

Listing Rule 7.4.1.10: *"Present capital value in existing state;"*

Refer to value below.

Listing Rule 7.4.1.11: *"terms of any intra-Group lease on Property occupied by the Group (identifying the Properties) to the extent that such leases are taken into account in the valuation":*

Not Applicable.

Listing Rule 7.4.1.12: *"any other matters which materially affect the value (including any assumptions and information on contamination, if any)":*

Being an island, all construction materials, waste, workers, guests, general waste etc. will have to be taken to and from the island via sea travel. This will be an added expense which has been reflected in the valuation. At the same time this journey between the mainland and the island is part of the attraction of the hotel.

There is no indication of contamination.

Listing Rule 7.4.1.14: *"details of registered mortgages and privileges and other charges, real rights thereon including details of emphyteutical concessions, easements and other burdens":*

See details under heading 'Tenure'.

Listing Rule 7.4.7: *"where the Directors have required a valuation of the benefit or respect of Property or where there is thought to be benefit in any options held, show such detriment of contractual arrangements in valuations separately and include a reconciliation of the costs and values":*

Not Applicable.

Listing Rule 7.4.8: *"in those cases where Directors or promoters have had an interest in any acquisitions or disposals (of the type referred to in Listing Rule 6.18.6) of any of the Properties during the two (2) years preceding the valuation, contain details of the nature and extent of such interests and the date of the transactions and the prices paid or received or other terms on which the transactions were effected. In such cases, the information required must be provided by the Directors to the valuer for this purpose. Alternatively, the information on interests of Directors or promoters may be given elsewhere in the Prospectus or Circular".*

Not Applicable.

Properties held for development **Listing Rules 7.7**

Listing Rule 7.7.1: *"whether or not the relevant planning permits have been applied for, whether such applications have been granted or refused and the date of such grant or refusal;"*

No permits have been applied for.

Listing Rule 7.7.2: *"the nature and a brief description of the proposed development;"*

The proposed development will be a refurbishment of the existing Property (hotel and bungalows) and amenities or a complete demolition and rebuilt as a resort.

Listing Rule 7.7.3: *"an indication of when it is reasonable to expect development to commence;"*

2-3 Years

Listing Rule 7.7.4: *"the expected development period;"*

3- 5 Years

Listing Rule 7.7.5: *"the estimated total costs of the development including, without limitation, the cost of financial carrying charges, letting commissions and other ancillary costs."*

EUR 50,000,000 – EUR 60,000,000 (comprising initial costs, development costs, logistics and professional fees but excluding financial carrying charges and letting commissions). This wide nominal range has been applied to factor a contingency for any overruns in construction costs and the level of finish to be determined for the final product.

Other:

We wish to point out that there exists a significant degree of judgement involved in selecting methods and basis for valuation and a significant number of items which may be subjectively considered when arriving at such valuation. It follows that valuations are not a prediction of price or a guarantee of value and, whilst our valuation is one which we consider to be both reasonable and defensible, others may arrive at a different conclusion.

Unless otherwise specifically stated, the analysis set out in this document takes into account all the information known and made available to us up to 21st May 2019 and is therefore current as at that date.

We have taken all reasonable care to ensure that the information is correct, and to the best of our knowledge is in accordance with the facts as given to us, and contains no omission likely to affect its import.

Valuation:

Having considered all the factors described above, I assess the value of the property on the open market as of today to be;

€56,500,000

(Fifty Six Million and Five Hundred Thousand Euro)

The original copy has been signed by

Ray DeMicoli

B.Arch (hons) A&CE

Principal



Aerial view of San Niklaw bay and Santa Maria bay incorporating the Hotel and Bungalows



Aerial view looking at the back end of the bungalow area.



Side view of the bungalow area



The main part of the Hotel with tennis courts and two swimming pools



Close up of Bungalows



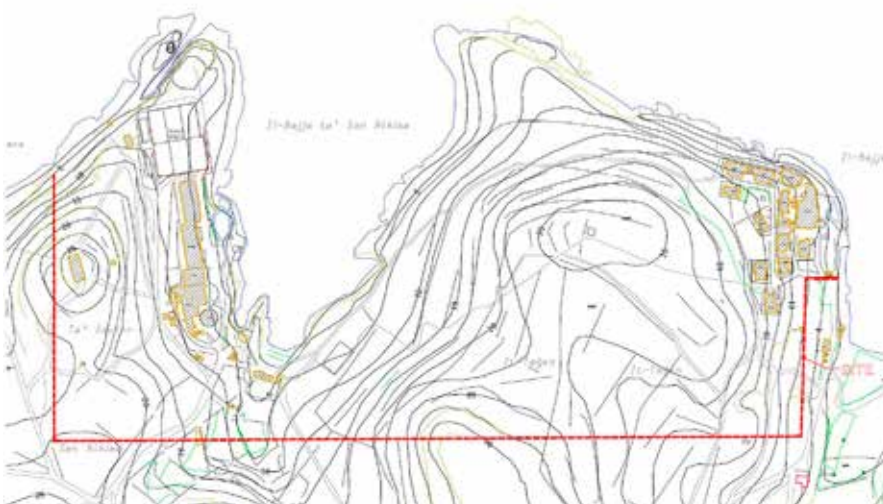
Aerial shot from the front side of the Hotel



Bungalow area in Santa Marija Bay



Hotel Area in San Niklaw Bay



Site Plan of Comino Hotel and Bungalows



SECURITIES NOTE

dated 18 July 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 Bonds being issued by Hili Finance Company p.l.c. The Listing Authority has approved the admission to listing of the Bonds on the Official List of the Malta Stock Exchange. Application has been made to the Malta Stock Exchange for the admission to listing and trading of the Bonds on its Official List. 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:

€80,000,000 3.80% Unsecured Bonds 2029

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

HILI FINANCE COMPANY P.L.C.

A PUBLIC LIMITED LIABILITY COMPANY REGISTERED IN MALTA
WITH COMPANY REGISTRATION NUMBER C 85692

with the joint and several Guarantee* of Hili Ventures Limited

A PRIVATE LIMITED LIABILITY COMPANY REGISTERED IN MALTA
WITH COMPANY REGISTRATION NUMBER C 57902

ISIN:- MT0001891218

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

Sponsor

Legal Counsel

Manager & Registrar



Carmelo sive Melo Hili



Geoffrey Camilleri



Dorian Desira

Jacqueline Camilleri

Mario Vella

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

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

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



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IMPORTANT INFORMATION

THIS SECURITIES NOTE CONTAINS INFORMATION ON AN ISSUE BY HILI FINANCE COMPANY PLC (THE "ISSUER") OF €80,000,000 UNSECURED BONDS 2029 OF A NOMINAL VALUE OF €100 PER BOND ISSUED AT PAR AND BEARING INTEREST AT THE RATE OF 3.80% PER ANNUM PAYABLE ANNUALLY ON 27 AUGUST OF EACH YEAR UNTIL THE REDEMPTION DATE. THE NOMINAL VALUE OF THE BONDS WILL BE REPAYABLE IN FULL AT MATURITY ON THE REDEMPTION DATE UNLESS OTHERWISE PREVIOUSLY REPURCHASED FOR CANCELLATION (THE "BONDS"). THE BOND ISSUE IS GUARANTEED BY HILI VENTURES LIMITED.

THIS SECURITIES NOTE:

- A. CONTAINS INFORMATION ABOUT THE ISSUER, THE GUARANTOR AND THE BONDS IN ACCORDANCE WITH THE REQUIREMENTS OF THE LISTING RULES, THE ACT AND THE REGULATION, AND SHOULD BE READ IN CONJUNCTION WITH THE REGISTRATION DOCUMENT ISSUED BY THE ISSUER FORMING PART OF THE PROSPECTUS; AND
- B. SETS OUT THE CONTRACTUAL TERMS UNDER WHICH THE BONDS ARE ISSUED BY THE ISSUER AND ACQUIRED BY A BONDHOLDER WHICH TERMS SHALL REMAIN BINDING UNTIL THE REDEMPTION DATE OF THE BONDS UNLESS THEY ARE OTHERWISE CHANGED IN ACCORDANCE WITH SECTION 5.13 OF THIS SECURITIES NOTE.

NO BROKER, DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORISED BY THE ISSUER, THE GUARANTOR OR THEIR RESPECTIVE DIRECTORS TO ISSUE ANY ADVERTISEMENT OR TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THE SALE OF 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, THE GUARANTOR OR THEIR RESPECTIVE 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 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. THE DISTRIBUTION OF THE PROSPECTUS IN CERTAIN JURISDICTIONS MAY BE RESTRICTED AND, ACCORDINGLY, PERSONS INTO WHOSE POSSESSION IT IS RECEIVED ARE REQUIRED TO INFORM THEMSELVES ABOUT, AND TO OBSERVE, SUCH RESTRICTIONS.

A PROSPECTIVE INVESTOR SHOULD ALWAYS SEEK INDEPENDENT FINANCIAL ADVICE BEFORE DECIDING TO INVEST IN ANY FINANCIAL INSTRUMENTS. A PROSPECTIVE INVESTOR SHOULD BE AWARE OF THE POTENTIAL RISKS OF INVESTING IN THE SECURITIES OF AN ISSUER AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION AND CONSULTATION WITH HIS OR HER OWN INDEPENDENT LEGAL ADVISORS, ACCOUNTANTS AND/OR OTHER FINANCIAL ADVISORS AS TO LEGAL, TAX, INVESTMENT OR ANY OTHER RELATED MATTERS CONCERNING THE BONDS AND THE PROSPECTUS.

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

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

ACCORDINGLY, NO BONDS MAY BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, AND NEITHER THIS PROSPECTUS NOR ANY ADVERTISEMENT OR OTHER OFFERING MATERIAL MAY BE DISTRIBUTED OR PUBLISHED, IN ANY JURISDICTION, EXCEPT UNDER CIRCUMSTANCES THAT WILL RESULT IN COMPLIANCE WITH ANY APPLICABLE LAWS AND REGULATIONS. PERSONS INTO WHOSE POSSESSION THIS PROSPECTUS OR ANY BONDS MAY COME MUST FIRST INFORM THEMSELVES ABOUT, AND OBSERVE, ANY SUCH RESTRICTIONS ON THE DISTRIBUTION OF THIS PROSPECTUS AND THE OFFERING AND SALE OF THE BONDS.

THE BONDS HAVE NOT BEEN NOR WILL THEY BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT 1933, AS AMENDED, OR UNDER ANY FEDERAL OR STATE SECURITIES LAW AND MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, IN THE UNITED STATES OF AMERICA, ITS TERRITORIES OR POSSESSIONS, OR ANY AREA SUBJECT TO ITS JURISDICTION (THE "U.S.") OR TO OR FOR THE BENEFIT



OF, DIRECTLY OR INDIRECTLY, ANY U.S. PERSON (AS DEFINED IN REGULATION "S" OF THE SAID ACT). FURTHERMORE THE ISSUER WILL NOT BE REGISTERED UNDER THE UNITED STATES INVESTMENT COMPANY ACT 1940, AS AMENDED, AND INVESTORS WILL NOT BE ENTITLED TO THE BENEFITS SET OUT THEREIN.

A COPY OF THE PROSPECTUS HAS BEEN SUBMITTED TO THE 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 ANY WEBSITE OF HILI VENTURES OR ANY WEBSITE DIRECTLY OR INDIRECTLY LINKED TO ANY WEBSITE OF HILI VENTURES, DO NOT FORM PART OF THE PROSPECTUS. ACCORDINGLY NO RELIANCE OUGHT TO BE MADE BY ANY INVESTOR ON ANY INFORMATION OR OTHER DATA CONTAINED IN SUCH WEBSITES AS THE BASIS FOR A DECISION TO INVEST IN THE BONDS.

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

ALL THE ADVISORS TO THE ISSUER AND THE GUARANTOR NAMED IN THE PROSPECTUS UNDER THE HEADING "ADVISORS" UNDER SECTION 3.2 OF THE REGISTRATION DOCUMENT HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER AND THE GUARANTOR IN RELATION TO THIS ISSUE AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION TOWARDS ANY OTHER PERSON AND WILL ACCORDINGLY NOT BE RESPONSIBLE TO ANY INVESTOR OR ANY OTHER PERSON WHOMSOEVER IN RELATION TO THE TRANSACTIONS PROPOSED IN THE PROSPECTUS.

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

1 DEFINITIONS

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

Act	the Companies Act (Cap. 386 of the Laws of Malta);
Applicant/s	a person or persons whose name or names (in the case of joint applicants) appear in the registration details of an Application Form;
Application/s	the application/s to subscribe for Bonds made by an Applicant/s by completing an Application Form/s and delivering same to any of the Authorised Financial Intermediaries;
Application Form/s	the forms of application of subscription for Bonds, specimens of which are contained in Annex I of this Securities Note;
Authorised Financial Intermediaries	the financial intermediaries whose details are listed in Annex II of this Securities Note;
Bond/s	the €80,000,000 unsecured bonds of a nominal value of €100 per bond payable in full upon subscription and redeemable at their nominal value on the Redemption Date, bearing interest at the rate of 3.80% per annum;
Bond Issue	the issue of the Bonds;
Bond Issue Price	the price of €100 per Bond;
Bondholder	a holder of Bonds;
Business Day	any day between Monday and Friday (both days included) on which commercial banks in Malta settle payments and are open for normal banking business;



Company or Issuer	Hili Finance Company p.l.c., a company registered under the laws of Malta with company registration number C 85692 and having its registered office at Nineteen Twenty Three, Valletta Road, Marsa MRS 3000, Malta;
Cut-Off Date	17 July 2019 (with last trading date being on 15 July 2019);
CSD	the Central Securities Depository of the Malta Stock Exchange having its address at Garrison Chapel, Castille Place, Valletta, VLT 1063, Malta;
Euro or €	the lawful currency of the Republic of Malta;
Exchange, Malta Stock Exchange or MSE	Malta Stock Exchange p.l.c., as originally constituted in terms of the Financial Markets Act (Cap. 345 of the Laws of Malta), having its registered office at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta, and bearing company registration number C 42525;
GDPR	Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC;
Guarantee	the joint and several guarantee dated 18 July 2019 granted by the Guarantor as security for the punctual performance of the Issuer's payment obligations under the Bond Issue. A copy of the Guarantee and a description of the nature, scope and terms of the Guarantee are appended to the Securities Note as Annex III thereto;
Guarantor	Hili Ventures Limited, a company registered under the laws of Malta with company registration number C 57902 and having its registered office at Nineteen Twenty Three, Valletta Road, Marsa MRS 3000, Malta;
Hili Ventures or Group	the Guarantor (as ultimate parent company) and its direct and indirect subsidiary companies;
Hili Ventures Bondholders	the holders as at the Cut-Off Date of the following Hili Ventures debt securities: <ul style="list-style-type: none">• €36 million 5.1% 1923 Investments p.l.c. unsecured bonds 2024 (ISIN: MT0000841206);• €37 million 4.5% Hili Properties p.l.c. unsecured bonds 2025 (ISIN: MT0000941204);• €65 million 3.75% Premier Capital p.l.c. unsecured bonds 2026 (ISIN: MT0000511213); and• €40 million 3.85% Hili Finance Company p.l.c. unsecured bonds 2028 (ISIN: MT0001891200);
Hili Ventures Stakeholders	the shareholders, directors and employees of any company forming part of Hili Ventures as at 17 July 2019;
Interest Payment Date	27 August of each year between and including each of the years 2020 and the year 2029, provided that if any such day is not a Business Day such Interest Payment Date will be carried over to the next following day that is a Business Day;
Issue Date	expected on 4 September 2019;
Listing Authority	the Board of Governors of the Malta Financial Services Authority, appointed as the Listing Authority for the purposes of the Malta Financial Services Authority Act (Cap. 330 of the Laws of Malta);
Listing Rules	the listing rules issued by the Listing Authority, as may be amended from time to time;
Manager and Registrar	Bank of Valletta p.l.c., a company registered under the Laws of Malta with company registration number C 2833 and having its registered office at 58, Zachary Street, Valletta, Malta;
Official List	the list prepared and published by the Malta Stock Exchange as its official list in accordance with the Malta Stock Exchange Bye-Laws;
Preferred Applicants	collectively, Hili Ventures Bondholders and Hili Ventures Stakeholders;
Preferred Applicants Offer Period	the period between 24 July 2019 to 13 August 2019 during which the Bonds are on offer to Preferred Applicants;
Prospectus	collectively the Summary Note, Registration Document and this Securities Note (each as defined in this Securities Note);
Public Offer Period	the period between 30 July 2019 to 20 August 2019 during which the Bonds are on offer to the general public, which offer period may close earlier in case of over-subscription;
Redemption Date	27 August 2029;
Redemption Value	the nominal value of each Bond (€100 per Bond);
Registration Document	the registration document issued by the Issuer dated 18 July 2019, forming part of the Prospectus;



Regulation	Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements (as amended);
Securities Note	this document in its entirety;
Sponsor	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 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;
Summary Note	the summary note issued by the Issuer dated 18 July 2019, forming part of the Prospectus;
Terms and Conditions	the terms and conditions of issue of the Bonds specified in sections 4.3, 5 and 7 of this Securities Note.

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

Unless it appears otherwise from the context:

- a) words importing the singular shall include the plural and *vice-versa*;
- b) words importing the masculine gender shall include the feminine gender and *vice-versa*;
- c) the word "may" shall be construed as permissive and the word "shall" shall be construed as imperative.

2 RISK FACTORS

The value of investments can go up or down and past performance is not necessarily indicative of future performance.

The nominal value of the Bonds will be repayable in full upon maturity on the Redemption Date unless the Bonds are previously repurchased and cancelled. The Issuer shall redeem the Bonds on the Redemption Date.

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

Neither this Securities Note, nor any other parts of the Prospectus or any other information supplied in connection with the Bonds: (i) is intended to provide the basis of any credit or other evaluation; or (ii) should be considered as a recommendation by the Issuer or the Guarantor or the Sponsor or Authorised Financial Intermediaries that any recipient of this Securities Note or any other part of the Prospectus or any other information supplied in connection with the Prospectus or any Bonds, should purchase any Bonds.

Accordingly, prospective investors should make their own independent evaluation of all risk factors, and should consider all other sections in this document.

2.1 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 and/or Guarantor's Directors. No assurance is given that the future results or expectations will be achieved.

2.2 SUITABILITY OF INVESTMENT

An investment in the Issuer and the Bonds may not be suitable for all recipients of the Prospectus and prospective investors are urged to consult an independent investment 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 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 Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in the Prospectus or any applicable supplement;
- b) has sufficient financial resources and liquidity to bear all the risks of an investment in the Bonds, including where the currency for principal or interest payments is different from the prospective investor's currency;
- c) understands thoroughly the terms of the Bonds and is familiar with the behaviour of any relevant indices and financial markets; and
- d) is able to evaluate possible scenarios for economic, interest rate and other factors that may effect its investment and its ability to bear the applicable risks.

2.3 RISKS RELATING TO THE BONDS

Orderly and Liquid Market

The existence of an orderly and liquid market for the Bonds depends on a number of factors, including but not limited to, the presence of willing buyers and sellers of the Issuer's Bonds at any given time and the general economic conditions in the market in which the Bonds are traded. Such factors are dependent upon the individual decisions of investors and the general economic conditions of the market, over which the Issuer has no control. Accordingly, there can be no assurance that an active secondary market for the Bonds will develop, or, if it develops, that it will continue. Accordingly, there can be no assurance that an investor will be able to sell or otherwise trade in the Bonds at, or above, the Bond Issue Price or at all.

Interest Rate Risk

Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely effect the value of the Bonds.

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 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 Bonds prevailing from time to time. If such changes take place they could have an adverse effect on the market price for the Bonds.

Continuing Compliance Obligations

Even after the Bonds are admitted to trading on the MSE, the Issuer is required to remain in compliance with certain requirements relating, *inter alia*, to the free transferability, clearance and settlement of the Bonds in order to remain a listed company in good standing. Moreover, the Listing Authority has the authority to suspend trading or listing of the Bonds if, *inter alia*, it comes to believe that such a suspension is required for the protection of investors or the integrity or reputation of the market. The Listing Authority may discontinue the listing of the Bonds on the MSE. Any such trading suspensions or listing revocations / discontinuations could have a material adverse effect on the liquidity and value of the Bonds.

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 the Prospectus.

Changes to Terms and Conditions

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



2.4 RISKS RELATING TO RANKING

The Bonds, as and when issued and allotted, shall constitute the general, direct, unsecured and unconditional obligations of the Issuer and shall be guaranteed in respect of both the interest due and the principal amount under said Bonds by the Guarantor jointly and severally. The Bonds shall at all times rank *pari passu* without any priority or preference among themselves and, in respect of the Guarantor, they shall rank without any priority or preference over all its unsecured indebtedness, if any. In view of the fact that the Bonds are being guaranteed by the Guarantor on a joint and several basis, the Bondholders shall be entitled to request the Guarantor to pay both the interest due and the principal amount under said Bonds if the Issuer fails to meet any amount, when due in terms of the Prospectus.

2.5 RISKS RELATING TO THE GUARANTEE

The joint and several Guarantee also entitles the Bondholders to take action against the Guarantor without having to first take action against the Issuer. The strength of this undertaking on the part of the Guarantor and therefore, the level of recoverability by the Bondholders from the Guarantor of any amounts due under any of the Bonds, is dependent upon and directly linked to the financial position and solvency of the Guarantor.

3 PERSONS RESPONSIBLE

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, the Guarantor and the Bonds. All of the Directors of the Issuer, whose names appear under the heading "**Identity of Directors, Advisors and Auditors of the Issuer and Guarantor**" 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 effect the import of such information. The Directors of the Issuer accept responsibility accordingly.

4 ESSENTIAL INFORMATION

4.1 REASONS FOR THE ISSUE AND USE OF PROCEEDS

Following the Bond Issue, the Issuer shall enter into a loan agreement with the Guarantor pursuant to which the Issuer shall advance to the Guarantor the proceeds of Bond Issue which are expected to amount to *circa* €80,000,000. Accordingly, the expenses referred to section 4.2 below shall be borne by the Guarantor.

The proceeds from the Bond Issue, which net of Bond Issue expenses are expected to amount to approximately €79,000,000 shall be utilised by the Guarantor for the following purposes, in the amounts and order of priority set out below:

- i. an amount of *circa* €59,000,000 will be used for the purpose of financing the acquisition of 100% shareholding in Kemmuna Limited (C 15344), a company which owns the Comino Hotel and Bungalows (as described in further detail in section 6 and Annex I of the Registration Document).

In terms of a share purchase agreement dated 24 May 2019, the final execution of the deed of purchase is dependent on a number of conditions precedent, including *inter alia* the successful completion of a due diligence exercise which is presently being conducted by Hili Ventures. Accordingly, in the event that the purchaser decides not to proceed with the transaction for any reason as contemplated in the share purchase agreement, the above amount of *circa* €59,000,000 shall be used to repay the bank loans of Hili Ventures listed hereinbelow;

- ii. the amount of €10,000,000 shall be advanced to Cobalt Leasing Ltd (a container leasing company forming part of Hili Ventures) in exchange for the issue and allotment of ordinary shares in favour of the Guarantor. The said company will utilise the funds to part-finance the acquisition of new containers for the purpose of leasing same to container shipping lines on a long term basis;
- iii. the remaining balance will be applied to fund Group-wide investment opportunities presently being considered, or which may arise in the near term, by the board of directors of the Guarantor, including, but not limited to, the setting up of a marine division.



In the event that the Bond Issue is not fully subscribed, the Issuer will proceed with the listing of the amount of Bonds subscribed for. Accordingly, the Guarantor shall apply the net proceeds received from the Issuer in the manner and order of priority set out in (i) to (iii) above. Any residual amounts required by the Guarantor for the purposes of the uses specified in (i) to (iii) above, which shall not have been raised through the Bond Issue, shall be financed from the Group's general cash flow and/or bank financing.

Borrower Company	Lending Bank	Balance as at 31 Dec'18 (EUR'000)	Purpose
Hili Premier Estates Romania Srl	Banca Comerciale Romana, Calea Victoriei nr. 25, 3rd District, Bucharest, Romania	19,538	Acquisition of real estate In Romania
Premier Restaurants Romania Srl	BRD - Group Societe Generale S.A., 1-Ion Mihalache Boulevard, Sector 1, Bucharest, Romania	15,936	Acquisition of McDonald's operation In Romania
Apex Investments SIA	Swedbank AB, Balasta dambis 1A, LV-1048 Riga, Latvia	12,606	Acquisition of real estate In Latvia
SIA Premier Estates Ltd Latvia	Luminor Bank AS, Skanstes iela 12, LV-1013 Riga, Latvia	4,750	Acquisition of real estate In Latvia
Apex Investments SIA	Swedbank AB, Balasta dambis 1A, LV-1048 Riga, Latvia	2,704	Financing of property reconstruction
SIA Premier Estates Ltd Latvia	Luminor Bank AS, Skanstes iela 12, LV-1013 Riga, Latvia	2,108	Acquisition of real estate In Latvia
Premier Estates Lietuva UAB Lithuania	Luminor, Konstitucijos ave. 21A, 03601 Vilnius, Lithuania	1,362	Acquisition of real estate In Lithuania
		59,004	

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 €1,000,000 and will be deducted from the proceeds of the Issue. There is no particular order of priority with respect to such expenses.

4.3 ISSUE STATISTICS

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 €1,000,000 and will be deducted from the proceeds of the Issue. There is no particular order of priority with respect to such expenses.

Amount:	€80,000,000;
Form:	The Bonds will be issued in fully registered and dematerialised form and will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the CSD;
Denomination:	Euro (€);
ISIN:	MT0001891218;
Minimum amount per subscription:	Minimum of €2,000 and multiples of €100 thereafter;
Redemption Date:	27 August 2029;
Redemption Value:	At par (€100 per Bond);
Plan of Distribution:	The Bonds are open for subscription by all categories of investors including the general public;
Preferred Allocation:	Preferred Applicants will be granted preference in their applications for Bonds up to an aggregate amount of €40 million;
Bond Issue Price:	At par (€100 per Bond);



Status of the Bonds:	The Bonds, as and when issued and allotted, shall constitute the general, direct, unsecured and unconditional obligations of the Issuer and shall be guaranteed in respect of both the interest due and the principal amount under said Bonds by the Guarantor jointly and severally. The Bonds shall at all times rank <i>pari passu</i> without any priority or preference among themselves and, in respect of the Guarantor, they shall rank without any priority or preference over all its unsecured indebtedness, if any;
Listing:	The Listing Authority has approved the Bonds for admissibility to listing on the Official List of the Malta Stock Exchange. Application has been made to the Malta Stock Exchange for the Bonds to be listed and traded on its Official List;
Preferred Applicants Offer Period:	The period between 24 July 2019 and 13 August 2019 during which the Bonds are on offer to Preferred Applicants;
Public Offer Period:	The period between 30 July 2019 and 20 August 2019 during which the Bonds are on offer to the general public, which offer period may close earlier in case of over-subscription;
Interest:	3.80% per annum;
Interest Payment Date(s):	Annually on 27 August as from 27 August 2020 (the first interest payment date);
Governing Law of Bonds:	The Bonds are governed by and shall be construed in accordance with Maltese law;
Jurisdiction:	The Maltese Courts shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Prospectus and/or the Bonds.

4.4 INTEREST OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Jesmond Mizzi, a member of the board of directors of the Guarantor, is also a director of Jesmond Mizzi Financial Advisors Limited, which is included as an Authorised Financial Intermediary in Annex II of this Securities Note. In light of his appointment to the board of directors of the Guarantor, Jesmond Mizzi will not personally provide any investment advice on the Bonds to the clients of the aforesaid investment firm.

Save for the above and the subscription for Bonds by Authorised Financial Intermediaries (which include the Sponsor and Manager & Registrar), and any fees payable in connection with the Bond Issue to MeDirect Bank (Malta) plc as Sponsor and to Bank of Valletta p.l.c. as Manager & 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 CONSENT FOR USE OF PROSPECTUS

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

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

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

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

None of the Issuer, the Sponsor 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 Bonds.

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



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

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

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

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

Any new information with respect to Authorised Financial Intermediaries unknown at the time of 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.hilifinance.com

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

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

5.1 GENERAL

- 5.1.1 Each Bond forms part of a duly authorised issue of 3.80% Unsecured Bonds 2029 of a nominal value of €100 per Bond issued by the Issuer at par up to the principal amount of €80,000,000 (except as otherwise provided under section 5.12 "Further Issues"). The Issue Date of the Bonds is expected on 4 September 2019.
- 5.1.2 The currency of the Bonds is Euro (€).
- 5.1.3 Subject to admission to listing of the Bonds to the Official List of the MSE, the Bonds are expected to be assigned ISIN MT0001891218.
- 5.1.4 Unless previously purchased and cancelled, the Bonds shall be redeemable at par on the Redemption Date.
- 5.1.5 The issue of the Bonds is made in accordance with the requirements of the Listing Rules, the Act, and the Regulation.
- 5.1.6 The Bond Issue is not underwritten.
- 5.1.7 There are no special rights attached to the Bonds other than the right of the Bondholders to the payment of capital and interest and in accordance with the ranking specified in section 5.2 hereunder.

5.2 RANKING OF THE BONDS

The Bonds constitute the general, direct, unconditional and unsecured obligations of the Issuer, guaranteed jointly and severally by the Guarantor, and shall at all times rank *pari passu*, without any priority or preference among themselves and with other unsecured debt of each of the Issuer and the Guarantor, if any. Furthermore, subject to the negative pledge clause as found in section 5.7 of this Securities Note, third party security interests may be registered which will rank in priority to the Bonds against the assets of the Issuer and of the Guarantor, as the case may be, for so long as such security interests remain in effect. As at the date of this Securities Note, the Issuer does not have any subordinated indebtedness.



The following table sets out a summary of the Group's indebtedness as at 31 December 2018, and includes bank loan and overdraft facilities, debt securities and other financial liabilities. The bank borrowings listed below are secured by privileges and hypothecs, and therefore the indebtedness being created by the Bonds, together with other unsecured debt, ranks after all these bank borrowings. In addition, the Bonds would also rank after any future debts which may be secured by a cause of preference such as a privilege and/or a hypothec.

Hili Ventures Limited
Consolidated Group Borrowings
as at 31 December 2018

	€000
Bank loans	93,716
Bank overdrafts	5,165
Other financial liabilities	12,592
Debt securities	176,254
Total borrowings	287,727

5.3 RIGHTS ATTACHING TO THE 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 Bonds 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 Bonds, including:

- i. the repayment of capital;
- ii. the payment of interest;
- iii. ranking with respect to other indebtedness of the Issuer and the Guarantor in accordance with the provisions of section 5.2 above;
- iv. seeking recourse from the Guarantor pursuant to the Guarantee, in case of failure by the Issuer to pay any sum payable by it to Bondholders pursuant to the terms of the Bonds detailed in this Securities Note;
- v. the right to attend, participate in and vote at meetings of Bondholders in accordance with the Terms and Conditions of the Bond Issue; and
- vi. enjoy all such other rights attached to the Bonds emanating from the Prospectus.

5.4 INTEREST

The Bonds shall bear interest from and including 27 August 2019 at the rate of 3.80% per annum on the nominal value thereof, payable annually in arrears on each Interest Payment Date. The first interest payment will be effected on 27 August 2020 (covering the period 27 August 2019 to 26 August 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 principal on the Bonds is barred by the lapse of five years.

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

5.5 YIELD

The gross yield calculated on the basis of the Interest, the Bond Issue Price and the Redemption Value of the Bonds is 3.80% per annum.

5.6 REGISTRATION, FORM, DENOMINATION AND TITLE

Certificates will not be delivered to Bondholders in respect of the Bonds. The entitlement to 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 Bonds held by them respectively, and the Bondholders shall have, at all reasonable times during business hours, access to the register of bondholders held at the CSD for the purpose of inspecting information held on their respective account.



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

Applicants may opt to subscribe for the online e-portfolio of the MSE. 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 detail on the e-portfolio is found on the afore-mentioned website.

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

Any person in whose name a Bond is registered may (to the fullest extent permitted by applicable law) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute owner of such Bond. Title to the Bonds may be transferred as provided below under the heading "Transferability of the Bonds" in section 5.11 of this Securities Note.

5.7 NEGATIVE PLEDGE

The Issuer and the Guarantor undertake, for as long as any principal or interest under the Bonds or any of the Bonds remains outstanding, not to create or permit to subsist any Security Interest (as defined below), other than a Permitted Security Interest (as defined below), upon the whole or any part of their respective present or future assets or revenues, to secure any Financial Indebtedness (as defined below) of the Issuer and/or the Guarantor. The instrument creating any such Permitted Security Interest shall provide that the Issuer's and Guarantor's indebtedness under the Bonds, shares in and is secured equally and rateably with such Permitted Security Interest.

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

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

"Permitted Security Interest" means:

- (A) any Security Interest arising by operation of law;
- (B) any Security Interest securing temporary bank loans or overdrafts or guarantees in the ordinary course of business;
- (C) any Security Interest securing any indebtedness of the Issuer created for the sole purpose of financing or raising finance for the redemption of all the Bonds;
- (D) any other Security Interest (in addition to (A), (B) and (C) above) securing Financial Indebtedness of the Issuer or Guarantor (as the case may be), in an aggregate outstanding amount not exceeding 80% of the difference between the value of the Unencumbered Assets of the Issuer and Guarantor and the aggregate principal amount of Bonds outstanding at the time;

Provided that the aggregate Security Interests referred to in (B), (C) and (D) above do not result in the Unencumbered Assets of the Issuer being less than the aggregate principal amount of the Bonds still outstanding together with one (1) year's interest thereon;

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

5.8 PAYMENTS

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

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



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

All payments with respect to the Bonds are subject in all cases to any applicable fiscal or other laws and regulations prevailing in Malta. In particular, but without limitation, all payments of principal and interest by or on behalf of the Issuer in respect of the Bonds shall be made net of any amount which the Issuer is 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. The Issuer shall not be liable for charges, expenses and commissions levied by third parties.

5.9 REDEMPTION AND PURCHASE

Unless previously purchased and cancelled, the Bonds will be redeemed at their nominal value (together with interest accrued to the date fixed for redemption) on 27 August 2029. In such a case the Issuer shall be discharged of any and all payment obligations under the Bonds upon payment made net of any withholding or other taxes due or which may be due under Maltese law and which is payable by the Bondholders.

Subject to the provisions of this section 5.9, the Issuer may at any time purchase Bonds in the open market or otherwise at any price. Any purchase by tender shall be made available to all Bondholders alike.

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

5.10 EVENTS OF DEFAULT

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

- a. the Issuer shall fail to pay any interest on any Bond when due and such failure shall continue for thirty (30) days after written notice thereof shall have been given to the Issuer by any Bondholder; or
- b. the Issuer shall fail duly to perform or shall otherwise be in breach of any other material obligation contained in the Terms and Conditions of the Bonds and such failure shall continue for sixty (60) days after written notice thereof shall have been given to the Issuer by any Bondholder; or
- c. an order is made or resolution passed or other action taken for the dissolution, termination of existence, liquidation, winding-up or bankruptcy of the Issuer and/or Guarantor; or
- d. the Issuer stops or suspends payments (whether of principal or interest) with respect to all or any class of its debts or announces an intention to do so or ceases or threatens to cease to carry on its business or a substantial part of its business; or
- e. the Issuer is unable, or admits in writing its inability, to pay its debts as they fall due or otherwise becomes insolvent; or
- f. there shall have been entered against the Issuer and/or the Guarantor a final judgment by a court of competent jurisdiction from which no appeal may be or is made for the payment of money in excess of five million Euro (€5,000,000) or its equivalent and ninety (90) days shall have passed since the date of entry of such judgment without its having been satisfied or stayed; or
- g. any default occurs and continues for ninety (90) days under any contract or document relating to any Financial Indebtedness (as defined in section 5.7 of this Securities Note) of the Issuer and/or the Guarantor in excess of five million Euro (€5,000,000) or its equivalent at any time.

5.11 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 (that is, in multiples of €100) in accordance with the rules and regulations of the MSE applicable from time to time.

Any person becoming entitled to a Bond in consequence of the death or bankruptcy of a Bondholder may, upon such evidence being produced as may from time to time properly be required by the Issuer or the CSD, elect either to be registered himself 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. Provided always that if a Bond is transmitted in furtherance of this paragraph, a person will not be registered as a Bondholder unless such transmission is made in multiples of €100.



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

The 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 person to whom the transfer / transmission has been made.

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

The minimum subscription amount of €2,000, described in section 5.6 above, shall only apply during the Preferred Applicants Offer Period and the Public Offer Period. As such, no minimum holding requirement shall be applicable once the Bonds are admitted to listing on the Official List of the MSE and commence trading thereafter subject to trading in multiples of €100.

5.12 FURTHER ISSUES

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

5.13 MEETINGS OF BONDHOLDERS

The Issuer may from time to time call meetings of Bondholders for the purpose of consultation with Bondholders or for the purpose of obtaining the consent of Bondholders on matters which in terms of the Prospectus require the approval of a Bondholders' meeting.

A meeting of Bondholders shall be called by the Directors by giving all Bondholders listed on the register of Bondholders as at a date being not more than 30 days preceding the date scheduled for the meeting, not less than 14 days' notice in writing. Such notice shall set out the time, place and date set for the meeting and the matters to be discussed or decided thereat, including, if applicable, sufficient information on any amendment of the Prospectus that is proposed to be voted upon at the meeting and seeking the approval of the Bondholders. Following a meeting of Bondholders held in accordance with the provisions contained hereunder, the Issuer shall, acting in accordance with the resolution(s) taken at the meeting, communicate to the Bondholders whether the necessary consent to the proposal made by the Issuer has been granted or withheld. Subject to having obtained the necessary approval by the Bondholders in accordance with the provisions of this section 5.13 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 Terms and Conditions of the Bond Issue contained in this Securities Note 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 Bondholders present, in person or by proxy, representing not less than 50% in nominal value of the Bonds then outstanding, shall constitute a quorum. If a quorum is not present within 30 minutes from the time scheduled for the commencement of the meeting as indicated on the notice convening same, the meeting shall stand adjourned to a place, date and time as shall be communicated by the Directors to the Bondholders present at that meeting. The Issuer shall within two days from the date of the original meeting publish by way of a company announcement the date, time and place where the adjourned meeting is to be held. An adjourned meeting shall be held not earlier than seven days, and not later than 15 days, following the original meeting. At an adjourned meeting the number of Bondholders present, 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.



The proposal placed before a meeting of Bondholders shall only be considered approved if at least 80% in nominal value of the Bondholders present at the meeting, or at any adjourned meeting, as the case may be, at the time when the vote is being taken, in person or by proxy, shall have voted in favour of the proposal.

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

5.14 AUTHORISATIONS AND APPROVALS

The Board of Directors of the Issuer authorised the Bond Issue pursuant to a Board of Directors' resolution passed on 28 June 2019. The Guarantee being given by the Guarantor in respect of the Bonds has been authorised by a resolution of the board of directors of the Guarantor dated 25 June 2019.

5.15 REPRESENTATIONS AND WARRANTIES

The Issuer represents and warrants to Bondholders, who 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.

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

5.16 NOTICES

Notices will be mailed to Bondholders at their registered addresses and shall be deemed to have been served at the expiration of 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.

5.17 GOVERNING LAW AND JURISDICTION

The 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 Guarantor arising out of or in connection with the 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 regarding both Maltese and any foreign tax legislation which may be applicable to them in respect of the Bonds, including their acquisition, holding and transfer as well as any income derived therefrom or on any gains derived on the transfer of such Bonds. 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 that is entitled to receive the interest gross of any withholding tax, or if the Bondholder does not fall within the definition of "recipient" in terms of article 41(c)



of the Income Tax Act, (Cap. 123 of the laws of Malta, hereinafter, the "Income Tax Act"), interest shall be paid to such person net of a final withholding tax, currently at the rate of 15% (10% in the case of certain types of collective investment schemes) of the gross amount of the interest, pursuant to article 33 of the Income Tax Act. Bondholders who do not fall within the definition of a "recipient" do not qualify for the said rate and should seek advice on the taxation of such income as special rules may apply.

This withholding tax is considered as a final tax and a Maltese resident individual Bondholder is not obliged to declare the interest so received in his income tax return (to the extent that the interest is paid net of tax). No person should 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 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", to the extent that the Bonds are held as capital assets by the Bondholder, no tax on capital gains should be chargeable in respect of a 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, in the view of the Issuer, 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 to be treated as 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, 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 Hili Ventures Bondholders	23 July 2019
2. Application Forms available to Hili Ventures Stakeholders	24 July 2019
3. Application Forms available to the general public	30 July 2019
4. Closing of Preferred Applicants Offer Period	13 August 2019
5. Closing of Public Offer Period	20 August 2019
6. Commencement of interest on the Bonds	27 August 2019
7. Expected date of announcement of results of the Bond Issue	27 August 2019
8. Refunds of unallocated monies	3 September 2019
9. Expected date of notification of registration	4 September 2019
10. Expected date of admission of the securities to listing	4 September 2019
11. Expected date of commencement of trading in the securities	5 September 2019

The Issuer reserves the right to close the Public Offer Period before 20 August 2019 in the event of over-subscription, in which case, the events set out in steps 7 to 11 above shall be brought forward, although the number of working days between the respective events shall not also be altered.

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 Guarantor on the one hand and the Bondholders on the other.

- 7.2.1 A Preferred Applicant wishing to subscribe for Bonds during the Preferred Applicants Offer Period shall submit a duly completed Application Form 'A' through any of the Authorised Financial Intermediaries by latest 16:00 hours on 13 August 2019. Hili Ventures Bondholders will receive an Application Form 'A' by mail from the Issuer, whilst Hili Ventures Stakeholders may obtain an Application Form 'A' from the company secretary of the Issuer as from 24 July 2019.

An Applicant, other than a Preferred Applicant, may lodge an Application Form 'B' during the Public Offer Period with any Authorised Financial Intermediary. Subscription lists during the Public Offer Period will open at 08:30 hours on 30 July 2019 and will close thereafter as may be determined by the Issuer, but in any event no later than 16:00 hours on 20 August 2019.

- 7.2.2 By submitting a signed Application Form, the Applicant is thereby confirming to the Issuer and the Authorised Financial Intermediary through whom the Application is made 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 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 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).
- 7.2.3 The contract created by the Issuer's acceptance of an Application filed by a prospective bondholder through an Authorised Financial Intermediary 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.
- 7.2.4 If an Application Form is signed on behalf of another party or on behalf of a corporation or corporate entity or association of persons, the person signing will be deemed to have duly bound his principal, or the relative corporation, corporate entity, or association of persons, and will be deemed also to have given the confirmations, warranties and undertakings contained in these terms and conditions on their behalf. Such representative may be requested to submit the relative power of attorney/resolution or a copy thereof duly certified by a lawyer or notary public if so required by the Issuer and the Registrar, but it shall not be the duty or responsibility of the Registrar or Issuer to ascertain that such representative is duly authorised to appear on the Application Form.



- 7.2.5 Applications in the name of a corporation or corporate entity or association of persons, need to include a valid Legal Entity Identifier ("LEI") in the space provided on the Application Form. Failure to include a valid LEI code, will result in the Application being cancelled by the Issuer acting through the Registrar and subscription monies will be returned to the Applicant in accordance with section 7.2.15 below.
- 7.2.6 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 (Joint) 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.
- 7.2.7 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).
- 7.2.8 Applications in the name and for the benefit of minors shall be allowed provided that the Applicant already holds an account with the MSE. Any Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest and redemption monies payable to the parents / legal guardian/s signing the Application Form until such time as the minor attains the age of 18 years, following which all interest and redemption monies shall be paid directly to the registered holder, provided that the Issuer has been duly notified in writing of the fact that the minor has attained the age of 18 years.
- 7.2.9 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.
- 7.2.10 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.
- 7.2.11 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.
- 7.2.12 Subject to all other terms and conditions set out in the Prospectus, the Issuer acting through the Registrar reserves the right to reject, in whole or in part, or to scale down, any Application, including multiple or suspected multiple Applications, and to present any cheques and/or drafts for payment upon receipt. The right is also reserved to refuse any Application which in the opinion of the Issuer acting through the Registrar 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. Any refund due to an Applicant shall be effected without interest, by credit transfer to such account indicated in the Application Form by not later than 3 September 2019. The Issuer shall not be responsible for any charges, loss or delay arising in connection with such credit transfer.
- 7.2.13 The Bonds will be issued in multiples of €100. The minimum subscription amount of Bonds that can be subscribed for by Applicants is €2,000. The completed Application Forms are to be lodged with any of the Authorised Financial Intermediaries. Submission of Application Forms must be accompanied by the full price of the Bonds applied for, in Euro. Payment may be made either in cash or by cheque payable to the respective Authorised Financial Intermediary. In the event that any cheque accompanying an Application Form is not honoured on its first presentation, the respective Authorised Financial Intermediary reserves the right to invalidate the relative Application Form.
- 7.2.14 By not later than 27 August 2019, the Issuer shall announce the results of the Bond Issue through a company announcement.
- 7.2.15 In the event that an Applicant fails to submit full information and/or documentation required with respect to an Application, the Applicant shall receive a full refund without interest, by credit transfer to such account indicated in the Application Form at any time before the Bonds are admitted to listing on the Official List of the MSE. The Issuer shall not be responsible for any charges, loss or delay arising in connection with such credit transfer.



- 7.2.16 The Issuer has not sought assessment of the Bonds by any independent credit rating agency.
- 7.2.17 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 GDPR (as applicable), for the purposes and within the terms of the MSE's data protection and privacy policy as published from time to time.
- 7.2.18 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.
- 7.2.19 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 Guarantor 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. All Applications must include a valid MSE account number in the name of the Applicant. Failure to provide a valid MSE account number will result in the Application being cancelled by the Issuer (acting through the Registrar) and subscription monies will be returned to the Applicant in accordance with section 7.1.15 above. 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, the Registrar 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 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 and the Guarantor or the issue of the Bonds other than what is contained in the Prospectus and accordingly agree/s that no person responsible solely or jointly for the Prospectus or any part thereof will have any liability for any such other information or representation;
 - e agrees that the registration advice and other documents and any monies returnable to the Applicant may be retained pending clearance of his/her remittance and any verification of identity as required by the Prevention of Money Laundering Act (Cap. 373 of the Laws of Malta) and regulations made thereunder, and that such monies will not bear interest;
 - f agrees to provide the Issuer acting through the Registrar with any information which it/they may request in connection with the Application;
 - g warrants, in connection with the Application, to have observed all applicable laws, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with his/her Application in any territory, and that the Applicant has not taken any action which will or may result in the Issuer or the Registrar acting in breach of the regulatory or legal requirements of any territory in connection with the issue of the Bonds or his/her 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, 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 Bonds are open for subscription to all categories of investors, as follows:

- (i) The Issuer has reserved an aggregate amount of Bonds amounting to €40 million for subscription by Preferred Applicants. In the event that the amount of €40 million reserved for the general public (detailed in clause (ii) below) is not fully taken up, the unutilised portion of this reserved amount shall become available for allocation to Preferred Applicants;
- (ii) The remaining balance of €40 million in Bonds shall be made available for subscription by the general public. In the event that the amount of €40 million reserved for Preferred Applicants (detailed in clause (i) above) is not fully taken up, the unutilised portion of this reserved amount shall become available for allocation to the general public.

In the event that subscriptions exceed the reserved portion referred to in clause (i) above of €40 million, the unsatisfied excess amounts of such Applications will automatically participate in the amount of Bonds available to the general public.

Subscriptions shall be made through any of the Authorised Financial Intermediaries, subject to a minimum subscription amount of €2,000 in nominal value of Bonds and in multiples of €100 thereafter.

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

Dealings in the Bonds shall not commence prior to the Bonds being admitted to the Official List of the Malta Stock Exchange.

7.4 PRICING

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

7.5 ALLOCATION POLICY

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

- i. An aggregate amount of €40 million in Bonds, together with any Bonds not taken up by the general public referred to in (ii) below, shall be allocated to Preferred Applicants in accordance with the allocation policy as determined by the Issuer and Registrar. In the event that subscriptions exceed the reserved portion of €40 million, the unsatisfied excess amount of such Applications will be considered for allocation purposes with the Applications submitted by the general public *pari passu* without any priority or preference;
- ii. A total amount of €40 million in Bonds, together with any Bonds not taken up by Preferred Applicants referred to in (i) above, shall be allocated to the general public in accordance with the allocation policy as determined by the Issuer and Registrar.

The Issuer shall announce the allocation policy for the allotment of Bonds through a company announcement by not later than 27 August 2019.

7.6 ADMISSION TO TRADING

- i. The Listing Authority has authorised the Bonds as admissible to Listing pursuant to the Listing Rules by virtue of a letter dated 18 July 2019.
- ii. Application has been made to the Malta Stock Exchange for the Bonds being issued pursuant to the Prospectus to be listed and traded on the Official List of the Malta Stock Exchange.
- iii. The Bonds are expected to be admitted to the Malta Stock Exchange with effect from 4 September 2019 and trading is expected to commence on 5 September 2019.



7.7 ADDITIONAL INFORMATION

Save for the financial analysis summary set out as Annex IV, this 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 Guarantor. The Issuer confirms that the financial analysis summary has been accurately reproduced in this 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 FORM 1



HILI FINANCE COMPANY P.L.C. €80,000,000 3.80% UNSECURED BONDS 2029 APPLICATION FORM 'A' PREFERRED APPLICANTS

This Application Form is not transferable and entitles you to subscribe for Hili Finance Company p.l.c. 3.80% Unsecured Bonds 2029 as a Preferred Applicant (collectively Hili Ventures Bondholders and Hili Ventures Stakeholders) as at 17 July 2019 (the Cut-Off Date). Please read the notes overleaf before completing this Application Form. **Mark 'X' where applicable.**

A	APPLICANT (see notes 2 to 7)	
	I.D. Card N°/Passport N°	MSE A/C N° (mandatory)

DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH	NATIONALITY
LEI (Legal Entity Identifier) (if applicant is NOT an individual)		TEL. N°	MOBILE N°

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

B	ADDITIONAL (JOINT) APPLICANTS (see note 3) (please use Addendum to Application Form if space is not sufficient)		
TITLE (Mr/Mrs/Ms/...)	FULL NAME AND SURNAME	I.D. CARD N°/PASSPORT N°	
DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH	NATIONALITY

C	DECISION MAKER/MINOR'S PARENTS/LEGAL GUARDIAN(S) (see notes 4 & 7) (to be completed ONLY if applicable)		
TITLE (Mr/Mrs/Ms/...)	FULL NAME AND SURNAME	I.D. CARD/PASSPORT N°	
DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH	NATIONALITY
TITLE (Mr/Mrs/Ms/...)	FULL NAME AND SURNAME	I.D. CARD N°/PASSPORT N°	
DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH	NATIONALITY

D	I/WE APPLY TO PURCHASE AND ACQUIRE (see notes 8):	
AMOUNT IN FIGURES €	AMOUNT IN WORDS	

Hili Finance Company p.l.c. 3.80% Unsecured Bonds 2029 (the "Bonds") (minimum subscription of €2,000 and in multiples of €100 thereafter) at the Bond Issue Price (at par), as defined in the Prospectus dated 18 July 2019 (the "Prospectus"), payable in full upon application under the Terms and Conditions of the Bonds as set out in the Prospectus.

E	RESIDENT - WITHHOLDING TAX DECLARATION (see notes 9 & 10) (to be completed ONLY if the Applicant is a resident of Malta)	
<input type="checkbox"/> I/We elect to receive interest NET of FWT.	<input type="checkbox"/> I/We elect to receive interest GROSS (i.e. without FWT.)	

F	NON-RESIDENT - DECLARATION FOR TAX PURPOSES (see notes 2 & 10) (to be completed ONLY if the Applicant is a non-resident)	
TAX COUNTRY	CITY OF BIRTH	
T.I.N. (Tax Identification Number)	COUNTRY OF BIRTH	
<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	

G	INTEREST AND REDEMPTION MANDATE (see note 11 & 12) (completion of this panel is MANDATORY)	
BANK	IBAN	

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

Date

AUTHORISED FINANCIAL INTERMEDIARY'S STAMP

AUTHORISED FINANCIAL INTERMEDIARY'S CODE

APPLICATION NUMBER



Notes on how to complete this Application Form and other information

The following notes are to be read in conjunction with the Prospectus dated 18 July 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 18 July 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. For applicants who are non-residents in Malta for tax purposes, the relative box in Panel F must be completed.
3. The MSE account number pertaining to Hili Ventures Bondholders, has been preprinted in Panel A and reflects the MSE account number on the respective company's bond register at the CSD as at 17 July 2019 (trading session of the 15 July 2019). If an MSE account pertains to more than one person (including husband and wife), the full details of all individuals must be given in Panels A and B but the person whose name appears in Panel A 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 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 detail 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 the applicant already holds an account 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. Panel C must be inserted with full details of the parents/legal guardians.
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. **HILI VENTURES STAKEHOLDERS ARE TO INSERT AN MSE ACCOUNT NUMBER IN THE SPACE PROVIDED IN PANEL A, AND FAILURE TO DO SO WILL RESULT IN REJECTION OF THE APPLICATION FORM. PREFERRED APPLICANTS ARE TO NOTE THAT ANY SECURITIES 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 NUMBER, AS HELD BY THE CSD OF THE MALTA STOCK EXCHANGE, 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 Panel C.
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.
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. The Issuer will render an account to the Maltese Commissioner for Revenue of all interest paid, all amounts of tax deducted by the payor in respect of the interest paid and of the identity of all such recipients. 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 and redemption proceeds will be credited to the account indicated in Panel G or as otherwise amended by the Bondholder/s during the term of the Bond.
12. The Preferred Applicants Offer Period will open at 08:30 hours on 24 July 2019 and will close at 16:00 hours on 13 August 2019. Completed Application Forms are to be delivered to any Authorised Financial Intermediary listed in Annex II of the Securities Note during normal office hours. Remittances by post are made at the risk of the Applicant and the Company disclaims all responsibility for any such remittances not being received by the date of closing of the subscription lists. If any Application is not accepted after the closure of the subscription lists or is accepted for fewer Bonds than those applied for, the monies equivalent to the number of Bonds not being accepted will be returned by direct credit into the IBAN specified in panel G.
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 the General Data Protection Regulation (GDPR)(EU) 2016/679 as amended from time to time;
 - 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 I – SPECIMEN APPLICATION FORM 2



HILI FINANCE COMPANY P.L.C. €80,000,000 3.80% UNSECURED BONDS 2029 APPLICATION FORM 'B' GENERAL PUBLIC

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

APPLICANT (see notes 2 to 7)			
<input type="checkbox"/> Non-Resident	<input type="checkbox"/> Minor (under 18)	<input type="checkbox"/> Body Corporate/ Body of Persons	<input type="checkbox"/> CIS-Prescribed Fund
TITLE (Mr/Mrs/Ms/...)		FULL NAME AND SURNAME / REGISTERED NAME	
ADDRESS			
		POSTCODE	
MSE A/C N° (if applicable)	I.D. CARD N° / PASSPORT N° / COMPANY REG. N°	DOCUMENT TYPE	COUNTRY OF ISSUE
LEI (Legal Entity Identifier) (if applicant is NOT an Individual)		DATE OF BIRTH	NATIONALITY
			MOBILE N°
<input type="checkbox"/> PLEASE REGISTER ME FOR E-PORTFOLIO (mobile number is mandatory for e-portfolio registration)			
ADDITIONAL (JOINT) APPLICANTS (see note 3) (please use Addendum to Application Form if space is not sufficient)			
TITLE (Mr/Mrs/Ms/...)		FULL NAME AND SURNAME	
		I.D. CARD/PASSPORT N°	
DOCUMENT TYPE		COUNTRY OF ISSUE	DATE OF BIRTH
			NATIONALITY
MINOR'S PARENTS / LEGAL GUARDIAN(S) (see note 4) (to be completed ONLY if the Applicant is a minor)			
TITLE (Mr/Mrs/Ms/...)		FULL NAME AND SURNAME	
		I.D. CARD N°/PASSPORT N°	
DOCUMENT TYPE		COUNTRY OF ISSUE	DATE OF BIRTH
			NATIONALITY
TITLE (Mr/Mrs/Ms/...)		FULL NAME AND SURNAME	
		I.D. CARD/PASSPORT N°	
DOCUMENT TYPE		COUNTRY OF ISSUE	DATE OF BIRTH
			NATIONALITY
I/WE APPLY TO PURCHASE AND ACQUIRE (see notes 8):			
AMOUNT IN FIGURES		AMOUNT IN WORDS	
€			
Hili Finance Company p.l.c. 3.85% Unsecured Bonds 2028 (the "Bonds") (minimum subscription of €2,000 and in multiples of €100 thereafter) at the Bond Issue Price (at par), as defined in the Prospectus dated 18 July 2018 (the "Prospectus"), payable in full upon application under the Terms and Conditions of the Bonds as set out in the Prospectus.			
RESIDENT - WITHHOLDING TAX DECLARATION (see notes 9 & 10) (to be completed ONLY if the Applicant is a resident of Malta)			
<input type="checkbox"/> I/We elect to receive interest NET of FWT.		<input type="checkbox"/> I/We elect to receive interest GROSS (i.e. without FWT.)	
NON-RESIDENT - DECLARATION FOR TAX PURPOSES (see note 2 & 10) (to be completed ONLY if the Applicant is a non-resident)			
TAX COUNTRY		CITY OF BIRTH	
T.I.N. (Tax Identification Number)		COUNTRY OF BIRTH	
<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	
INTEREST AND REDEMPTION MANDATE (see note 11) (completion of this panel is MANDATORY)			
BANK		IBAN	

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

Date

AUTHORISED FINANCIAL INTERMEDIARY'S STAMP

AUTHORISED FINANCIAL INTERMEDIARY'S CODE

APPLICATION NUMBER



Notes on how to complete this Application Form and other information

The following notes are to be read in conjunction with the Prospectus dated 18 July 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 18 July 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 indicate their passport number in Panel B and 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 detail 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 the applicant already holds an account 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. Panel D must be inserted with full details of the parents/legal guardians.
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 INSERT AN MSE ACCOUNT NUMBER IN THE SPACE PROVIDED IN PANEL B, AND FAILURE TO DO SO WILL RESULT IN REJECTION OF THE APPLICATION FORM. APPLICANTS ARE TO NOTE THAT ANY SECURITIES 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 NUMBER, AS HELD BY THE CSD OF THE MALTA STOCK EXCHANGE, 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 Panel D.
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.
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. The Issuer will render an account to the Maltese Commissioner for Revenue of all interest paid, all amounts of tax deducted by the payor in respect of the interest paid and of the identity of all such recipients. 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. 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. The Public Offer Period will open at 08:30 hours on 30 July 2019 and will close at 16:00 hours on 20 August 2019, or earlier in case of over-subscription. Completed Application Forms are to be delivered to any Authorised Financial Intermediary listed in Annex II of the Securities Note during normal office hours. Remittances by post are made at the risk of the Applicant and the Company disclaims all responsibility for any such remittances not being received by the date of closing of the subscription lists. If any Application is not accepted after the closure of the subscription lists or is accepted for fewer Bonds than those applied for, the monies equivalent to the number of Bonds not being accepted will be returned by direct credit into the IBAN specified in panel H.
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 the General Data Protection Regulation (GDPR)(EU) 2016/679 as amended from time to time;
 - 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

AUTHORISED FINANCIAL INTERMEDIARIES

Name	Address	Telephone
APS Bank Ltd	APS Centre, Tower Road, Birkirkara BKR 4012	25603000
Bank of Valletta p.l.c.	BOV Centre, Cannon Road, Zone 4, Central Business District, Santa Venera CBD 4060	22751732
Calamatta Cuschieri & Co Ltd	Ewropa Business Centre, Triq Dun Karm, Birkirkara BKR 9034	25688688
Curmi & Partners Ltd	Finance House, Princess Elizabeth Street, Ta' Xbiex XBX 1102	21347331
Financial Planning Services Ltd	4, Marina Court, G Cali Street, Ta' Xbiex XBX 1421	21344244
FINCO Treasury Management Ltd	The Bastions Office No. 2, Emvin Cremona Street, Floriana FRN 1289	21220002
Hogg Capital Investments Ltd	Nu Bis Centre, Mosta Road, Lija LJA 9012	21322872
Jesmond Mizzi Financial Advisors Ltd	67/3, South Street, Valletta VLT 1105	23265696
Lombard Bank Malta p.l.c.	67, Republic Street, Valletta VLT 1117	25581806
MeDirect Bank (Malta) plc	The Centre, Tigné Point, Sliema TPO 0001	25574400
Michael Grech Financial Investment Services Limited	The Brokerage, Level O A, St Marta Street, Victoria VCT 2550, Gozo	21554492
MZ Investment Services Ltd	63, St Rita Street, Rabat RBT 1523	21453739
Rizzo, Farrugia & Co (Stockbrokers) Ltd	Airways House, Fourth Floor, High Street, Sliema SLM 1551	22583000
Zenith Finance Ltd	220, Immaculate Conception Street, Msida MSD 1838	21332200



ANNEX III – THE GUARANTEE

HILI VENTURES LIMITED

C 57902

To All Bondholders:

Re: GUARANTEE AND INDEMNITY

Reference is made to the issue of up to €80 million 3.80% Unsecured Bonds 2029 by Hili Finance Company p.l.c., a company registered in Malta bearing company registration number C 85692 (the "Issuer") pursuant to and subject to the terms and conditions contained in the Securities Note forming part of the Prospectus dated 18 July 2019 (the "Bonds").

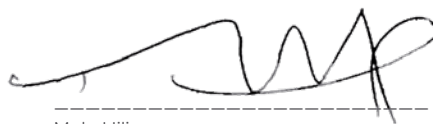
Now therefore by virtue hereof we, Hili Ventures Limited (C 57902), hereby stand surety jointly and severally with the Issuer and irrevocably and unconditionally guarantee the due and punctual performance of all the obligations undertaken by the Issuer under the Bonds and, without prejudice to the generality of the foregoing, undertake to pay all amounts of principal and interest which may become due and payable by the Issuer to Bondholders under the Bonds, within 60 days from the date such amount falls due and remains unpaid by the Issuer.

This guarantee shall be governed by the laws of Malta.

Signed and executed on this the 18th day of July 2019.



Steve Tarr
Chairman
Hili Ventures Limited



Melo Hili
Chief Executive Officer
Hili Ventures Limited

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) 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; and
- (c) “**writing**” or “**in writing**” shall mean any method of visual representation and shall include facsimile transmissions, telexes and other such electronic methods.

NATURE, SCOPE AND TERMS OF THE GUARANTEE

1. NATURE OF THE GUARANTEE

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

2. INFORMATION ABOUT THE GUARANTOR

The information about the Guarantor required pursuant to the Listing Rules and the Regulation may be found in the Registration Document.

3. TERMS OF THE GUARANTEE

3.1 *Covenant to Pay*

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

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

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

This Guarantee shall apply to all Bonds issued on or after 4 September 2019 in accordance with the terms of the Securities Note.

3.2 *Guarantor as Joint and Several Surety*

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

3.3 *Maximum Liability*

This is a continuing Guarantee for the whole amount due or owing under the Bonds or which may hereafter at any time become due or owing under the Bonds by the Issuer, but the amount due by the Guarantor to the Bondholders under this Guarantee shall be up to and shall not be in excess of €80,000,000 (eighty 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 Bondholders' rights against the Issuer and/or the Guarantor, which shall be additional to the maximum sum herein stated.

3.4 *Continuing and Unconditional Liability*

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

- a. the bankruptcy, insolvency or winding up of the Issuer; or
- b. the incapacity or disability of the Issuer or 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 the Guarantor; or
- d. a Bondholder 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 extract payment from the Issuer or any other person liable; or

- e. any event, act or omission that might operate to exonerate the Guarantor without settlement in full of the Indebtedness towards the relevant Bondholder.

3.5 Indemnity

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

3.6 Representations and Warranties

3.6.1 The Guarantor represents and warrants:-

- (i) that it is duly incorporated and validly existing under the laws of Malta and has the power to carry on its business;
- (ii) that it has power to grant this Guarantee and that this Guarantee is duly authorised and all corporate action has been taken by 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 the Guarantor to create, any encumbrance on any of the Guarantor's undertakings, assets, rights or revenues;
- (vi) that it is in no way engaged in any litigation, arbitration or administrative proceeding of a material nature (which for the purposes of this Guarantee shall mean proceedings relative to a claim amounting to at least €5,000,000) and nor is it threatened with any such procedures;
- (vii) that the obligations of the Guarantor under this Guarantee constitute general, direct and unsecured obligations of the Guarantor and rank equally with all its other existing and future unsecured obligations, except for any debts for the time being preferred by law;
- (viii) that it is not in breach of or in default under any agreement relating to indebtedness to which it is a party or by which it may be bound nor has any default occurred in its regard;
- (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; and
- (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.

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

3.7 Deposit and Production of the Guarantee

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

3.8 Subrogation

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

3.9 Benefit of the Guarantee and No Assignment

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



3.10 Amendments

The Guarantor has the power to veto any changes to the terms and conditions of the Bonds which are issued with the benefit of its Guarantee.

3.11 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, provided that in the case of a change in the details specified below, a company announcement by the Issuer to this effect shall constitute sufficient and proper notice to the Bondholders for the purposes of this clause.

For the purposes of this Guarantee, the proper address and contact number of the Guarantor are:

Address: Nineteen Twenty Three, Valletta Road, Marsa MRS 3000, Malta

Tel. No.: +356 25681200

Contact Person: Mr Melo Hili

3.12 Governing Law and Jurisdiction

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

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

Financial Analysis Summary

28 June 2019

Issuer
Hili Finance Company p.l.c.

Guarantor
Hili Ventures Limited

The Directors
Hili Finance Company p.l.c.
Nineteen Twenty Three
Valletta Road
Marsa MRS 3000
Malta

28 June 2019

Dear Sirs

Financial Analysis Summary

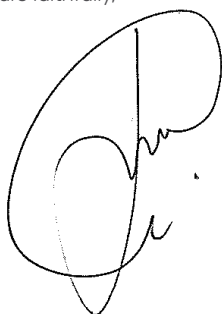
In accordance with your instructions, and in line with the requirements of the Listing Authority Policies, we have compiled the Financial Analysis Summary (the "**Analysis**") set out on the following pages and which is being forwarded to you together with this letter.

The purpose of the financial analysis is that of summarising key financial data appertaining to Hili Finance Company p.l.c. (the "**Issuer**") and Hili Ventures Limited (the "**Guarantor**" or "**Hili Ventures**" or "**Group**"). The data is derived from various sources or is based on our own computations as follows:

- (a) Historical financial data for the three years ended 31 December 2016 to 31 December 2018 has been extracted from audited consolidated financial statements of the Guarantor for the three years in question.
- (b) Historical financial data for the period 6 April 2018 to 31 December 2018 has been extracted from audited financial statements of the Issuer for the period in question.
- (c) The forecast data in relation to Hili Ventures for the years ending 31 December 2019 and 31 December 2020 has been provided by management.
- (d) Our commentary on the results of the Guarantor and on its financial position is based on the explanations provided by management.
- (e) The ratios quoted in the Analysis have been computed by us applying the definitions set out in Part 7.
- (f) Relevant financial data in respect of the companies included in Part 6 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 the Group. The Analysis does not contain all data that is relevant to investors or potential investors. The Analysis does not constitute an endorsement by our firm of any securities of the Issuer or the Group and should not be interpreted as a recommendation to invest in any of the Issuer's or the Group'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 or Group's securities.

Yours faithfully,



Evan Mohnani

Head – Corporate Finance

CHARTS – a division of MeDirect Bank (Malta) plc

The Centre, Tigné Point, Sliema TPO 0001 – Tel: 2557 4400

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PART 1 – INFORMATION ABOUT THE ISSUER AND GUARANTOR

1. ISSUER'S KEY ACTIVITIES

Hili Finance Company p.l.c. (the “**Issuer**”) was established on 6 April 2018 as a wholly-owned subsidiary of Hili Ventures Limited (the “**Guarantor**”) (the ultimate parent of Hili Ventures), save for 1 Ordinary share which is held by APM Holdings Limited (C 30527). The principal object of the Issuer is to purchase or otherwise acquire, under any title whatsoever, to hold and manage, by any title, assets including but not limited to securities and other financial interests.

The Issuer's intended purpose is to raise finance for the business of the Group through the Guarantor. In this respect, the Issuer is mainly dependent on the business prospects of the Guarantor and Hili Ventures.

2. DIRECTORS OF THE ISSUER

The Issuer is managed by a Board comprising five 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:

Board of Directors

Carmelo <i>sive</i> Melo Hili	Non-Executive Chairman
Geoffrey Camilleri	Executive Director
Dorian Desira	Non-Executive Director
Jacqueline Camilleri	Independent Non-Executive Director
Mario Vella	Independent Non-Executive Director

3. GUARANTOR'S KEY ACTIVITIES

The Guarantor was established in 2012 and principally acts as the investment holding company of the Group to which it provides management and consultancy services. The Guarantor is principally engaged, through Subsidiaries, in investments that are predominantly involved in the business sectors described below:

- **Premier Capital p.l.c.** is involved in the operations of McDonald's restaurants in Estonia, Greece, Latvia, Lithuania, Malta and Romania.
- **1923 Investments p.l.c.** (formerly PTL Holdings p.l.c.) is primarily engaged in the sale and distribution of Apple products as an Apple Premium Reseller in Poland and Hungary; the sale, maintenance and servicing of information technology solutions, security systems and the provision of electronic payment solutions; and transport and logistics in Malta and Poland.
- **Hili Properties p.l.c.** is the parent company of the property division of Hili Ventures, and owns and manages a property portfolio comprising commercial and retail property in Europe.
- **Motherwell Bridge Industries Limited** (“Motherwell Bridge”) is primarily engaged in providing engineering services related to port equipment and crane assembly. Through the acquisition of Techniplus S.A. in 2016, Motherwell Bridge is also involved in providing maintenance services of port equipment and crane assembly in Morocco and neighbouring countries.
- **Cobalt Leasing Ltd** was established in the UK on 5 February 2019 with company registration number 11808196. The company's principal objective is to operate a container leasing business.
- **HV Hospitality Limited** was registered in Malta on 17 April 2019 with company registration number C 91217. The primary objective of the company is to operate and manage the hospitality business of Hili Ventures. It is expected that the initial transaction of this company will be the acquisition of Kemmuna Limited (the owner of the Comino Hotel and Bungalows).

As the holding company of Hili Ventures, the Guarantor is ultimately dependent upon the operations, performance and business prospects of the above-mentioned Subsidiaries.

4. DIRECTORS OF THE GUARANTOR

The Guarantor is managed by a Board consisting of five directors entrusted with its overall direction and management, including the establishment of strategies for future development. In the execution of the strategic direction, investment and management oversight of the Group, the Board is assisted by the senior officers of the operating business entities within Hili Ventures.

The Board members of the Guarantor as at the date of this report are included hereunder:

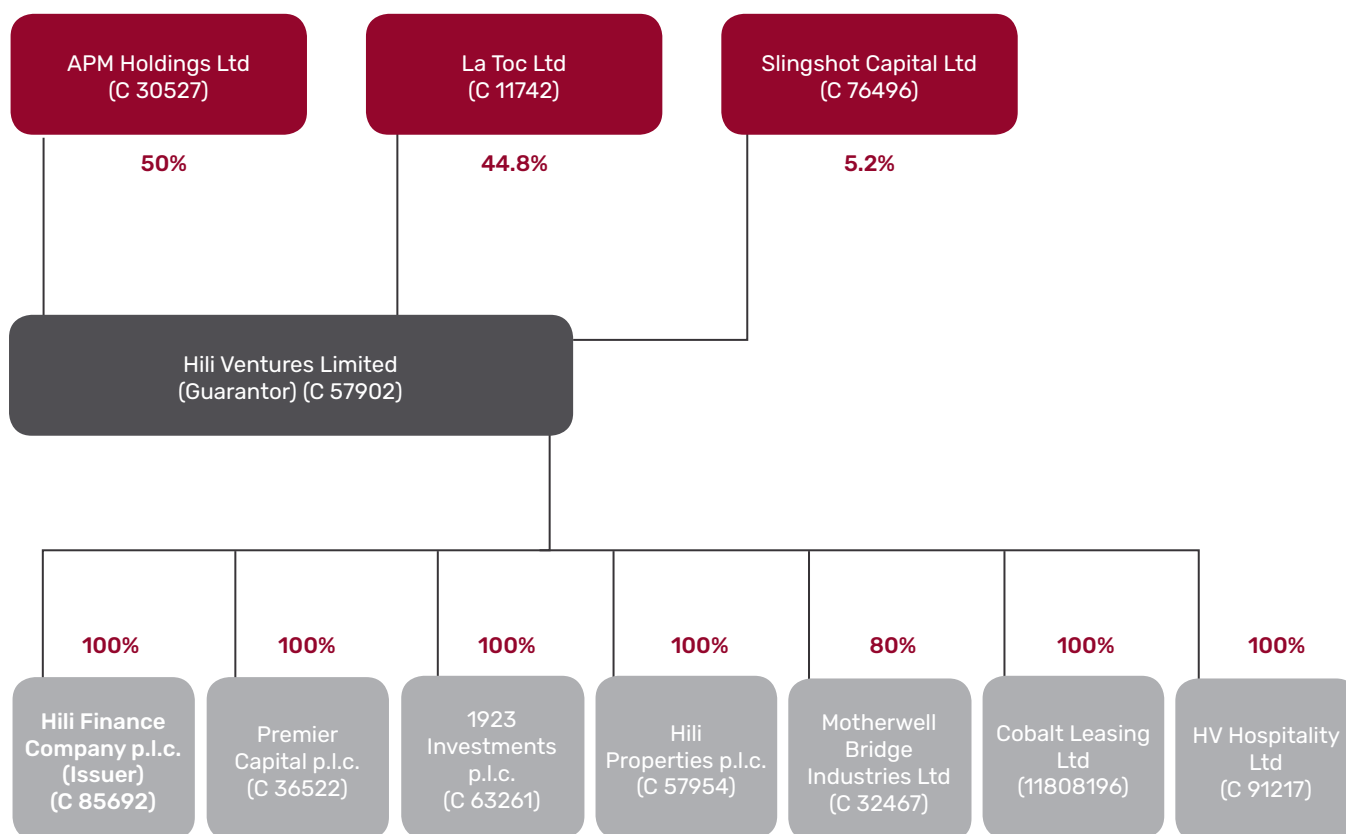
Board of Directors

Steve Tarr	Chairman
Carmelo sive Melo Hili	Chief Executive Officer
Richard Abdilla Castillo	Director
Victor Tedesco	Director
Jesmond Mizzi	Independent Non-Executive Director

The weekly average number of employees engaged with the companies forming part of the Group during FY2018 amounted to 7,292 persons (FY2017: 7,003 persons).

5. HILI VENTURES ORGANISATIONAL STRUCTURE

The diagram below illustrates the principal subsidiaries and associates within the organisational structure of the Group.



A description and analysis of the operational activities and performance of each of Premier Capital p.l.c., 1923 Investments p.l.c. and Hili Properties p.l.c. is included in their respective financial analysis reports. The said reports have been published and are available on their respective websites: www.premiercapital.com.mt; www.1923investments.com; and www.hiliproperties.com

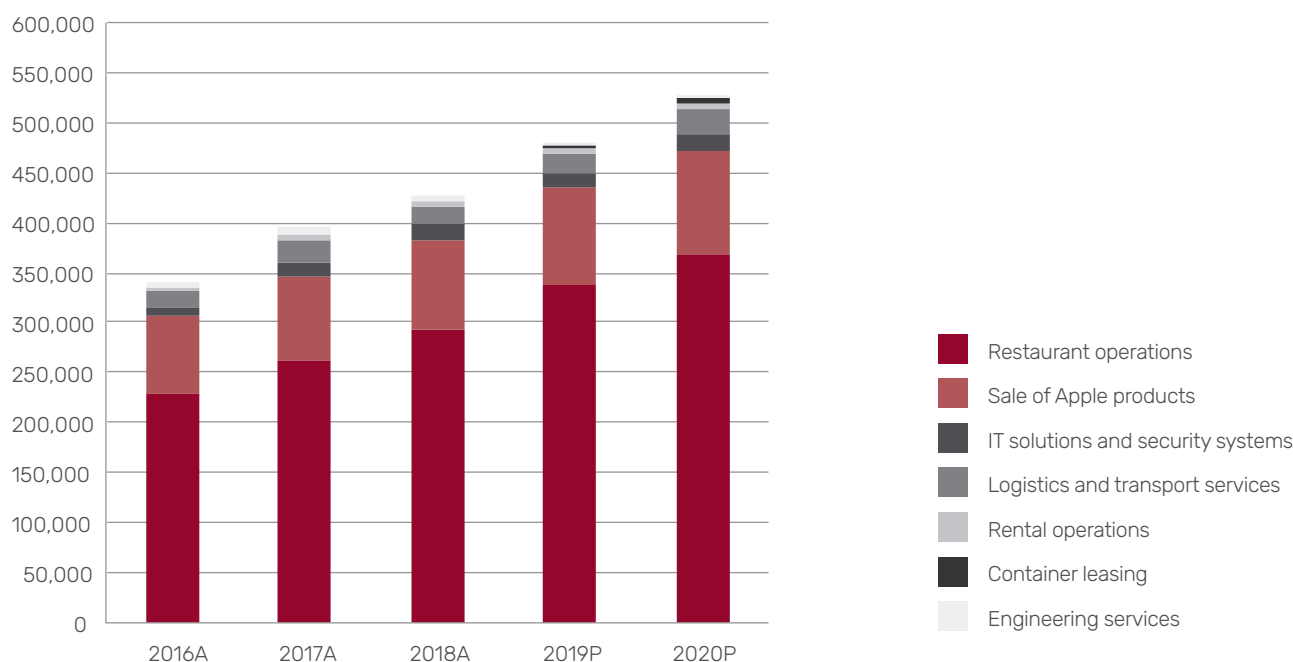
6. OVERVIEW OF HILI VENTURES' REVENUE SEGMENTS

The following historical information on Hili Ventures has been extracted from the audited consolidated financial statements of the Guarantor for the years ended 31 December 2016 to 2018, while the projections relating to FY2019 and FY2020 have been provided by management.

Hili Ventures Limited Group Revenue by Activity for the year ended 31 December

	2016 Actual €000	2017 Actual €000	2018 Actual €000	2019 Projection €000	2020 Projection €000
Restaurant operations	230,161	263,419	293,650	338,008	367,743
Sale of Apple products	75,623	83,974	89,793	97,044	104,683
IT solutions and security systems	10,065	12,765	15,482	15,089	16,591
Logistics and transport services	15,522	22,907	16,397	18,593	24,598
Rental operations	3,152	4,589	5,250	6,468	6,258
Container leasing	-	-	-	1,401	3,691
Engineering services	6,716	8,835	6,838	4,399	4,549
Total revenue	341,239	396,488	427,410	481,002	528,114

HILI VENTURES LIMITED CONSOLIDATED REVENUE BY ACTIVITY



Restaurant operations' revenue is generated by Premier Capital p.l.c. and comprises the operation of McDonald's restaurants in Estonia, Greece, Latvia, Lithuania, Malta and Romania. During the past 3 financial years (FY2016 – FY2018), the average number of restaurants increased from 133 restaurants in FY2016 to 146 restaurants. In FY2018, 'restaurant operations' revenue represented *circa* 68% of Hili Ventures' total revenue (FY2017: 66%). In the projected years FY2019 and FY2020, the number of restaurants is set to increase from 146 to 156 and 166 respectively, and revenue is forecasted to increase year-on-year ("y-o-y") by 15% and 9% in FY2019 and FY2020 respectively.

Revenue activities entitled '**Sale of Apple products**', '**IT solutions and security systems**' and '**logistics and transport services**' principally relate to the business operations of iSpot Poland Sp. z.o.o., Harvest Technology Limited and Hili Logistics Limited respectively. The afore-mentioned companies are Subsidiaries of 1923 Investments p.l.c.

'Sale of Apple products' primarily refers to the business operations of iSpot Poland Sp. z.o.o. and its Subsidiary ("**iSpot**"), and in 2018 operated 26 stores involved in retailing Apple products in Poland under the iSpot brand (2017: 26 stores), together with a well-developed online proposition. Furthermore, iSpot stores offer an extensive range of third-party products and software. In Q1 2019, iSpot closed 1 retail store and thereby reduced

its complement of stores to 25 stores. As an Apple Premium Reseller and Apple Authorised Service Provider, iSpot outlets carry a full range of Apple products, including software and accessories, and through its trained staff also offer support and repair services to customers regardless of where they originally purchased the Apple product. iSpot also operates, through a joint venture, 4 stores in Hungary under the iCentre brand. Up to Q1 2019, iSpot was also present in Bucharest, Romania, through the operation of 1 store. In April 2019, the business operation of iSpot Premium Romania SRL was sold to a third party.

Furthermore, iSpot is involved in turnkey solutions for business customers, and its services comprise the design and construction of networks, data security, and the supply of hardware and software. As a certified Apple Authorised Training Centre, iSpot participates on an ongoing basis in various projects relating to the implementation of Apple technology in higher education.

'IT solutions and security systems' comprises the activities of Harvest Technology Limited and its Subsidiaries ("**Harvest**"), which primarily focuses on delivering business solutions and e-commerce systems to diverse clients in Malta, parts of Europe and North Africa. Harvest has four main revenue segments - networking, integration and hardware solutions, and product engineering; payment and security solutions; business applications; and business analytics and intelligence.

'Logistics and transport services' refers to the business of Hili Logistics Limited and its Subsidiaries in Malta and Poland ("**Hili Logistics**") and involves air, road, sea and rail freight forwarding, clearances and deliveries, customs brokerage, parcel services, warehousing, ship agency, ship-to-ship operations and project cargo. Allcom Sp. z.o.o., an intermodal freight forwarding company and customs agency in Poland, generated 70% of Hili Logistics' revenue in FY2018 (FY2017: 72%). The main sectors serviced by Allcom Sp. z.o.o. include the food, chemical and construction material industries.

In FY2018, operations undertaken by 1923 Investments p.l.c. namely 'Sale of Apple products', 'IT solutions and security systems' and 'logistics and transport services' represented *circa* 28% of Hili Ventures' total revenue (FY2017: 30%). In FY2019, revenue is projected to increase by €9.0 million or 7% (y-o-y) to €130.7 million, primarily anticipated from iSpot. In the subsequent year (FY2020), revenue is expected to increase by €15.1 million (+12%) from €130.7 million in FY2019 to €145.9 million, principally on account of an increase in revenue at iSpot and Hili Logistics. During FY2020, an investment in a new venture of *circa* €20 million has been projected, which should generate a net income of €2.2 million in the same financial year.

'**Rental operations**' revenue is generated by Hili Properties p.l.c. and its Subsidiaries ("**Hili Properties**"), which principally manages a property portfolio comprising commercial and retail property in Europe. The company relies on active asset management to maximise operating efficiency and profitability at the property level. As at 31 December 2018, the property portfolio of Hili Properties amounted to €119.5 million (31 December 2017: €104.0 million), of which, *circa* 68% and 32% of such property value is rented to third parties and intra-Group tenants respectively.

In FY2018, income from leases to third parties (external to the Group) amounted to €5.3 million, an increase of €0.7 million when compared to the prior year (FY2017: €4.6 million), mainly attributable to a full year's rent receivable from tenants of the ART Business Centre, Romania, which property was acquired in May 2017. In FY2019, revenue from rental operations is projected to increase by 23% to €6.5 million, but is expected to decrease marginally in FY2020 to €6.3 million.

'**Engineering services**' revenue is derived from the operations of Motherwell Bridge Industries Limited and its Subsidiaries ("**Motherwell Bridge**"). Operating from a *circa* 15,000m² property in Hal Far Industrial Park, Malta, Motherwell Bridge principally provides customised engineering services and maintenance of port handling equipment and crane assembly. In FY2016, Motherwell Bridge acquired Techniplus S.A., a company engaged in the provision of maintenance services of port equipment and crane assembly in Morocco and neighbouring countries. In FY2018, revenue decreased from €8.8 million in FY2017 to €6.8 million (-23%) due to the suspension of marine division trading activities and restructuring efforts so as to improve the company's profitability. In FY2019, management expects revenue to decrease further by 36% to €4.4 million and stabilise in the subsequent financial year at €4.5 million.

7. PRINCIPAL INVESTMENTS

The principal investments of Hili Ventures are described hereunder:

(a) Premier Capital p.l.c.

During the past three financial years (FY2016 to FY2018), Premier Capital p.l.c. continued to grow its portfolio of McDonald's restaurants and McCafe's, and remodelled and upgraded the ambience and technology of a number of its existing restaurants. The company intends to pursue this growth strategy and accordingly, the capital expenditure budget for the coming two financial years (FY2019 and FY2020) is projected to amount to *circa* €43.4 million, which will be financed primarily from internally generated funds.

(b) Comino Hotel and Bungalows

On 24 May 2019, HV Hospitality Limited, a Subsidiary of the Guarantor, entered into a share purchase agreement for the acquisition of 100% shareholding in Kemmuna Limited (C 15344), a company which owns the Comino Hotel and Bungalows situated in the vicinity of San Niklaw Bay and Santa Marija Bay on the Island of Comino. Subject to conditions precedent including *inter alia* the successful completion of a

due diligence exercise, HV Hospitality Limited shall acquire the aggregate of 100% of the issued share capital of Kemmuna Limited, free and clear of any claim, charge and/or other encumbrances, and together with all rights and advantages attaching to the ordinary shares being acquired. The cash consideration for the said acquisition shall amount to €55 million and shall also include an amount as compensation for working capital balances, which shall be calculated in accordance with the terms of the share purchase agreement. A deposit amounting to €2 million has been paid to the sellers on signing of the share purchase agreement.

Hili Ventures has initiated the design process to redevelop the existing properties into an exclusive five-star hotel and luxury serviced bungalows. The vision is to offer guests a one-of-a-kind experience through the creation of an eco-friendly secluded retreat, surrounded by pristine nature. The proposed project is subject to the issuance of necessary approvals and planning permits, and having the required funding in place. The said acquisition will be funded from net proceeds of a proposed bond issue.

(c) Container Leasing Business Operation

The Group plans to initiate a container leasing operation through the newly incorporated company Cobalt Leasing Ltd. As such, the amount of €10 million from proceeds of a proposed bond issue and *circa* an additional €10 million of bank borrowings will be utilised to finance the acquisition of new containers, which in turn will be leased to container shipping lines on a long term basis.

A significant percentage of containers used by shipping lines globally are leased from container leasing companies such as Cobalt Leasing Ltd, as it allows such shipping lines to adjust their container fleets both seasonally and over time and help to balance trade flows. The flexibility offered by container leasing assists container shipping lines in improving their overall fleet management and provides the container shipping lines with an alternative source of financing.

(d) Other Investments

An amount of *circa* €10 million of net proceeds from a proposed bond issue will be applied to fund Group-wide investment opportunities presently being considered, or which may arise in the near term, by the board of directors of the Guarantor, including, but not limited to, the setting up of a marine division. Furthermore, over the next two financial years, Hili Properties p.l.c. plans to acquire property amounting to *circa* €8.4 million and 1923 Investments p.l.c. is projecting to invest *circa* €20 million in a new venture.

8. BUSINESS DEVELOPMENT STRATEGY

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

- (a) **Directional strategy** involves the oversight and evaluation by the Guarantor's Board of Directors of each of the businesses owned by Hili Ventures, so as to achieve positive operational results, distribute dividends to the Guarantor on a regular basis and increase shareholder value. The Guarantor monitors and supports Hili Ventures Companies by, *inter alia*:
 - i. regularly monitoring financial and operational performance of Hili Ventures Companies to effectively ensure that set goals and organic growth strategies are achieved; and
 - ii. forming strong subsidiary level boards of directors to support executive management in their development and implementation of strategic goals and objectives.
- (b) **Acquisition strategy** involves the acquisition of businesses that are expected to produce positive earnings and cash flow, and have high growth potential. In this respect, the Guarantor may acquire companies operating in sectors other than those in which Hili Ventures currently operates if the directors believe an acquisition target presents an attractive opportunity.

9. TREND INFORMATION

The Guarantor considers that generally it shall be subject to the normal business risks associated with the business in which Hili Ventures operates, and, barring unforeseen circumstances, does not anticipate any trends, uncertainties, demands, commitments or events outside the ordinary course of business that could be considered likely to have a material effect on the upcoming prospects of Hili Ventures and its business, at least with respect to the current financial year.

An analysis of the main trends affecting the principal Subsidiaries of Hili Ventures is included in the respective financial analysis report of Premier Capital p.l.c., 1923 Investments p.l.c. and Hili Properties p.l.c. The afore-mentioned reports can be downloaded from the following websites: www.premiercapital.com.mt; www.1923investments.com; and www.hiliproperties.com

PART 3 – GROUP PERFORMANCE REVIEW

10. FINANCIAL INFORMATION RELATING TO THE ISSUER

The Issuer was registered and incorporated on 6 April 2018 as a special purpose vehicle to act as a finance and investment company for the Guarantor and Hili Ventures. The following financial information refers to the actual audited results of the Issuer for the period 6 April 2018 to 31 December 2018, and the projections of the Issuer for the financial years ending 31 December 2019 and 31 December 2020. **The projected financial information relates to events in the future and is 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 can be material.**

Hili Finance Company p.l.c.

Statement of Comprehensive Income for the year ended 31 December

	2018 Actual €000	2019 Projection €000	2020 Projection €000
Finance income	817	3,738	5,487
Finance costs	(686)	(3,084)	(4,684)
Gross profit	131	654	803
Administrative expenses	(30)	(62)	(59)
Profit before tax	101	5892	744
Taxation	(46)	(207)	(260)
Total comprehensive income	55	385	484

Hili Finance Company p.l.c.

Balance Sheet as at 31 December

	2018 Actual €000	2019 Projection €000	2020 Projection €000
ASSETS			
Non-current assets			
Loans owed by parent company	41,931	121,931	121,931
	41,931	121,931	121,931
Current assets			
Trade and other receivables	829	2,658	2,658
Cash and cash equivalents	60	129	610
	889	2,787	3,268
Total assets	42,820	124,718	125,199
EQUITY			
Equity and reserves	2,055	2,452	2,935
LIABILITIES			
Non-current liabilities			
Debt securities	40,000	120,000	120,000
Current liabilities			
Trade and other payables	765	2,266	2,264
	40,765	122,266	122,264
Total equity and liabilities	42,820	124,718	125,199

Hili Finance Company p.l.c.
Cash flow Statement
for the year ended 31 December

	2018 Actual €000	2019 Projection €000	2020 Projection €000
Net cash from operating activities	(9)	(278)	(322)
Net cash from investing activities	(41,931)	79,347	803
Net cash from financing activities	42,000	(79,000)	-
Net movement in cash and cash equivalents	60	69	481
Cash and cash equivalents at beginning of year	-	60	129
Cash and cash equivalents at end of year	60	129	610

During the initial half of 2018, the Issuer was incorporated with an issued share capital of €2 million. In July 2018, the Issuer successfully raised €40 million through the issuance of 3.85% Unsecured Bonds 2028. Outstanding loans to parent company as at 31 December 2018 amounted to €41.9 million. The loans bear interest at the rate of 4.5% per annum, are unsecured and repayable by not later 30 June 2028. As such, finance income comprises interest receivable from the Guarantor, whilst finance costs mainly include bond interest payable.

Following the issue of a proposed bond issue in FY2019, the loans to parent company are expected to increase to €121.9 million as at 31 December 2019. No material changes to the financial position of the Issuer are envisaged in FY2020.

11. FINANCIAL INFORMATION RELATING TO THE GUARANTOR

The financial information provided hereunder is extracted from the audited consolidated financial statements of Hili Ventures Limited for each of the years ended 31 December 2016 to 31 December 2018, while the projected financial information for the years ending 31 December 2019 and 31 December 2020 has been provided by management of the Company. **The projected financial information relates to events in the future and is based on assumptions which the Guarantor believes to be reasonable. Consequently, the actual outcome may be adversely affected by unforeseen situations and the variation between forecast and actual results can be material.**

Hili Ventures Limited
Consolidated Statement of Comprehensive Income
for the year ended 31 December

	2016 Actual €000	2017 Actual €000	2018 Actual €000	2019 Projection €000	2020 Projection €000
Revenue	341,239	396,488	427,410	481,002	528,114
Cost of sales	(275,404)	(320,344)	(343,430)	(361,327)	(386,850)
Gross profit	65,835	76,144	83,980	119,675	141,264
Net operating expenses	(29,148)	(36,606)	(41,126)	(52,010)	(58,649)
EBITDA¹	36,687	39,538	42,854	67,665	82,615
Depreciation and amortisation	(14,120)	(14,148)	(15,731)	(30,076)	(32,735)
Net investment income/(loss)	1,585	(3,928)	644	308	657
Net finance costs	(11,080)	(12,102)	(11,996)	(13,603)	(14,780)
Profit before tax	13,072	9,360	15,771	24,294	35,757
Taxation	(7,984)	(2,461)	(3,959)	(7,950)	(11,377)
Profit for the year (continuing operations)	5,088	6,899	11,812	16,344	24,380
Loss from discontinued operations	(233)	(5)	-	-	-
Profit for the year	4,855	6,894	11,812	16,344	24,380
Other comprehensive income					
Movement on available-for-sale investments	39	(361)	(39)	-	-
Exchange differences - foreign operations	(1,402)	1,313	(2,311)	(782)	463
Gain on revaluation of assets	45	3,127	4,244	-	463
	(1,318)	4,079	1,894	(782)	-
Total comprehensive income	3,537	10,973	13,706	15,562	24,843

¹EBITDA - Earnings before Interest, Tax, Depreciation and Amortisation.

Hili Ventures Limited
Consolidated Statement of Financial Position
as at 31 December

	2016	2017	2018	2019	2020
	Actual	Actual	Actual	Projection	Projection
	€000	€000	€000	€000	€000
ASSETS					
Non-current assets					
Goodwill and other intangibles	108,265	104,545	101,432	174,055	164,659
Property, plant and equipment	104,917	111,948	124,760	154,405	183,346
Investment property	43,102	73,802	86,132	166,964	176,475
Investments and financial assets	2,207	2,199	1,840	1,037	2,084
Deposit on acquisition of investments	12,500	24,500	26,800	-	-
Loans and receivables	10,388	10,897	13,928	16,848	15,798
Deferred tax asset and restricted cash	2,223	2,606	3,546	7,001	7,911
	283,602	330,497	358,438	520,310	550,273
Current assets					
Inventory	14,376	17,845	22,684	17,969	19,966
Trade and other receivables	22,040	22,469	20,751	24,046	24,310
Other assets	10,370	10,109	12,885	7,840	12,218
Cash and cash equivalents	71,851	27,284	40,354	28,362	18,713
	118,637	77,707	96,674	78,217	75,207
Total assets	402,239	408,204	455,112	598,527	625,480
EQUITY					
Equity and reserves	72,768	82,870	86,390	91,000	109,455
LIABILITIES					
Non-current liabilities					
Borrowings and bonds	195,741	225,888	265,937	341,651	353,685
Lease liability and other non-current liabilities	9,226	8,489	8,399	78,952	68,708
	204,967	234,377	274,336	420,603	422,393
Current liabilities					
Bank overdrafts	4,307	3,577	6,522	5,609	6,012
Borrowings	57,553	26,465	13,491	14,494	17,350
Other current liabilities	62,644	60,915	74,373	66,821	70,270
	124,504	90,957	94,386	86,924	93,632
	329,471	325,334	368,722	507,527	516,025
Total equity and liabilities	402,239	408,204	455,112	598,527	625,480

Hili Ventures Limited
Consolidated Cash Flow Statement
for the year ended 31 December

	2016	2017	2018	2019	2020
	Actual	Actual	Actual	Projection	Projection
	€000	€000	€000	€000	€000
Net cash from operating activities	27,835	10,875	36,261	47,548	64,307
Net cash from investing activities	(71,351)	(56,813)	(34,516)	(108,295)	(59,726)
Net cash from financing activities	105,007	2,582	8,484	49,164	(15,096)
Net movement in cash and cash equivalents	61,491	(43,356)	10,229	(11,583)	(10,515)
Cash and cash equivalents at beginning of year	6,415	67,544	23,707	33,832	22,753
Effect of movements in exchange	(362)	(481)	(104)	504	463
Cash and cash equivalents at end of year	67,544	23,707	33,832	22,753	12,701

Key Accounting Ratios

	FY2016	FY2017	FY2018	FY2019	FY2020
	Actual	Actual	Actual	Projection	Projection
EBITDA margin (EBITDA/revenue)	11%	10%	10%	14%	16%
Interest cover (times) (EBITDA/net finance cost)	3.31	3.27	3.57	4.97	5.59
Net profit margin (Profit after tax/revenue)	1%	2%	3%	3%	5%
Earnings per share (€) (Profit after tax/number of shares)	4.86	6.89	11.81	16.34	24.38
Return on equity (Profit after tax/shareholders' equity)	7%	8%	14%	18%	22%
Return on capital employed (EBITDA/total assets less current liabilities)	13%	12%	12%	13%	16%
Return on assets (Profit after tax/total assets)	1%	2%	3%	3%	4%

Source: Charts (a division of MeDirect Bank (Malta) plc)

Hili Ventures reported a turnover of €341.2 million in **2016** (FY2015: €252.4 million), representing an increase of 35% over the prior year. Further analysis shows that 'restaurant operations' revenue increased by €130.2 million (+130%) from €99.9 million in FY2015 to €230.2 million in FY2016, mainly as a consequence of the acquisition in January 2016 of the business operating 67 McDonald's restaurants in Romania. As at year end, Premier Capital operated a total of 133 restaurants (FY2015: 63 outlets). In FY2016, revenue generated from restaurant operations comprised 67% of aggregate Group revenue. In contrast, the other revenue items decreased y-o-y by €41.4 million to €111.1 million (-27%), principally due to the cessation of B2B operations at iSpot.

In FY2016, EBITDA increased by 97% from a year earlier to €36.7 million (FY2015: €18.6 million). As explained above, the new acquisition at Premier Capital more than doubled the number of restaurants under operation and is the primary reason for the y-o-y increase in EBITDA. Profit for the year amounted to €4.9 million as compared to €3.4 million in FY2015 (+44%), which takes into account depreciation and amortisation of €14.1 million (FY2015: €8.6 million), net finance costs of €11.1 million (FY2015: €7.0 million) and taxation amounting to €8.0 million (FY2015: €0.7 million).

Revenue generated in **FY2017** amounted to €396.5 million, an increase of €55.2 million (+16%) when compared to the prior year. All business activities reported y-o-y increases (net of intra-group transactions which are eliminated on consolidation) as follows:

- revenue derived from 'restaurant operations' increased by €33.3 million (+14%) to €263.4 million, principally due to an increase in restaurants from 133 outlets in 2016 to 140 in 2017 and growth in revenue per restaurant;
- turnover from 'Sale of Apple products' increased by €8.4 million (+11%) to €84.0 million in FY2017, wherein iSpot relocated 2 stores and opened 1 new store;
- an increase of 27% or €2.7 million was registered in 'IT solutions and security systems', particularly due to significant growth in new APCOPAY clients (payment gateway solutions);
- income from 'rental operations' increased from €3.2 million in FY2016 to €4.6 million, on account of a newly acquired property in Romania in Q2 2017, which property is fully leased;

- turnover from 'logistics and transport services' increased from €15.5 million in FY2016 to €22.9 million, mainly reflecting a full year's income generated from Allcom Sp. z.o.o. which was acquired in the latter part of FY2016;
- income generated from 'engineering services' increased by 32% y-o-y to €8.8 million, primarily as a result of the acquisition of Techniplus S.A., a company with operations in Morocco and neighbouring countries involved in maintenance and servicing of port cargo handling equipment.

EBITDA for the year under review amounted to €39.5 million, an increase of 8% from a year earlier (FY2016: €36.7 million). Premier Capital's portion of EBITDA amounted to €35.1 million (FY2016: €32.7 million), representing 89% of aggregate EBITDA in FY2017 (FY2016: 89%). Depreciation and amortisation amounted to €14.1 million in each of FY2016 and FY2017. Net finance costs, on the other hand, increased by €1.0 million from €11.1 million in FY2016 to €12.1 million. In FY2017, Hili Ventures reported a net investment loss of €3.9 million, primarily as a consequence of goodwill write-offs amounting to €5.2 million, which was partly mitigated by an increase in fair value of investment property of €2.0 million. Taxation was considerably lower in FY2017 at €2.5 million when compared to the FY2016 tax charge of €8.0 million. After accounting for exchange differences and revaluation gains, the Group reported total comprehensive income amounting to €11 million as compared to €3.5 million registered in FY2016.

Revenue generated in **FY2018** amounted to €427.4 million, an increase of €30.9 million (+8%) when compared to the prior year (FY2017: €396.5 million). The growth in revenue was predominantly achieved from the business expansion at Premier Capital. At the operating level, EBITDA increased by 8% (similar to revenue) and amounted to €42.9 million (FY2017: €39.5 million), of which, 90% was derived from the operations of Premier Capital (2017: 89%). Net investment income amounted to €644,000 and principally comprised net gains on disposal of investment property of €1.0 million, interest income of €0.5 million and a net decrease in fair value of investment property of €0.9 million. In FY2018, the Group reported a net profit of €11.8 million compared to €6.9 million in FY2017, while total comprehensive income amounted to €13.7 million as compared to €11.0 million achieved in the prior year.

IFRS 16 - Leases

The Group has adopted IFRS 16 on 1 January 2019 using the Standard's modified retrospective approach with transition date taken as the lease commencement date. Under this approach, the right-of-use asset equals the lease liability on transition date, and no equity adjustment will be recognised on initial application of IFRS 16. Comparative information is not restated.

Accordingly, as of FY2019, the Group will need to recognise a right-of-use asset and a lease liability in the Consolidated Balance Sheet for the lease of premises and land currently treated as operating leases. With regard to the impact in the Consolidated Income Statement, the nature of the relevant expense will change from being an operating lease expense to depreciation and interest expense.

In **FY2019**, Hili Ventures is projected to generate revenue of €481.0 million as compared to €427.4 million a year earlier (an increase of €53.6 million, +13%), primarily on account of increases at Premier Capital (+€44.4 million) and iSpot (+€7.3 million). All other revenue streams are forecasted to register modest y-o-y gains on an individual basis, which should equate to an aggregate increase of €0.6 million. Furthermore, the Group is expected to commence operations in the container leasing business which should generate €1.4 million in its first year.

EBITDA is expected to increase by €24.8 million (+58%) over the comparative year, substantially due to the effect of IFRS 16, whereby operating lease expenses (previously accounted for in net operating expenses) are reflected in depreciation and net finance costs (both being below EBITDA level). Furthermore, at Premier Capital, a reduction in VAT in Greece and Romania during 2019 is expected to impact the Group's results positively. The Group is projected to register a profit after tax of €16.3 million in FY2019, an increase of €4.5 million (+38%) when compared to €11.8 million expected for FY2018.

Further growth in revenue amounting to €47.1 million (+10% y-o-y) is being projected in FY2020, primarily on account of an increase in turnover at Premier Capital and 1923 Investments of €29.7 million and €15.1 million respectively. The container leasing business is expected to register a y-o-y increase in revenue of €2.3 million. As a consequence, EBITDA is projected to increase by €15.0 million (+22% y-o-y) to €82.6 million, and total comprehensive income is anticipated to grow from €15.6 million in FY2019 to €24.8 million (+60% y-o-y).

The estimates for the forward years as presented in this document assume that the carrying values of non-current assets, and currency exchange rates will remain constant in FY2019 and FY2020, and therefore no adjustments have been made as to possible gains or losses in value of assets and exchange differences that may be booked and which may materially affect the consolidated income statement and balance sheet values.

Non-current assets in the statement of financial position as at 31 December 2018 amounted to €358.4 million (2017: €330.5 million). Notable items include: (i) goodwill and other intangibles amounting to €101.4 million (2017: €104.5 million), which principally relate to goodwill on acquisitions of going concerns, support services license, acquired rights, franchise fees for restaurant operations, patents and trademarks for Apple products and

computer software licenses; and (ii) property, plant and equipment and investment property amounting to €210.9 million (2017: €185.8 million), which comprises improvements to leased properties, equipment and properties owned by Hili Properties p.l.c.

Current assets as at 31 December 2018 amounted to €96.7 million (2017: €77.7 million) and primarily include inventory, trade receivables, other assets and cash balances. Current liabilities amounted to €94.4 million (2017: €91.0 million), made up of borrowings as to €20.0 million (2017: €30.0 million) and other liabilities of €74.4 million (2017: €60.9 million). Hili Ventures' liquidity ratio (which is measured by dividing current assets by current liabilities and indicates a company's ability to pay its current liabilities from its current assets), as at 31 December 2018, stood at 1.02 times (2017: 0.85 times).

In FY2019, total assets are projected to increase by €143.3 million from a year earlier to €598.5 million, principally on account of the inclusion of 'right of use of asset' pursuant to IFRS 16 (+€73.8 million) as well as investment in new ventures (+€69.0 million). In non-current liabilities, the Group plans to increase debt securities by an additional €80 million and a lease liability of €74.2 million has been included in accordance with IFRS 16.

During FY2020, the Group expects to enter into new ventures in line with its development strategy and as such, has projected additional investments amounting to €20 million. No other significant movements have been noted in the projected statement of financial position as at 31 December 2020 when compared to FY2019.

Other than equity, the Group is financed through bank loans, corporate bonds and other borrowings from related parties, analysed as follows:

Hili Ventures Limited
Consolidated Net Borrowings
as at 31 December

	2016	2017	2018	2019	2020
	Actual	Actual	Actual	Projection	Projection
	€000	€000	€000	€000	€000
Bank loans	86,574	90,760	93,782	89,672	95,579
Bank overdrafts	4,307	3,577	6,522	5,609	6,012
Other financial liabilities	23,585	25,591	10,018	11,479	20,211
Debt securities in issue	143,135	136,002	175,628	254,994	255,245
Cash and cash equivalents	(71,851)	(27,284)	(40,354)	(28,362)	(18,713)
Total borrowings less cash balances	185,750	228,646	245,596	333,392	358,334

Key Accounting Ratios

	31 Dec'16	31 Dec'17	31 Dec'18	31 Dec'19	31 Dec'20
	Actual	Actual	Actual	Projection	Projection
Net assets per share (€) (Net asset value/number of shares)	72.77	82.87	86.39	91.00	109.46
Liquidity ratio (times) (Current assets/current liabilities)	0.95	0.85	1.02	0.90	0.80
Gearing ratio (Net debt/net debt and shareholders' equity)	72%	73%	74%	79%	77%

Source: Charts (a division of MeDirect Bank (Malta) plc)

Net cash flows from operating activities in FY2017, as presented in the statements of cash flows for the year ended 31 December 2017, amounted to €10.9 million as compared to €27.8 million in the prior year. The adverse variance of €16.9 million mainly resulted from a positive movement in operating profit amounting to €8.3 million, which was offset by net cash outflows in working capital movements and interest and tax payments.

In FY2017, Hili Ventures used €56.8 million in investment activities, as compared to €71.4 million in FY2016, primarily to acquire investment property, property, plant and equipment, and other assets. Net cash flows from financing activities amounted to €2.6 million (FY2016: €105.0 million), which comprised cash inflows from banks and related parties of €66.0 million and repayment of bank loans, bonds and payment of dividends of €63.4 million. Cash and cash equivalents at the end of 2017 amounted to €23.7 million, a decrease of €43.8 million from a year earlier (FY2016: €67.5 million).

Net cash from operating activities in FY2018 amounted to €36.3 million compared to €10.9 million generated in the prior year. A further assessment shows that net cash flows from operations decreased by €1.5 million (y-o-y) to €43.9 million, working capital movements were favourable from a cash flow perspective by €36.9 million compared to a favourable movement in FY2017 of €16.6 million, while interest and taxation paid in FY2018 amounted to €14.6 million (FY2017: €17.9 million).

In FY2018, the Group used €36.2 million to acquire assets compared to €60.8 million a year earlier, while the amount of €1.3 million was received from disposal of assets in FY2018 compared to €4.4 million received in FY2017. As for financing activities during FY2018, the Group's cash inflows from bank borrowings, bonds and other parties amounted to €68.9 million (FY2017: €66.0 million), while it repaid bank and related party loans amounting to €50.3 million (FY2017: €61.5 million). Furthermore, the Group paid dividends of €9.0 million in FY2018 and €1.5 million in the prior year.

As to the projected financial years, cash inflows from operating activities is expected to amount to €47.5 million in FY2019 and €64.3 million in FY2020, which is a reflection of the y-o-y projected growth in revenue and profitability. Net cash outflow from investing activities in FY2019 is projected to amount to €108.3 million and represents an investment in new ventures of €79 million, Group capital expenditure amounting to €48.8 million (including expenditure by Premier Capital in relation to new store openings, technology improvements and re-modelling of restaurants) and proceeds from the disposal of a number of properties amounting to €19.6 million. In FY2020, cash outflows in relation to investing activities is projected to amount to €59.7 million, which amount is expected to be utilised for the purposes of ongoing Group capital expenditure (circa €30.2 million) and property acquisitions and investment in new ventures amounting to €28.4 million.

Net cash inflow from financing activities is estimated at €49.2 million in FY2019, principally comprising the proceeds from a proposed new bond issue less interest and dividend payments, and repayment of bank and other loans. In FY2020, net cash outflow from financing activities is projected at €15.1 million and mainly relates to interest and dividend payments and cash drawdown of €5.9 million from bank facilities.

DEBT SECURITIES ISSUED BY GROUP COMPANIES

Security ISIN	Security Name	Amount Listed	Currency
MT0000841206	5.1% 1923 Investments plc Unsecured Bonds 2024	36,000,000	EUR
MT0000941204	4.5% Hili Properties plc Unsecured Bonds 2025	37,000,000	EUR
MT0000511213	3.75% Premier Capital plc Unsecured Bonds 2026	65,000,000	EUR
MT0001891200	3.85% Hili Finance Company p.l.c. Unsecured Bonds 2028	40,000,000	EUR

PART 4 - COMPARABLES

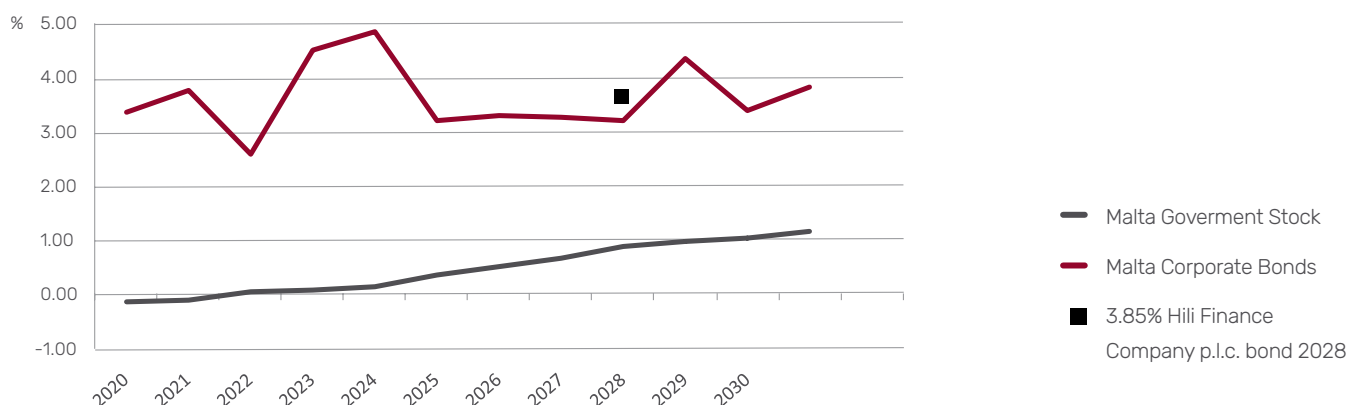
The table below compares Hili Ventures and the bonds issued by Hili Finance Company p.l.c. to other debt issuers listed on the Malta Stock Exchange and their respective debt securities. Although there are significant variances between the activities of the Group and other issuers (including different 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 Group.

Comparative Analysis	Nominal Value (€)	Yield to Maturity (%)	Interest Cover (times)	Total Assets (€'000)	Net Asset Value (€'000)	Gearing Ratio (%)
5.50% Pendergardens Dev. plc Secured € 2020 Series I	14,711,300	3.36	1.23	80,052	25,712	48.95
6.00% Pendergardens Dev. plc Secured € 2022 Series II	26,921,200	2.60	1.23	80,052	25,712	48.95
4.25% Gap Group plc Secured € 2023	19,931,000	3.48	4.45	55,237	9,869	71.82
5.30% United Finance Plc Unsecured € Bonds 2023	8,500,000	4.53	1.19	21,625	6,916	62.72
6.00% AX Investments Plc Unsecured € 2024	40,000,000	1.98	6.97	325,243	214,590	18.66
5.30% Mariner Finance plc Unsecured € 2024	35,000,000	4.84	5.33	83,223	44,177	43.99
5.00% Hal Mann Vella Group plc Secured Bonds € 2024	30,000,000	3.35	2.29	112,006	43,514	51.65
4.25% Best Deal Properties Holding plc Secured 2024	16,000,000	3.50	4.02	25,986	3,432	82.64
5.10% 1923 Investments plc Unsecured € 2024	36,000,000	4.41	1.41	120,794	38,318	52.41
4.50% Hili Properties plc Unsecured € 2025	37,000,000	4.02	1.55	154,742	52,242	61.72
5.10% 6PM Holdings plc Unsecured € 2025	13,000,000	4.81	2.09	5,499	-19,741	-
4.25% Corinthia Finance plc Unsecured € 2026	40,000,000	3.91	2.59	1,765,072	901,595	40.43
4.00% International Hotel Invest. plc Secured € 2026	55,000,000	3.43	3.27	1,617,853	877,620	36.63
4.00% International Hotel Invest. plc Unsecured € 2026	40,000,000	3.63	3.27	1,617,853	877,620	36.63
4.00% MIDI plc Secured € 2026	50,000,000	3.30	9.80	220,613	97,440	31.83
3.75% Premier Capital plc € Unsecured Bonds 2026	65,000,000	3.59	12.63	179,451	48,701	54.42
4.35% Hudson Malta plc Unsecured 2026	12,000,000	3.86	10.08	28,166	6,135	60.96
4.35% SD Finance plc € Unsecured Bonds 2027	65,000,000	3.75	5.93	229,882	63,771	50.15
4.00% Eden Finance plc Unsecured 2027	40,000,000	3.27	5.68	185,717	103,511	31.82
4.00% Stivala Group Finance plc Secured 2027	45,000,000	3.32	3.73	202,425	115,827	35.12
3.85% Hili Finance Company plc Unsecured 2028	40,000,000	3.63	3.44	455,113	86,390	73.98

10 June 2019

Source: Malta Stock Exchange, Audited Accounts of Listed Companies, Charts (a division of MeDirect Bank (Malta) p.l.c.)

BOND YIELD TO MATURITY



Source: Malta Stock Exchange, Central Bank of Malta, Charts (a division of MeDirect Bank (Malta) p.l.c.)

10 June 2019

To date, there are no corporate bonds which have a redemption date beyond 2031. The Malta Government Stock yield curve has also been included since it is the benchmark risk-free rate for Malta.

PART 5 – EXPLANATORY DEFINITIONS

Income Statement

Revenue	Total revenue generated by the Group from its business activities during the financial year, including restaurant operations, IT retail operations, software and payment services, rental operations, logistics and transport services, and engineering services.
Cost of sales	Direct costs attributable to the production of the goods and supply of services by Hili Ventures.
Gross profit	Gross profit is the difference between revenue and direct costs. It refers to the profit made by the Group before deducting operating costs, depreciation & amortisation, finance costs, fair value provisions and other operating costs.
Operating expenses	Operating costs include all operating expenses other than direct costs and include selling & marketing and general & administration 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 Group during the financial year both from its operating as well as non-operating activities.

Profitability Ratios

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

Efficiency Ratios

Return on equity	Return on equity (ROE) measures the rate of return on the shareholders' equity of the owners of issued share capital, computed by dividing profit after tax by shareholders' equity.
Return on capital employed	Return on capital employed (ROCE) indicates the efficiency and profitability of a company's capital investments, estimated by dividing operating profit by capital employed.
Return on assets	Return on assets (ROA) is computed by dividing profit after tax by total assets.

Equity Ratios

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

Cash flow from operating activities	Cash generated from the principal revenue-producing activities of the Group.
Cash flow from investing activities	Cash generated from activities dealing with the acquisition and disposal of long-term assets and other investments of the Group.
Cash flow from financing activities	Cash generated from the activities that result in change in share capital and borrowings of the Group.

Balance Sheet

Non-current assets	Non-current asset are the Group's long-term investments, which full value will not be realised within the accounting year. Non-current assets are capitalised rather than expensed, meaning that the Group 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 intangible assets, investment properties, property, plant & equipment, and loans and receivables.
Current assets	Current assets are all assets of the Group, which are realisable within one year from the balance sheet date. Such amounts include accounts receivable, inventory, cash and bank balances.
Current liabilities	All liabilities payable by the Group within a period of one year from the balance sheet date, and include accounts payable and short-term debt, including current portion of bank loans.
Non-current liabilities	The Group's long-term financial obligations that are not due within the present accounting year. The Group's non-current liabilities include long-term borrowings, bonds and deferred tax liabilities.
Total equity	Total equity includes share capital, reserves & other equity components, retained earnings and minority interest.

Financial Strength Ratios

Liquidity ratio	The liquidity ratio (also known as current ratio) is a financial ratio that measures a company's 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.

Financial Analysis Summary

28 June 2019

Issuer
Hili Finance Company p.l.c.

Guarantor
Hili Ventures Limited

The Directors
Hili Finance Company p.l.c.
Nineteen Twenty Three
Valletta Road
Marsa MRS 3000
Malta

28 June 2019

Dear Sirs

Financial Analysis Summary

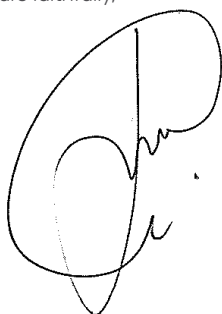
In accordance with your instructions, and in line with the requirements of the Listing Authority Policies, we have compiled the Financial Analysis Summary (the "**Analysis**") set out on the following pages and which is being forwarded to you together with this letter.

The purpose of the financial analysis is that of summarising key financial data appertaining to Hili Finance Company p.l.c. (the "**Issuer**") and Hili Ventures Limited (the "**Guarantor**" or "**Hili Ventures**" or "**Group**"). The data is derived from various sources or is based on our own computations as follows:

- (a) Historical financial data for the three years ended 31 December 2016 to 31 December 2018 has been extracted from audited consolidated financial statements of the Guarantor for the three years in question.
- (b) Historical financial data for the period 6 April 2018 to 31 December 2018 has been extracted from audited financial statements of the Issuer for the period in question.
- (c) The forecast data in relation to Hili Ventures for the years ending 31 December 2019 and 31 December 2020 has been provided by management.
- (d) Our commentary on the results of the Guarantor and on its financial position is based on the explanations provided by management.
- (e) The ratios quoted in the Analysis have been computed by us applying the definitions set out in Part 7.
- (f) Relevant financial data in respect of the companies included in Part 6 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 the Group. The Analysis does not contain all data that is relevant to investors or potential investors. The Analysis does not constitute an endorsement by our firm of any securities of the Issuer or the Group and should not be interpreted as a recommendation to invest in any of the Issuer's or the Group'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 or Group's securities.

Yours faithfully,



Evan Mohnani

Head – Corporate Finance

CHARTS – a division of MeDirect Bank (Malta) plc

The Centre, Tigné Point, Sliema TPO 0001 – Tel: 2557 4400

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PART 1 – INFORMATION ABOUT THE ISSUER AND GUARANTOR

1. ISSUER'S KEY ACTIVITIES

Hili Finance Company p.l.c. (the “**Issuer**”) was established on 6 April 2018 as a wholly-owned subsidiary of Hili Ventures Limited (the “**Guarantor**”) (the ultimate parent of Hili Ventures), save for 1 Ordinary share which is held by APM Holdings Limited (C 30527). The principal object of the Issuer is to purchase or otherwise acquire, under any title whatsoever, to hold and manage, by any title, assets including but not limited to securities and other financial interests.

The Issuer's intended purpose is to raise finance for the business of the Group through the Guarantor. In this respect, the Issuer is mainly dependent on the business prospects of the Guarantor and Hili Ventures.

2. DIRECTORS OF THE ISSUER

The Issuer is managed by a Board comprising five 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:

Board of Directors

Carmelo <i>sive</i> Melo Hili	Non-Executive Chairman
Geoffrey Camilleri	Executive Director
Dorian Desira	Non-Executive Director
Jacqueline Camilleri	Independent Non-Executive Director
Mario Vella	Independent Non-Executive Director

3. GUARANTOR'S KEY ACTIVITIES

The Guarantor was established in 2012 and principally acts as the investment holding company of the Group to which it provides management and consultancy services. The Guarantor is principally engaged, through Subsidiaries, in investments that are predominantly involved in the business sectors described below:

- **Premier Capital p.l.c.** is involved in the operations of McDonald's restaurants in Estonia, Greece, Latvia, Lithuania, Malta and Romania.
- **1923 Investments p.l.c.** (formerly PTL Holdings p.l.c.) is primarily engaged in the sale and distribution of Apple products as an Apple Premium Reseller in Poland and Hungary; the sale, maintenance and servicing of information technology solutions, security systems and the provision of electronic payment solutions; and transport and logistics in Malta and Poland.
- **Hili Properties p.l.c.** is the parent company of the property division of Hili Ventures, and owns and manages a property portfolio comprising commercial and retail property in Europe.
- **Motherwell Bridge Industries Limited** (“Motherwell Bridge”) is primarily engaged in providing engineering services related to port equipment and crane assembly. Through the acquisition of Techniplus S.A. in 2016, Motherwell Bridge is also involved in providing maintenance services of port equipment and crane assembly in Morocco and neighbouring countries.
- **Cobalt Leasing Ltd** was established in the UK on 5 February 2019 with company registration number 11808196. The company's principal objective is to operate a container leasing business.
- **HV Hospitality Limited** was registered in Malta on 17 April 2019 with company registration number C 91217. The primary objective of the company is to operate and manage the hospitality business of Hili Ventures. It is expected that the initial transaction of this company will be the acquisition of Kemmuna Limited (the owner of the Comino Hotel and Bungalows).

As the holding company of Hili Ventures, the Guarantor is ultimately dependent upon the operations, performance and business prospects of the above-mentioned Subsidiaries.

4. DIRECTORS OF THE GUARANTOR

The Guarantor is managed by a Board consisting of five directors entrusted with its overall direction and management, including the establishment of strategies for future development. In the execution of the strategic direction, investment and management oversight of the Group, the Board is assisted by the senior officers of the operating business entities within Hili Ventures.

The Board members of the Guarantor as at the date of this report are included hereunder:

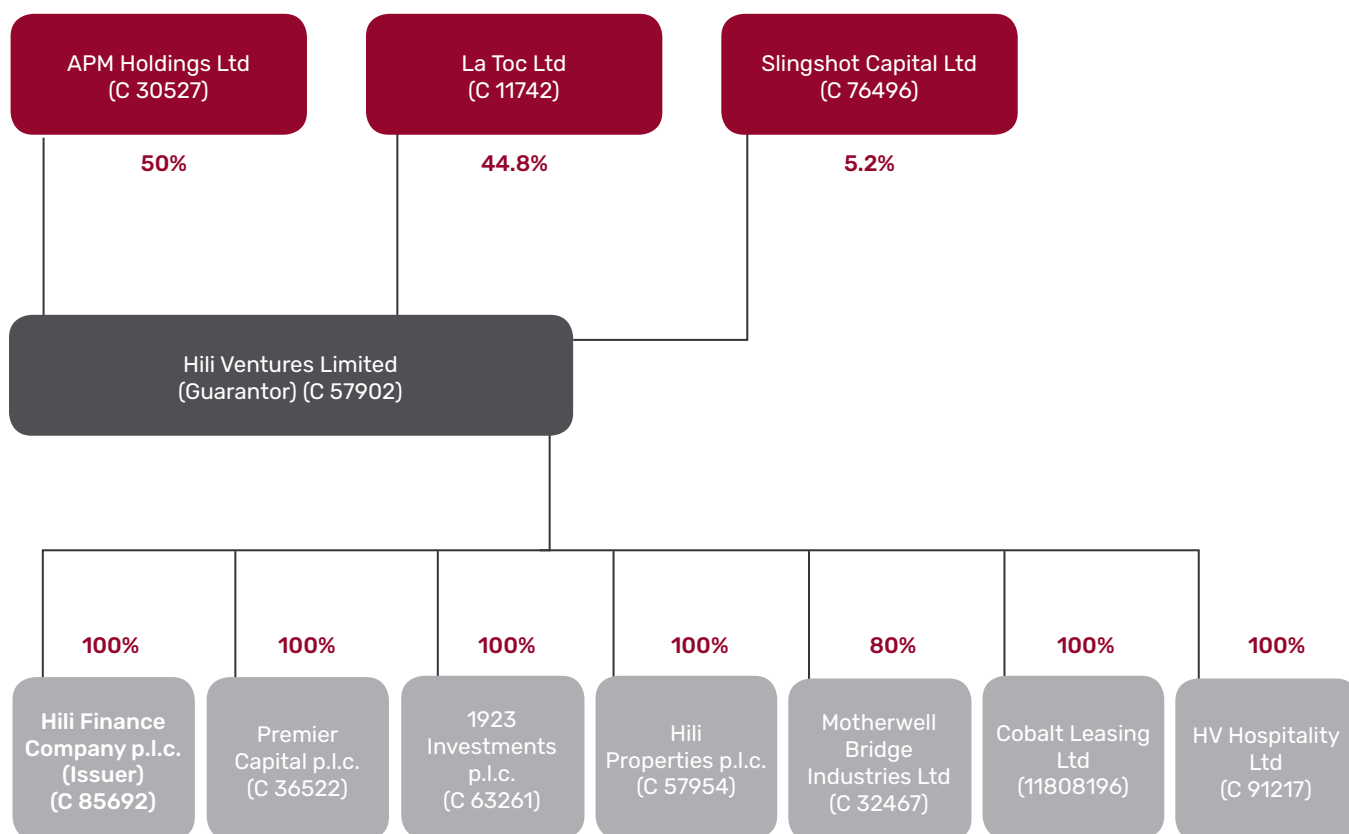
Board of Directors

Steve Tarr	Chairman
Carmelo sive Melo Hili	Chief Executive Officer
Richard Abdilla Castillo	Director
Victor Tedesco	Director
Jesmond Mizzi	Independent Non-Executive Director

The weekly average number of employees engaged with the companies forming part of the Group during FY2018 amounted to 7,292 persons (FY2017: 7,003 persons).

5. HILI VENTURES ORGANISATIONAL STRUCTURE

The diagram below illustrates the principal subsidiaries and associates within the organisational structure of the Group.



A description and analysis of the operational activities and performance of each of Premier Capital p.l.c., 1923 Investments p.l.c. and Hili Properties p.l.c. is included in their respective financial analysis reports. The said reports have been published and are available on their respective websites: www.premiercapital.com.mt; www.1923investments.com; and www.hiliproperties.com

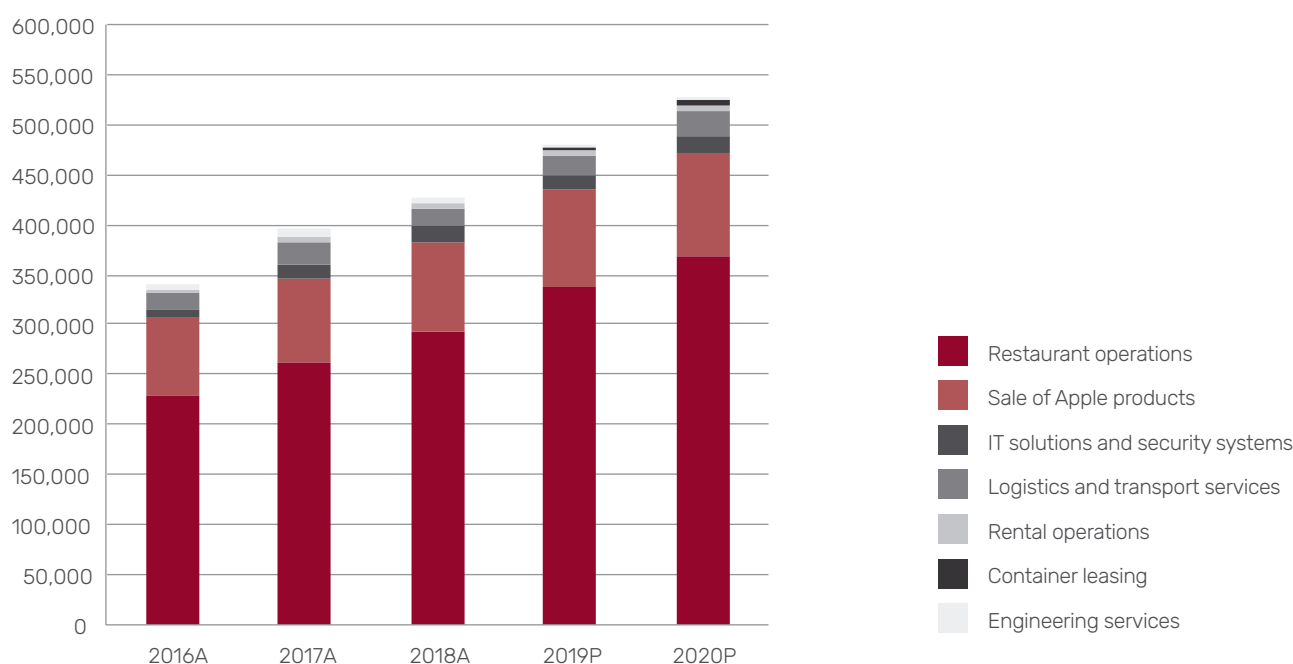
6. OVERVIEW OF HILI VENTURES' REVENUE SEGMENTS

The following historical information on Hili Ventures has been extracted from the audited consolidated financial statements of the Guarantor for the years ended 31 December 2016 to 2018, while the projections relating to FY2019 and FY2020 have been provided by management.

Hili Ventures Limited Group Revenue by Activity for the year ended 31 December

	2016 Actual €000	2017 Actual €000	2018 Actual €000	2019 Projection €000	2020 Projection €000
Restaurant operations	230,161	263,419	293,650	338,008	367,743
Sale of Apple products	75,623	83,974	89,793	97,044	104,683
IT solutions and security systems	10,065	12,765	15,482	15,089	16,591
Logistics and transport services	15,522	22,907	16,397	18,593	24,598
Rental operations	3,152	4,589	5,250	6,468	6,258
Container leasing	-	-	-	1,401	3,691
Engineering services	6,716	8,835	6,838	4,399	4,549
Total revenue	341,239	396,488	427,410	481,002	528,114

HILI VENTURES LIMITED CONSOLIDATED REVENUE BY ACTIVITY



Restaurant operations' revenue is generated by Premier Capital p.l.c. and comprises the operation of McDonald's restaurants in Estonia, Greece, Latvia, Lithuania, Malta and Romania. During the past 3 financial years (FY2016 – FY2018), the average number of restaurants increased from 133 restaurants in FY2016 to 146 restaurants. In FY2018, 'restaurant operations' revenue represented *circa* 68% of Hili Ventures' total revenue (FY2017: 66%). In the projected years FY2019 and FY2020, the number of restaurants is set to increase from 146 to 156 and 166 respectively, and revenue is forecasted to increase year-on-year ("y-o-y") by 15% and 9% in FY2019 and FY2020 respectively.

Revenue activities entitled '**Sale of Apple products**', '**IT solutions and security systems**' and '**logistics and transport services**' principally relate to the business operations of iSpot Poland Sp. z.o.o., Harvest Technology Limited and Hili Logistics Limited respectively. The afore-mentioned companies are Subsidiaries of 1923 Investments p.l.c.

'Sale of Apple products' primarily refers to the business operations of iSpot Poland Sp. z.o.o. and its Subsidiary ("**iSpot**"), and in 2018 operated 26 stores involved in retailing Apple products in Poland under the iSpot brand (2017: 26 stores), together with a well-developed online proposition. Furthermore, iSpot stores offer an extensive range of third-party products and software. In Q1 2019, iSpot closed 1 retail store and thereby reduced

its complement of stores to 25 stores. As an Apple Premium Reseller and Apple Authorised Service Provider, iSpot outlets carry a full range of Apple products, including software and accessories, and through its trained staff also offer support and repair services to customers regardless of where they originally purchased the Apple product. iSpot also operates, through a joint venture, 4 stores in Hungary under the iCentre brand. Up to Q1 2019, iSpot was also present in Bucharest, Romania, through the operation of 1 store. In April 2019, the business operation of iSpot Premium Romania SRL was sold to a third party.

Furthermore, iSpot is involved in turnkey solutions for business customers, and its services comprise the design and construction of networks, data security, and the supply of hardware and software. As a certified Apple Authorised Training Centre, iSpot participates on an ongoing basis in various projects relating to the implementation of Apple technology in higher education.

'IT solutions and security systems' comprises the activities of Harvest Technology Limited and its Subsidiaries ("**Harvest**"), which primarily focuses on delivering business solutions and e-commerce systems to diverse clients in Malta, parts of Europe and North Africa. Harvest has four main revenue segments - networking, integration and hardware solutions, and product engineering; payment and security solutions; business applications; and business analytics and intelligence.

'Logistics and transport services' refers to the business of Hili Logistics Limited and its Subsidiaries in Malta and Poland ("**Hili Logistics**") and involves air, road, sea and rail freight forwarding, clearances and deliveries, customs brokerage, parcel services, warehousing, ship agency, ship-to-ship operations and project cargo. Allcom Sp. z.o.o., an intermodal freight forwarding company and customs agency in Poland, generated 70% of Hili Logistics' revenue in FY2018 (FY2017: 72%). The main sectors serviced by Allcom Sp. z.o.o. include the food, chemical and construction material industries.

In FY2018, operations undertaken by 1923 Investments p.l.c. namely 'Sale of Apple products', 'IT solutions and security systems' and 'logistics and transport services' represented *circa* 28% of Hili Ventures' total revenue (FY2017: 30%). In FY2019, revenue is projected to increase by €9.0 million or 7% (y-o-y) to €130.7 million, primarily anticipated from iSpot. In the subsequent year (FY2020), revenue is expected to increase by €15.1 million (+12%) from €130.7 million in FY2019 to €145.9 million, principally on account of an increase in revenue at iSpot and Hili Logistics. During FY2020, an investment in a new venture of *circa* €20 million has been projected, which should generate a net income of €2.2 million in the same financial year.

'**Rental operations**' revenue is generated by Hili Properties p.l.c. and its Subsidiaries ("**Hili Properties**"), which principally manages a property portfolio comprising commercial and retail property in Europe. The company relies on active asset management to maximise operating efficiency and profitability at the property level. As at 31 December 2018, the property portfolio of Hili Properties amounted to €119.5 million (31 December 2017: €104.0 million), of which, *circa* 68% and 32% of such property value is rented to third parties and intra-Group tenants respectively.

In FY2018, income from leases to third parties (external to the Group) amounted to €5.3 million, an increase of €0.7 million when compared to the prior year (FY2017: €4.6 million), mainly attributable to a full year's rent receivable from tenants of the ART Business Centre, Romania, which property was acquired in May 2017. In FY2019, revenue from rental operations is projected to increase by 23% to €6.5 million, but is expected to decrease marginally in FY2020 to €6.3 million.

'**Engineering services**' revenue is derived from the operations of Motherwell Bridge Industries Limited and its Subsidiaries ("**Motherwell Bridge**"). Operating from a *circa* 15,000m² property in Hal Far Industrial Park, Malta, Motherwell Bridge principally provides customised engineering services and maintenance of port handling equipment and crane assembly. In FY2016, Motherwell Bridge acquired Techniplus S.A., a company engaged in the provision of maintenance services of port equipment and crane assembly in Morocco and neighbouring countries. In FY2018, revenue decreased from €8.8 million in FY2017 to €6.8 million (-23%) due to the suspension of marine division trading activities and restructuring efforts so as to improve the company's profitability. In FY2019, management expects revenue to decrease further by 36% to €4.4 million and stabilise in the subsequent financial year at €4.5 million.

7. PRINCIPAL INVESTMENTS

The principal investments of Hili Ventures are described hereunder:

(a) Premier Capital p.l.c.

During the past three financial years (FY2016 to FY2018), Premier Capital p.l.c. continued to grow its portfolio of McDonald's restaurants and McCafe's, and remodelled and upgraded the ambience and technology of a number of its existing restaurants. The company intends to pursue this growth strategy and accordingly, the capital expenditure budget for the coming two financial years (FY2019 and FY2020) is projected to amount to *circa* €43.4 million, which will be financed primarily from internally generated funds.

(b) Comino Hotel and Bungalows

On 24 May 2019, HV Hospitality Limited, a Subsidiary of the Guarantor, entered into a share purchase agreement for the acquisition of 100% shareholding in Kemmuna Limited (C 15344), a company which owns the Comino Hotel and Bungalows situated in the vicinity of San Niklaw Bay and Santa Marija Bay on the Island of Comino. Subject to conditions precedent including *inter alia* the successful completion of a

due diligence exercise, HV Hospitality Limited shall acquire the aggregate of 100% of the issued share capital of Kemmuna Limited, free and clear of any claim, charge and/or other encumbrances, and together with all rights and advantages attaching to the ordinary shares being acquired. The cash consideration for the said acquisition shall amount to €55 million and shall also include an amount as compensation for working capital balances, which shall be calculated in accordance with the terms of the share purchase agreement. A deposit amounting to €2 million has been paid to the sellers on signing of the share purchase agreement.

Hili Ventures has initiated the design process to redevelop the existing properties into an exclusive five-star hotel and luxury serviced bungalows. The vision is to offer guests a one-of-a-kind experience through the creation of an eco-friendly secluded retreat, surrounded by pristine nature. The proposed project is subject to the issuance of necessary approvals and planning permits, and having the required funding in place. The said acquisition will be funded from net proceeds of a proposed bond issue.

(c) Container Leasing Business Operation

The Group plans to initiate a container leasing operation through the newly incorporated company Cobalt Leasing Ltd. As such, the amount of €10 million from proceeds of a proposed bond issue and *circa* an additional €10 million of bank borrowings will be utilised to finance the acquisition of new containers, which in turn will be leased to container shipping lines on a long term basis.

A significant percentage of containers used by shipping lines globally are leased from container leasing companies such as Cobalt Leasing Ltd, as it allows such shipping lines to adjust their container fleets both seasonally and over time and help to balance trade flows. The flexibility offered by container leasing assists container shipping lines in improving their overall fleet management and provides the container shipping lines with an alternative source of financing.

(d) Other Investments

An amount of *circa* €10 million of net proceeds from a proposed bond issue will be applied to fund Group-wide investment opportunities presently being considered, or which may arise in the near term, by the board of directors of the Guarantor, including, but not limited to, the setting up of a marine division. Furthermore, over the next two financial years, Hili Properties p.l.c. plans to acquire property amounting to *circa* €8.4 million and 1923 Investments p.l.c. is projecting to invest *circa* €20 million in a new venture.

8. BUSINESS DEVELOPMENT STRATEGY

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

- (a) **Directional strategy** involves the oversight and evaluation by the Guarantor's Board of Directors of each of the businesses owned by Hili Ventures, so as to achieve positive operational results, distribute dividends to the Guarantor on a regular basis and increase shareholder value. The Guarantor monitors and supports Hili Ventures Companies by, *inter alia*:
 - i. regularly monitoring financial and operational performance of Hili Ventures Companies to effectively ensure that set goals and organic growth strategies are achieved; and
 - ii. forming strong subsidiary level boards of directors to support executive management in their development and implementation of strategic goals and objectives.
- (b) **Acquisition strategy** involves the acquisition of businesses that are expected to produce positive earnings and cash flow, and have high growth potential. In this respect, the Guarantor may acquire companies operating in sectors other than those in which Hili Ventures currently operates if the directors believe an acquisition target presents an attractive opportunity.

9. TREND INFORMATION

The Guarantor considers that generally it shall be subject to the normal business risks associated with the business in which Hili Ventures operates, and, barring unforeseen circumstances, does not anticipate any trends, uncertainties, demands, commitments or events outside the ordinary course of business that could be considered likely to have a material effect on the upcoming prospects of Hili Ventures and its business, at least with respect to the current financial year.

An analysis of the main trends affecting the principal Subsidiaries of Hili Ventures is included in the respective financial analysis report of Premier Capital p.l.c., 1923 Investments p.l.c. and Hili Properties p.l.c. The afore-mentioned reports can be downloaded from the following websites: www.premiercapital.com.mt; www.1923investments.com; and www.hiliproperties.com

PART 3 – GROUP PERFORMANCE REVIEW

10. FINANCIAL INFORMATION RELATING TO THE ISSUER

The Issuer was registered and incorporated on 6 April 2018 as a special purpose vehicle to act as a finance and investment company for the Guarantor and Hili Ventures. The following financial information refers to the actual audited results of the Issuer for the period 6 April 2018 to 31 December 2018, and the projections of the Issuer for the financial years ending 31 December 2019 and 31 December 2020. **The projected financial information relates to events in the future and is 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 can be material.**

Hili Finance Company p.l.c.

Statement of Comprehensive Income for the year ended 31 December

	2018 Actual €000	2019 Projection €000	2020 Projection €000
Finance income	817	3,738	5,487
Finance costs	(686)	(3,084)	(4,684)
Gross profit	131	654	803
Administrative expenses	(30)	(62)	(59)
Profit before tax	101	5892	744
Taxation	(46)	(207)	(260)
Total comprehensive income	55	385	484

Hili Finance Company p.l.c.

Balance Sheet as at 31 December

	2018 Actual €000	2019 Projection €000	2020 Projection €000
ASSETS			
Non-current assets			
Loans owed by parent company	41,931	121,931	121,931
	41,931	121,931	121,931
Current assets			
Trade and other receivables	829	2,658	2,658
Cash and cash equivalents	60	129	610
	889	2,787	3,268
Total assets	42,820	124,718	125,199
EQUITY			
Equity and reserves	2,055	2,452	2,935
LIABILITIES			
Non-current liabilities			
Debt securities	40,000	120,000	120,000
Current liabilities			
Trade and other payables	765	2,266	2,264
	40,765	122,266	122,264
Total equity and liabilities	42,820	124,718	125,199

Hili Finance Company p.l.c.
Cash flow Statement
for the year ended 31 December

	2018 Actual €000	2019 Projection €000	2020 Projection €000
Net cash from operating activities	(9)	(278)	(322)
Net cash from investing activities	(41,931)	79,347	803
Net cash from financing activities	42,000	(79,000)	-
Net movement in cash and cash equivalents	60	69	481
Cash and cash equivalents at beginning of year	-	60	129
Cash and cash equivalents at end of year	60	129	610

During the initial half of 2018, the Issuer was incorporated with an issued share capital of €2 million. In July 2018, the Issuer successfully raised €40 million through the issuance of 3.85% Unsecured Bonds 2028. Outstanding loans to parent company as at 31 December 2018 amounted to €41.9 million. The loans bear interest at the rate of 4.5% per annum, are unsecured and repayable by not later 30 June 2028. As such, finance income comprises interest receivable from the Guarantor, whilst finance costs mainly include bond interest payable.

Following the issue of a proposed bond issue in FY2019, the loans to parent company are expected to increase to €121.9 million as at 31 December 2019. No material changes to the financial position of the Issuer are envisaged in FY2020.

11. FINANCIAL INFORMATION RELATING TO THE GUARANTOR

The financial information provided hereunder is extracted from the audited consolidated financial statements of Hili Ventures Limited for each of the years ended 31 December 2016 to 31 December 2018, while the projected financial information for the years ending 31 December 2019 and 31 December 2020 has been provided by management of the Company. **The projected financial information relates to events in the future and is based on assumptions which the Guarantor believes to be reasonable. Consequently, the actual outcome may be adversely affected by unforeseen situations and the variation between forecast and actual results can be material.**

Hili Ventures Limited
Consolidated Statement of Comprehensive Income
for the year ended 31 December

	2016 Actual €000	2017 Actual €000	2018 Actual €000	2019 Projection €000	2020 Projection €000
Revenue	341,239	396,488	427,410	481,002	528,114
Cost of sales	(275,404)	(320,344)	(343,430)	(361,327)	(386,850)
Gross profit	65,835	76,144	83,980	119,675	141,264
Net operating expenses	(29,148)	(36,606)	(41,126)	(52,010)	(58,649)
EBITDA¹	36,687	39,538	42,854	67,665	82,615
Depreciation and amortisation	(14,120)	(14,148)	(15,731)	(30,076)	(32,735)
Net investment income/(loss)	1,585	(3,928)	644	308	657
Net finance costs	(11,080)	(12,102)	(11,996)	(13,603)	(14,780)
Profit before tax	13,072	9,360	15,771	24,294	35,757
Taxation	(7,984)	(2,461)	(3,959)	(7,950)	(11,377)
Profit for the year (continuing operations)	5,088	6,899	11,812	16,344	24,380
Loss from discontinued operations	(233)	(5)	-	-	-
Profit for the year	4,855	6,894	11,812	16,344	24,380
Other comprehensive income					
Movement on available-for-sale investments	39	(361)	(39)	-	-
Exchange differences - foreign operations	(1,402)	1,313	(2,311)	(782)	463
Gain on revaluation of assets	45	3,127	4,244	-	463
	(1,318)	4,079	1,894	(782)	-
Total comprehensive income	3,537	10,973	13,706	15,562	24,843

¹EBITDA - Earnings before Interest, Tax, Depreciation and Amortisation.

Hili Ventures Limited
Consolidated Statement of Financial Position
as at 31 December

	2016	2017	2018	2019	2020
	Actual	Actual	Actual	Projection	Projection
	€000	€000	€000	€000	€000
ASSETS					
Non-current assets					
Goodwill and other intangibles	108,265	104,545	101,432	174,055	164,659
Property, plant and equipment	104,917	111,948	124,760	154,405	183,346
Investment property	43,102	73,802	86,132	166,964	176,475
Investments and financial assets	2,207	2,199	1,840	1,037	2,084
Deposit on acquisition of investments	12,500	24,500	26,800	-	-
Loans and receivables	10,388	10,897	13,928	16,848	15,798
Deferred tax asset and restricted cash	2,223	2,606	3,546	7,001	7,911
	283,602	330,497	358,438	520,310	550,273
Current assets					
Inventory	14,376	17,845	22,684	17,969	19,966
Trade and other receivables	22,040	22,469	20,751	24,046	24,310
Other assets	10,370	10,109	12,885	7,840	12,218
Cash and cash equivalents	71,851	27,284	40,354	28,362	18,713
	118,637	77,707	96,674	78,217	75,207
Total assets	402,239	408,204	455,112	598,527	625,480
EQUITY					
Equity and reserves	72,768	82,870	86,390	91,000	109,455
LIABILITIES					
Non-current liabilities					
Borrowings and bonds	195,741	225,888	265,937	341,651	353,685
Lease liability and other non-current liabilities	9,226	8,489	8,399	78,952	68,708
	204,967	234,377	274,336	420,603	422,393
Current liabilities					
Bank overdrafts	4,307	3,577	6,522	5,609	6,012
Borrowings	57,553	26,465	13,491	14,494	17,350
Other current liabilities	62,644	60,915	74,373	66,821	70,270
	124,504	90,957	94,386	86,924	93,632
	329,471	325,334	368,722	507,527	516,025
Total equity and liabilities	402,239	408,204	455,112	598,527	625,480

Hili Ventures Limited
Consolidated Cash Flow Statement
for the year ended 31 December

	2016	2017	2018	2019	2020
	Actual	Actual	Actual	Projection	Projection
	€000	€000	€000	€000	€000
Net cash from operating activities	27,835	10,875	36,261	47,548	64,307
Net cash from investing activities	(71,351)	(56,813)	(34,516)	(108,295)	(59,726)
Net cash from financing activities	105,007	2,582	8,484	49,164	(15,096)
Net movement in cash and cash equivalents	61,491	(43,356)	10,229	(11,583)	(10,515)
Cash and cash equivalents at beginning of year	6,415	67,544	23,707	33,832	22,753
Effect of movements in exchange	(362)	(481)	(104)	504	463
Cash and cash equivalents at end of year	67,544	23,707	33,832	22,753	12,701

Key Accounting Ratios

	FY2016	FY2017	FY2018	FY2019	FY2020
	Actual	Actual	Actual	Projection	Projection
EBITDA margin (EBITDA/revenue)	11%	10%	10%	14%	16%
Interest cover (times) (EBITDA/net finance cost)	3.31	3.27	3.57	4.97	5.59
Net profit margin (Profit after tax/revenue)	1%	2%	3%	3%	5%
Earnings per share (€) (Profit after tax/number of shares)	4.86	6.89	11.81	16.34	24.38
Return on equity (Profit after tax/shareholders' equity)	7%	8%	14%	18%	22%
Return on capital employed (EBITDA/total assets less current liabilities)	13%	12%	12%	13%	16%
Return on assets (Profit after tax/total assets)	1%	2%	3%	3%	4%

Source: Charts (a division of MeDirect Bank (Malta) plc)

Hili Ventures reported a turnover of €341.2 million in **2016** (FY2015: €252.4 million), representing an increase of 35% over the prior year. Further analysis shows that 'restaurant operations' revenue increased by €130.2 million (+130%) from €99.9 million in FY2015 to €230.2 million in FY2016, mainly as a consequence of the acquisition in January 2016 of the business operating 67 McDonald's restaurants in Romania. As at year end, Premier Capital operated a total of 133 restaurants (FY2015: 63 outlets). In FY2016, revenue generated from restaurant operations comprised 67% of aggregate Group revenue. In contrast, the other revenue items decreased y-o-y by €41.4 million to €111.1 million (-27%), principally due to the cessation of B2B operations at iSpot.

In FY2016, EBITDA increased by 97% from a year earlier to €36.7 million (FY2015: €18.6 million). As explained above, the new acquisition at Premier Capital more than doubled the number of restaurants under operation and is the primary reason for the y-o-y increase in EBITDA. Profit for the year amounted to €4.9 million as compared to €3.4 million in FY2015 (+44%), which takes into account depreciation and amortisation of €14.1 million (FY2015: €8.6 million), net finance costs of €11.1 million (FY2015: €7.0 million) and taxation amounting to €8.0 million (FY2015: €0.7 million).

Revenue generated in **FY2017** amounted to €396.5 million, an increase of €55.2 million (+16%) when compared to the prior year. All business activities reported y-o-y increases (net of intra-group transactions which are eliminated on consolidation) as follows:

- revenue derived from 'restaurant operations' increased by €33.3 million (+14%) to €263.4 million, principally due to an increase in restaurants from 133 outlets in 2016 to 140 in 2017 and growth in revenue per restaurant;
- turnover from 'Sale of Apple products' increased by €8.4 million (+11%) to €84.0 million in FY2017, wherein iSpot relocated 2 stores and opened 1 new store;
- an increase of 27% or €2.7 million was registered in 'IT solutions and security systems', particularly due to significant growth in new APCOPAY clients (payment gateway solutions);
- income from 'rental operations' increased from €3.2 million in FY2016 to €4.6 million, on account of a newly acquired property in Romania in Q2 2017, which property is fully leased;

- turnover from 'logistics and transport services' increased from €15.5 million in FY2016 to €22.9 million, mainly reflecting a full year's income generated from Allcom Sp. z.o.o. which was acquired in the latter part of FY2016;
- income generated from 'engineering services' increased by 32% y-o-y to €8.8 million, primarily as a result of the acquisition of Techniplus S.A., a company with operations in Morocco and neighbouring countries involved in maintenance and servicing of port cargo handling equipment.

EBITDA for the year under review amounted to €39.5 million, an increase of 8% from a year earlier (FY2016: €36.7 million). Premier Capital's portion of EBITDA amounted to €35.1 million (FY2016: €32.7 million), representing 89% of aggregate EBITDA in FY2017 (FY2016: 89%). Depreciation and amortisation amounted to €14.1 million in each of FY2016 and FY2017. Net finance costs, on the other hand, increased by €1.0 million from €11.1 million in FY2016 to €12.1 million. In FY2017, Hili Ventures reported a net investment loss of €3.9 million, primarily as a consequence of goodwill write-offs amounting to €5.2 million, which was partly mitigated by an increase in fair value of investment property of €2.0 million. Taxation was considerably lower in FY2017 at €2.5 million when compared to the FY2016 tax charge of €8.0 million. After accounting for exchange differences and revaluation gains, the Group reported total comprehensive income amounting to €11 million as compared to €3.5 million registered in FY2016.

Revenue generated in **FY2018** amounted to €427.4 million, an increase of €30.9 million (+8%) when compared to the prior year (FY2017: €396.5 million). The growth in revenue was predominantly achieved from the business expansion at Premier Capital. At the operating level, EBITDA increased by 8% (similar to revenue) and amounted to €42.9 million (FY2017: €39.5 million), of which, 90% was derived from the operations of Premier Capital (2017: 89%). Net investment income amounted to €644,000 and principally comprised net gains on disposal of investment property of €1.0 million, interest income of €0.5 million and a net decrease in fair value of investment property of €0.9 million. In FY2018, the Group reported a net profit of €11.8 million compared to €6.9 million in FY2017, while total comprehensive income amounted to €13.7 million as compared to €11.0 million achieved in the prior year.

IFRS 16 - Leases

The Group has adopted IFRS 16 on 1 January 2019 using the Standard's modified retrospective approach with transition date taken as the lease commencement date. Under this approach, the right-of-use asset equals the lease liability on transition date, and no equity adjustment will be recognised on initial application of IFRS 16. Comparative information is not restated.

Accordingly, as of FY2019, the Group will need to recognise a right-of-use asset and a lease liability in the Consolidated Balance Sheet for the lease of premises and land currently treated as operating leases. With regard to the impact in the Consolidated Income Statement, the nature of the relevant expense will change from being an operating lease expense to depreciation and interest expense.

In **FY2019**, Hili Ventures is projected to generate revenue of €481.0 million as compared to €427.4 million a year earlier (an increase of €53.6 million, +13%), primarily on account of increases at Premier Capital (+€44.4 million) and iSpot (+€7.3 million). All other revenue streams are forecasted to register modest y-o-y gains on an individual basis, which should equate to an aggregate increase of €0.6 million. Furthermore, the Group is expected to commence operations in the container leasing business which should generate €1.4 million in its first year.

EBITDA is expected to increase by €24.8 million (+58%) over the comparative year, substantially due to the effect of IFRS 16, whereby operating lease expenses (previously accounted for in net operating expenses) are reflected in depreciation and net finance costs (both being below EBITDA level). Furthermore, at Premier Capital, a reduction in VAT in Greece and Romania during 2019 is expected to impact the Group's results positively. The Group is projected to register a profit after tax of €16.3 million in FY2019, an increase of €4.5 million (+38%) when compared to €11.8 million expected for FY2018.

Further growth in revenue amounting to €47.1 million (+10% y-o-y) is being projected in FY2020, primarily on account of an increase in turnover at Premier Capital and 1923 Investments of €29.7 million and €15.1 million respectively. The container leasing business is expected to register a y-o-y increase in revenue of €2.3 million. As a consequence, EBITDA is projected to increase by €15.0 million (+22% y-o-y) to €82.6 million, and total comprehensive income is anticipated to grow from €15.6 million in FY2019 to €24.8 million (+60% y-o-y).

The estimates for the forward years as presented in this document assume that the carrying values of non-current assets, and currency exchange rates will remain constant in FY2019 and FY2020, and therefore no adjustments have been made as to possible gains or losses in value of assets and exchange differences that may be booked and which may materially affect the consolidated income statement and balance sheet values.

Non-current assets in the statement of financial position as at 31 December 2018 amounted to €358.4 million (2017: €330.5 million). Notable items include: (i) goodwill and other intangibles amounting to €101.4 million (2017: €104.5 million), which principally relate to goodwill on acquisitions of going concerns, support services license, acquired rights, franchise fees for restaurant operations, patents and trademarks for Apple products and

computer software licenses; and (ii) property, plant and equipment and investment property amounting to €210.9 million (2017: €185.8 million), which comprises improvements to leased properties, equipment and properties owned by Hili Properties p.l.c.

Current assets as at 31 December 2018 amounted to €96.7 million (2017: €77.7 million) and primarily include inventory, trade receivables, other assets and cash balances. Current liabilities amounted to €94.4 million (2017: €91.0 million), made up of borrowings as to €20.0 million (2017: €30.0 million) and other liabilities of €74.4 million (2017: €60.9 million). Hili Ventures' liquidity ratio (which is measured by dividing current assets by current liabilities and indicates a company's ability to pay its current liabilities from its current assets), as at 31 December 2018, stood at 1.02 times (2017: 0.85 times).

In FY2019, total assets are projected to increase by €143.3 million from a year earlier to €598.5 million, principally on account of the inclusion of 'right of use of asset' pursuant to IFRS 16 (+€73.8 million) as well as investment in new ventures (+€69.0 million). In non-current liabilities, the Group plans to increase debt securities by an additional €80 million and a lease liability of €74.2 million has been included in accordance with IFRS 16.

During FY2020, the Group expects to enter into new ventures in line with its development strategy and as such, has projected additional investments amounting to €20 million. No other significant movements have been noted in the projected statement of financial position as at 31 December 2020 when compared to FY2019.

Other than equity, the Group is financed through bank loans, corporate bonds and other borrowings from related parties, analysed as follows:

Hili Ventures Limited
Consolidated Net Borrowings
as at 31 December

	2016	2017	2018	2019	2020
	Actual	Actual	Actual	Projection	Projection
	€000	€000	€000	€000	€000
Bank loans	86,574	90,760	93,782	89,672	95,579
Bank overdrafts	4,307	3,577	6,522	5,609	6,012
Other financial liabilities	23,585	25,591	10,018	11,479	20,211
Debt securities in issue	143,135	136,002	175,628	254,994	255,245
Cash and cash equivalents	(71,851)	(27,284)	(40,354)	(28,362)	(18,713)
Total borrowings less cash balances	185,750	228,646	245,596	333,392	358,334

Key Accounting Ratios

	31 Dec'16	31 Dec'17	31 Dec'18	31 Dec'19	31 Dec'20
	Actual	Actual	Actual	Projection	Projection
Net assets per share (€) (Net asset value/number of shares)	72.77	82.87	86.39	91.00	109.46
Liquidity ratio (times) (Current assets/current liabilities)	0.95	0.85	1.02	0.90	0.80
Gearing ratio (Net debt/net debt and shareholders' equity)	72%	73%	74%	79%	77%

Source: Charts (a division of MeDirect Bank (Malta) plc)

Net cash flows from operating activities in FY2017, as presented in the statements of cash flows for the year ended 31 December 2017, amounted to €10.9 million as compared to €27.8 million in the prior year. The adverse variance of €16.9 million mainly resulted from a positive movement in operating profit amounting to €8.3 million, which was offset by net cash outflows in working capital movements and interest and tax payments.

In FY2017, Hili Ventures used €56.8 million in investment activities, as compared to €71.4 million in FY2016, primarily to acquire investment property, property, plant and equipment, and other assets. Net cash flows from financing activities amounted to €2.6 million (FY2016: €105.0 million), which comprised cash inflows from banks and related parties of €66.0 million and repayment of bank loans, bonds and payment of dividends of €63.4 million. Cash and cash equivalents at the end of 2017 amounted to €23.7 million, a decrease of €43.8 million from a year earlier (FY2016: €67.5 million).

Net cash from operating activities in FY2018 amounted to €36.3 million compared to €10.9 million generated in the prior year. A further assessment shows that net cash flows from operations decreased by €1.5 million (y-o-y) to €43.9 million, working capital movements were favourable from a cash flow perspective by €36.9 million compared to a favourable movement in FY2017 of €16.6 million, while interest and taxation paid in FY2018 amounted to €14.6 million (FY2017: €17.9 million).

In FY2018, the Group used €36.2 million to acquire assets compared to €60.8 million a year earlier, while the amount of €1.3 million was received from disposal of assets in FY2018 compared to €4.4 million received in FY2017. As for financing activities during FY2018, the Group's cash inflows from bank borrowings, bonds and other parties amounted to €68.9 million (FY2017: €66.0 million), while it repaid bank and related party loans amounting to €50.3 million (FY2017: €61.5 million). Furthermore, the Group paid dividends of €9.0 million in FY2018 and €1.5 million in the prior year.

As to the projected financial years, cash inflows from operating activities is expected to amount to €47.5 million in FY2019 and €64.3 million in FY2020, which is a reflection of the y-o-y projected growth in revenue and profitability. Net cash outflow from investing activities in FY2019 is projected to amount to €108.3 million and represents an investment in new ventures of €79 million, Group capital expenditure amounting to €48.8 million (including expenditure by Premier Capital in relation to new store openings, technology improvements and re-modelling of restaurants) and proceeds from the disposal of a number of properties amounting to €19.6 million. In FY2020, cash outflows in relation to investing activities is projected to amount to €59.7 million, which amount is expected to be utilised for the purposes of ongoing Group capital expenditure (circa €30.2 million) and property acquisitions and investment in new ventures amounting to €28.4 million.

Net cash inflow from financing activities is estimated at €49.2 million in FY2019, principally comprising the proceeds from a proposed new bond issue less interest and dividend payments, and repayment of bank and other loans. In FY2020, net cash outflow from financing activities is projected at €15.1 million and mainly relates to interest and dividend payments and cash drawdown of €5.9 million from bank facilities.

DEBT SECURITIES ISSUED BY GROUP COMPANIES

Security ISIN	Security Name	Amount Listed	Currency
MT0000841206	5.1% 1923 Investments plc Unsecured Bonds 2024	36,000,000	EUR
MT0000941204	4.5% Hili Properties plc Unsecured Bonds 2025	37,000,000	EUR
MT0000511213	3.75% Premier Capital plc Unsecured Bonds 2026	65,000,000	EUR
MT0001891200	3.85% Hili Finance Company p.l.c. Unsecured Bonds 2028	40,000,000	EUR

PART 4 - COMPARABLES

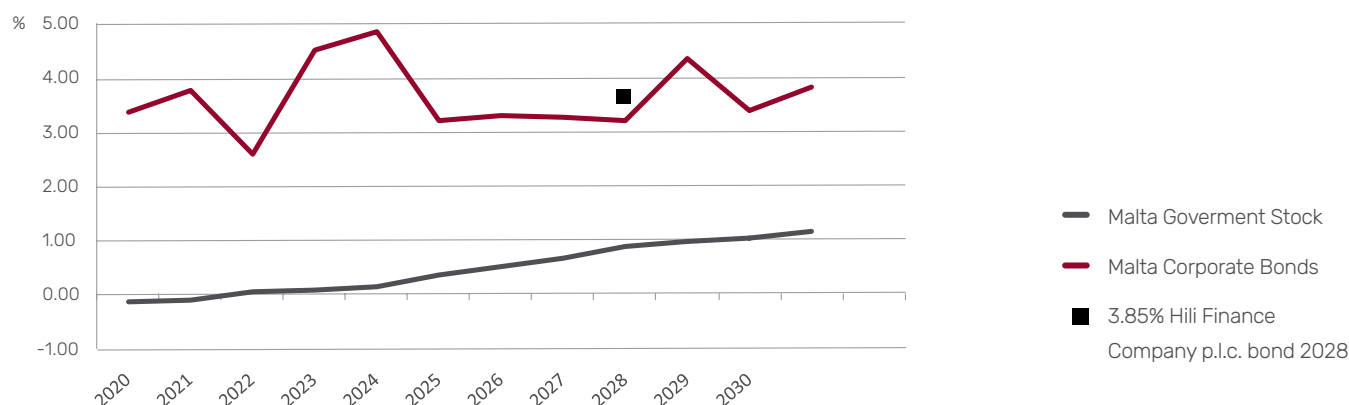
The table below compares Hili Ventures and the bonds issued by Hili Finance Company p.l.c. to other debt issuers listed on the Malta Stock Exchange and their respective debt securities. Although there are significant variances between the activities of the Group and other issuers (including different 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 Group.

Comparative Analysis	Nominal Value (€)	Yield to Maturity (%)	Interest Cover (times)	Total Assets (€'000)	Net Asset Value (€'000)	Gearing Ratio (%)
5.50% Pendergardens Dev. plc Secured € 2020 Series I	14,711,300	3.36	1.23	80,052	25,712	48.95
6.00% Pendergardens Dev. plc Secured € 2022 Series II	26,921,200	2.60	1.23	80,052	25,712	48.95
4.25% Gap Group plc Secured € 2023	19,931,000	3.48	4.45	55,237	9,869	71.82
5.30% United Finance Plc Unsecured € Bonds 2023	8,500,000	4.53	1.19	21,625	6,916	62.72
6.00% AX Investments Plc Unsecured € 2024	40,000,000	1.98	6.97	325,243	214,590	18.66
5.30% Mariner Finance plc Unsecured € 2024	35,000,000	4.84	5.33	83,223	44,177	43.99
5.00% Hal Mann Vella Group plc Secured Bonds € 2024	30,000,000	3.35	2.29	112,006	43,514	51.65
4.25% Best Deal Properties Holding plc Secured 2024	16,000,000	3.50	4.02	25,986	3,432	82.64
5.10% 1923 Investments plc Unsecured € 2024	36,000,000	4.41	1.41	120,794	38,318	52.41
4.50% Hili Properties plc Unsecured € 2025	37,000,000	4.02	1.55	154,742	52,242	61.72
5.10% 6PM Holdings plc Unsecured € 2025	13,000,000	4.81	2.09	5,499	-19,741	-
4.25% Corinthia Finance plc Unsecured € 2026	40,000,000	3.91	2.59	1,765,072	901,595	40.43
4.00% International Hotel Invest. plc Secured € 2026	55,000,000	3.43	3.27	1,617,853	877,620	36.63
4.00% International Hotel Invest. plc Unsecured € 2026	40,000,000	3.63	3.27	1,617,853	877,620	36.63
4.00% MIDI plc Secured € 2026	50,000,000	3.30	9.80	220,613	97,440	31.83
3.75% Premier Capital plc € Unsecured Bonds 2026	65,000,000	3.59	12.63	179,451	48,701	54.42
4.35% Hudson Malta plc Unsecured 2026	12,000,000	3.86	10.08	28,166	6,135	60.96
4.35% SD Finance plc € Unsecured Bonds 2027	65,000,000	3.75	5.93	229,882	63,771	50.15
4.00% Eden Finance plc Unsecured 2027	40,000,000	3.27	5.68	185,717	103,511	31.82
4.00% Stivala Group Finance plc Secured 2027	45,000,000	3.32	3.73	202,425	115,827	35.12
3.85% Hili Finance Company plc Unsecured 2028	40,000,000	3.63	3.44	455,113	86,390	73.98

10 June 2019

Source: Malta Stock Exchange, Audited Accounts of Listed Companies, Charts (a division of MeDirect Bank (Malta) p.l.c.)

BOND YIELD TO MATURITY



Source: Malta Stock Exchange, Central Bank of Malta, Charts (a division of MeDirect Bank (Malta) p.l.c.)

10 June 2019

To date, there are no corporate bonds which have a redemption date beyond 2031. The Malta Government Stock yield curve has also been included since it is the benchmark risk-free rate for Malta.

PART 5 – EXPLANATORY DEFINITIONS

Income Statement

Revenue	Total revenue generated by the Group from its business activities during the financial year, including restaurant operations, IT retail operations, software and payment services, rental operations, logistics and transport services, and engineering services.
Cost of sales	Direct costs attributable to the production of the goods and supply of services by Hili Ventures.
Gross profit	Gross profit is the difference between revenue and direct costs. It refers to the profit made by the Group before deducting operating costs, depreciation & amortisation, finance costs, fair value provisions and other operating costs.
Operating expenses	Operating costs include all operating expenses other than direct costs and include selling & marketing and general & administration 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 Group during the financial year both from its operating as well as non-operating activities.

Profitability Ratios

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

Efficiency Ratios

Return on equity	Return on equity (ROE) measures the rate of return on the shareholders' equity of the owners of issued share capital, computed by dividing profit after tax by shareholders' equity.
Return on capital employed	Return on capital employed (ROCE) indicates the efficiency and profitability of a company's capital investments, estimated by dividing operating profit by capital employed.
Return on assets	Return on assets (ROA) is computed by dividing profit after tax by total assets.

Equity Ratios

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

Cash flow from operating activities	Cash generated from the principal revenue-producing activities of the Group.
Cash flow from investing activities	Cash generated from activities dealing with the acquisition and disposal of long-term assets and other investments of the Group.
Cash flow from financing activities	Cash generated from the activities that result in change in share capital and borrowings of the Group.

Balance Sheet

Non-current assets	Non-current asset are the Group's long-term investments, which full value will not be realised within the accounting year. Non-current assets are capitalised rather than expensed, meaning that the Group 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 intangible assets, investment properties, property, plant & equipment, and loans and receivables.
Current assets	Current assets are all assets of the Group, which are realisable within one year from the balance sheet date. Such amounts include accounts receivable, inventory, cash and bank balances.
Current liabilities	All liabilities payable by the Group within a period of one year from the balance sheet date, and include accounts payable and short-term debt, including current portion of bank loans.
Non-current liabilities	The Group's long-term financial obligations that are not due within the present accounting year. The Group's non-current liabilities include long-term borrowings, bonds and deferred tax liabilities.
Total equity	Total equity includes share capital, reserves & other equity components, retained earnings and minority interest.

Financial Strength Ratios

Liquidity ratio	The liquidity ratio (also known as current ratio) is a financial ratio that measures a company's 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.



ANNEX II – AUTHORISED FINANCIAL INTERMEDIARIES

AUTHORISED FINANCIAL INTERMEDIARIES

Name	Address	Telephone
APS Bank Ltd	APS Centre, Tower Road, Birkirkara BKR 4012	25603000
Bank of Valletta p.l.c.	BOV Centre, Cannon Road, Zone 4, Central Business District, Santa Venera CBD 4060	22751732
Calamatta Cuschieri & Co Ltd	Ewropa Business Centre, Triq Dun Karm, Birkirkara BKR 9034	25688688
Curmi & Partners Ltd	Finance House, Princess Elizabeth Street, Ta' Xbiex XBX 1102	21347331
Financial Planning Services Ltd	4, Marina Court, G Cali Street, Ta' Xbiex XBX 1421	21344244
FINCO Treasury Management Ltd	The Bastions Office No. 2, Emvin Cremona Street, Floriana FRN 1289	21220002
Hogg Capital Investments Ltd	Nu Bis Centre, Mosta Road, Lija LJA 9012	21322872
Jesmond Mizzi Financial Advisors Ltd	67/3, South Street, Valletta VLT 1105	23265696
Lombard Bank Malta p.l.c.	67, Republic Street, Valletta VLT 1117	25581806
MeDirect Bank (Malta) plc	The Centre, Tigné Point, Sliema TPO 0001	25574400
Michael Grech Financial Investment Services Limited	The Brokerage, Level O A, St Marta Street, Victoria VCT 2550, Gozo	21554492
MZ Investment Services Ltd	63, St Rita Street, Rabat RBT 1523	21453739
Rizzo, Farrugia & Co (Stockbrokers) Ltd	Airways House, Fourth Floor, High Street, Sliema SLM 1551	22583000
Zenith Finance Ltd	220, Immaculate Conception Street, Msida MSD 1838	21332200